YTL HOSPITALITY REIT

managed by
PINTAR PROJEK
SDN BHD 314009-W

11th Floor
Yeoh Tiong Lay Plaza
55 Jalan Bukit Bintang
55100 Kuala Lumpur
Malaysia

Tel • 603 2117 0088
603 2142 6633
Fax • 603 2141 2703

www.ytlhospitalityreit.com
www.ytlcommunity.com

YTL HOSPITALITY REIT

annual report 2015

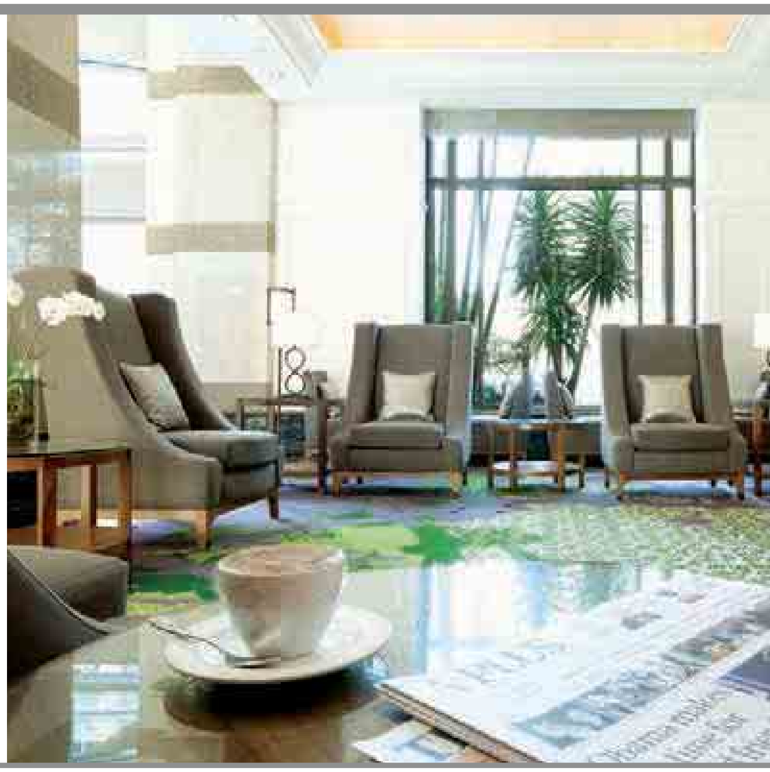
YTL HOSPITALITY REIT

the journey continues...

YTL BEYOND 60

annual report 2015





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YTL HOSPITALITY REIT

managed by
PINTAR PROJEK SDN BHD
(314009-W)

Financial Highlights

	2015	2014	2013	2012	2011
Revenue (RM'000)	**417,669**	425,114	292,021	80,860	30,148
Profit before tax (RM'000)	**96,808**[*2]	196,515[*2]	56,242	107,264	59,923
Profit after tax (RM'000)	**94,992**[*2]	195,093[*2]	55,747	106,161	58,239
Total assets (RM'000)	**3,430,672**[*3]	3,325,634[*3]	2,991,620[*1]	1,769,144	1,586,102
Net asset value (RM'000)	**1,782,595**	1,669,666	1,316,068	1,515,536	1,356,659
Units in circulation ('000)	**1,324,389**	1,324,389	1,324,389	1,324,389	1,178,889
Net asset value per Unit (RM)	**1.346**	1.261	0.994	1.144	1.151
Earnings per Unit (sen)	**7.17**[*2]	14.73[*2]	4.21	8.36	4.94
Distribution per Unit (sen)	**7.9746**	8.4613	7.3803	7.6359	6.4855

[*1] Includes 3 Marriott Properties in Australia of RM1,264 million acquired during the financial year ended 30 June 2013.

[*2] Includes the fair value adjustment on investment properties from the revaluation of the properties in Malaysia and Japan.

[*3] Includes revaluation surpluses on the properties in the Group.

Financial Highlights

Revenue (RM'000)	15	14	13	12	11
	417,669	425,114	292,021	80,860	30,148

Profit before tax (RM'000)	15	14	13	12	11
	96,808	196,515	56,242	107,264	59,923

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	7.9746	8.4613	7.3803	7.6359	6.4855

Fund Performance

(I) PORTFOLIO COMPOSITION OF THE GROUP

At 30 June	2015 %	2014 %	2013 %	2012 %	2011 %
Real estate	**98**	97	96	95	31
Non-real estate-related assets	**–**	–	–	–	26
Deposits	**2**	3	4	5	43
	100	100	100	100	100

(II) NET ASSET VALUE & UNIT INFORMATION

	2015	2014	2013	2012	2011
Total assets (RM'000)	**3,430,672**	3,325,634	2,991,620	1,769,144	1,586,102
Total net asset value ("NAV") (RM'000)	**1,782,595**	1,669,666	1,316,068	1,515,536	1,356,659
Units in circulation ('000)	**1,324,389**	1,324,389	1,324,389	1,324,389	1,178,889
NAV per Unit (RM)					
– as at 30 June (before income distribution)	**1.426**	1.345	1.068	1.221	1.216
– as at 30 June (after income distribution)	**1.346**	1.261	0.994	1.144	1.151
– Highest NAV during the year	**1.346**	1.261	1.143	1.151	1.166
– Lowest NAV during the year	**1.158**	0.995	0.994	1.128	1.151
Market value per Unit (RM)					
– as at 30 June	**1.03**	0.92	1.06	1.02	0.89
– Weighted average price for the year	**1.01**	0.98	1.08	0.90	0.87
– Highest traded price for the year	**1.05**	1.07	1.15	1.04	0.89
– Lowest traded price for the year	**0.92**	0.89	1.02	0.83	0.85

Fund Performance

(III) PERFORMANCE DETAILS OF THE GROUP

	2015	2014	2013	2012	2011
Distribution per Unit (sen)					
– First interim	**1.9175**	1.9175	3.5873	4.0112	3.2865
– Second interim	**1.8697**	1.9786	–	–	–
– Third interim	**1.8616**	2.0804	–	–	–
– Final	**2.3258**	2.4848	3.7930	3.6247	3.1990
	7.9746	8.4613	7.3803	7.6359	6.4855
Distribution date					
– First interim	**24 December 2014**	27 December 2013	28 February	28 February	25 February
– Second interim	**24 March 2015**	27 March 2014	–	–	–
– Third interim	**26 June 2015**	24 June 2014	–	–	–
– Final	**28 August 2015**	29 August 2014	30 August	28 August	25 August
Distribution yield (%)[1]	**7.90**	8.61	6.83	8.47	7.45
Management expense ratio (%)	**0.86**	1.05	0.97	0.36	0.26
Portfolio turnover ratio (times)	**–**	–	0.48	0.20	–
Total return (%)[2]	**10.96**	(0.65)	26.83	11.92	8.61
Average total return[3]					
– One year	**10.96**				
– Three years	**12.38**				
– Five years	**11.53**				

Notes:

1. *Distribution yield is computed based on weighted average market price of the respective financial year.*
2. *Total return is computed based on the distribution yield per unit and the change in the weighted average market price of the respective financial year.*
3. *Average total return is computed based on total return per unit averaged over number of years.*

Past performance is not necessarily indicative of future performance and unit prices and investment returns may fluctuate.

Chief Executive Officer's Statement

ON BEHALF OF THE BOARD OF DIRECTORS OF PINTAR PROJEK SDN BHD ("PINTAR PROJEK" OR THE "MANAGER"), I HAVE THE PLEASURE OF PRESENTING TO YOU THE ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS OF YTL HOSPITALITY REIT ("YTL REIT" OR THE "TRUST") AND ITS SUBSIDIARIES (THE "GROUP") FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015.

TAN SRI DATO' (DR) FRANCIS YEOH SOCK PING, CBE, FICE
Chief Executive Officer

OVERVIEW

YTL REIT's performance for the financial year ended 30 June 2015 remained steady. The Trust's well-established properties in key tourist and business destinations across Malaysia, Australia and Japan, coupled with the strategic revenue structure of its assets, continued to provide a stabilising buffer against the more cyclical elements of the hospitality industry.

FINANCIAL PERFORMANCE

The Group registered revenue of RM417.669 million and net property income of RM201.548 million for the financial year ended 30 June 2015, decreasing marginally from RM425.114 million and RM202.867 million, respectively, for the last financial year ended 30 June 2014.

Chief Executive Officer's Statement

The Group's profit before tax decreased to RM96.808 million in the current financial year ended 30 June 2015 compared to RM196.515 million last year, as the gain on fair value of properties of RM56.668 million recorded during the current financial year was RM79.100 million lower than the amount of RM135.768 million recognised last year. The decrease in profit before tax was also due to the increase in interest expense arising from the interest rate hike in July 2014 and foreign exchange losses following the weakening of the Australian Dollar and Japanese Yen against the Malaysian Ringgit.

Similarly, the Group's income available for distribution for the current financial year ended 30 June 2015 decreased by 10% to RM105.616 million compared to RM117.142 million last year, also due to the higher interest expense and foreign exchange losses.

Distribution to Unitholders

On 30 July 2015, the Board of Directors of Pintar Projek declared a final distribution of 2.3258 sen per unit in respect of the fourth quarter of the financial year ended 30 June 2015.

The combined quarterly distributions for the financial year under review amounted to a total distribution per unit ("DPU") of 7.9746 sen, translating into a yield of 7.9%, based on YTL REIT's volume weighted average unit price of RM1.0090 per unit for the financial year ended 30 June 2015. The current year DPU is marginally lower than the DPU of 8.4613 sen for the 2014 financial year.

CORPORATE DEVELOPMENTS

As reported previously, on 14 June 2013, the Manager announced a proposed placement of new units in YTL REIT to raise gross proceeds of up to RM800 million, a proposed increase in YTL REIT's existing approved fund size from 1.324 billion units to a maximum of 2.125 billion units and a proposed increase in the Trust's borrowing limit to 60% of its total asset value (collectively referred to as the "Proposals"). On 30 December 2013, Securities Commission Malaysia ("SC") granted its approval for the listing of and quotation for the placement units on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") and the proposed increase in fund size.

Chief Executive Officer's Statement

Subsequently, on 10 January 2014, Bursa Securities approved the listing of and quotation for up to 800.61 million placement units to be issued pursuant to the proposed placement. The Trust received approval for the Proposals and the proposed subscription of new units of up to RM310 million by YTL Corporation Berhad, an existing major unitholder of the Trust, at the meeting of unitholders held on 11 February 2014.

These corporate exercises are currently pending implementation as the Trust received approvals from the SC and Bursa Securities for a 6-month extension of time until 29 June 2015 to implement the proposed placement and proposed increase in fund size, followed by a further 6-month extension of time until 29 December 2015, which was approved by the SC on 21 May 2015 and Bursa Securities on 27 May 2015.

PORTFOLIO REVIEW

YTL REIT's investment portfolio was valued at RM3,328.1 million as at 30 June 2015, an increase of RM94.9 million compared to the previous valuation of RM3,233.2 million as at 30 June 2014. The increase was mainly driven by the Trust's Australian assets, in particular, the Sydney Harbour Marriott and the Melbourne Marriott.

The Trust receives stable, medium to long term lease income from its Malaysian and Japanese portfolio and variable income from its Australian assets. This structure enables the Trust to insulate part of the portfolio from the cyclical nature of the hospitality industry, balanced with any potential upside generated from better performance in other parts of the portfolio.

Malaysian Portfolio

The Trust's portfolio in Malaysia comprises a diverse range of nine assets, from luxury resorts and five-star properties to business hotels in key city centres across the Peninsula. YTL REIT maintains fixed lease arrangements for the properties and benefits from the stable income produced by this revenue structure.

The Malaysian economy grew at a stronger pace, registering gross domestic product (GDP) growth of 6.0% for the 2014 calendar year, compared to 4.7% in 2013, driven primarily by the continued strength of domestic demand and supported by an improvement in external trade performance. The economy remained resilient with steady growth of 5.6% for the first quarter of the 2015 calendar year, prior to the implementation of the new Goods and Services Tax (GST) regime on 1 April 2015. Whilst domestic demand in the first quarter of the year was driven by pre-GST spending, the impact of the new tax regime on overall growth for the full 2015 year remains to be seen. Meanwhile, tourist arrivals grew 6.7% to 27.4 million for the 2014 calendar year, whilst the first half of the year was also bolstered by the 'Malaysia Year of Festivals 2015' programme, launched in January this year with a target of attracting 29.4 million tourists and RM89 billion in tourist receipts for the full 2015 year *(sources: Ministry of Finance, Bank Negara Malaysia, Tourism Malaysia updates).*

YTL REIT received steady income from its portfolio of assets in Malaysia for the financial year under review. These assets comprise the JW Marriott Hotel Kuala Lumpur, The Ritz-Carlton, Kuala Lumpur, and The Residences at The Ritz-Carlton, Kuala Lumpur, luxury properties situated in the Golden Triangle which forms Kuala Lumpur's premier commercial precinct and operate in close proximity to high-end retail destinations, such as Starhill Gallery, the Feast Village fine dining pavilion, the Carlton Conference Centre and Spa Village Kuala Lumpur.

The Trust's resort portfolio comprises similar high quality offerings at Pangkor Laut Resort on the west coast of the Peninsular, Tanjong Jara Resort on the east coast and Cameron Highlands Resort. The high quality of services and experiences offered at these properties continues to draw high-end clientele from across the Asia-Pacific rim, Europe and the Americas.

Chief Executive Officer's Statement

The third element of YTL REIT's domestic portfolio is the Vistana chain of business hotels operating in Malaysia's key business city centres in Kuala Lumpur, Kuantan and Penang, where the major upgrading undertaken by the hotels' lessees during the last financial year has yielded good performance and occupancy levels.

International Portfolio – Japan

YTL REIT owns one property in Japan, Hilton Niseko Village situated in Hokkaido, which operates under a fixed lease arrangement, ensuring a stable level of income for the Trust. The hotel is one of Asia's most well-rounded winter and summer resort destinations, forming a cornerstone of Niseko Village, a prime destination set at the foot of the Niseko Annupuri Mountain with scenic views of Mountain Yotei, a landmark dormant volcano.

Japan's economy registered measured growth of about 1.6% for the 2014 calendar year and has continued to recover moderately as a trend, although the decline in demand following the consumption tax hike has had somewhat prolonged effects on the economy. However, the number of foreign tourists for the 2014 calendar year increased 29.4% to 13.41 million, boosted by the weaker Yen *(sources: Bank of Japan, Ministry of Finance Japan, Japan National Tourism Organization).*

The Niseko area remains a highly popular holiday destination, with steady growth in both local and international visitors. Australia, Hong Kong, Singapore, Taiwan and China currently make up the largest foreign nationalities visiting the Niseko area. The healthy volume of local tourists has been further bolstered by factors including the weakening Yen, which has encouraged domestic tourism, and the introduction of low cost carrier services at the nearby New Chitose Airport.

Chief Executive Officer's Statement

Hilton Niseko Village remains the only hotel with an international brand name in the Niseko area, and continued to register strong lodging demand during the year under review, particularly during the peak winter season. The hotel enjoys a reputation as one of the most well-known ski resorts in Japan due to its excellent powder snow, ski-in/ski-out location, golf course and outdoor activities and world-class spa. Niseko is also an area with rich Onsen (hot springs) and the property has the added advantage of offering onsite Onsen facilities. Whilst the majority of visitors are local and domestic leisure tourists from Hokkaido, in recent years there has been a growing interest by international tourists in the Onsen experience, which is viewed as closely associated with traditional Japanese culture and has become a savoured part of a stay at the Hilton Niseko Village.

Although the Niseko area is traditionally a winter destination, Hilton Niseko Village has continued to concentrate on developing high quality summer facilities to differentiate itself as a summer destination as well. The hotel's performance has underscored the success of this strategy and recent awards won by the Hilton Niseko Village include Japan's Best Ski Hotel 2013 and 2014 at the World Ski Awards and Japan's Best Golf Hotel 2014 at the World Golf Awards.

International Portfolio – Australia

YTL REIT owns the Sydney Harbour Marriott, Brisbane Marriott and Melbourne Marriott in Australia, operated by the Marriott International, Inc. group, a leading worldwide operator and franchisor of hotels. YTL REIT is afforded the benefit of a variable source of income from the operation of its hotel assets in Australia.

Australia's economy recorded slightly higher GDP growth of 2.5% for the 2014 calendar year compared to 2.4% in 2013, and looks to have continued at a similar pace in early 2015. Dwelling investment has grown strongly over the past year and growth of household consumption picked up towards the end of 2014, while activity in the mining sector has continued to stabilise. With the lower Australian Dollar, the tourism industry registered an increase of approximately 8% in international tourist arrivals, as well as an uptick in domestic tourism levels. The outlook for tourism in Australia remains positive owing to stronger markets in Asia and continued economic recovery in Western markets *(sources: Reserve Bank of Australia, Australian Bureau of Statistics, Tourism Research Australia updates).*

YTL REIT's Australian assets are situated in the central business district (CBD) of their respective cities of Sydney, Melbourne and Brisbane. The hotels continued to register strong occupancy levels during the financial year under review.

The Sydney Harbour Marriott continued to perform well during the year under review due to its well-established position and the quality of its service offerings, coupled with limited supply and increasing demand for hotel beds in the Sydney area. Occupancy at the Sydney Harbour Marriott remained unchanged compared to last year at 87.2%. Renovation plans are also underway to increase the number of rooms and reconfigure the food and beverage and conference areas, which should be completed towards the end of the current calendar year. The Sydney Harbour Marriott is a 5-star, 563-room hotel set in the heart of Circular Quay, overlooking iconic landmarks including Harbour Bridge and the Sydney Opera House.

Chief Executive Officer's Statement

The 186-room Melbourne Marriott registered a slightly higher occupancy level of 88.8% this year compared to 88.2% for the 2014 financial year. Despite the increase in hotel room supply in the Victoria area of Melbourne over the past few years, the hotel has not been unduly affected and continues to sustain sound occupancy levels. The Melbourne Marriott is located close to the city's theatre precinct and within minutes of the Bourke and Collins street shopping districts, Chinatown, the Melbourne Museum and the Royal Exhibition Building.

The Brisbane Marriott achieved an increase in occupancy to 76.46% compared to 75.0% last year as the Brisbane market began to see some recovery from the recent downturn. In addition, the hotel continues to pursue various marketing strategies to attract a broader segment of guests, and new commercial and office developments in the surrounding area also bode well for the hotel. The Brisbane Marriott consists of 263 rooms and 4 suites and is situated between Brisbane's CBD and the Fortitude Valley hub, close to shopping, riverside dining, and the city's corporate and cultural locales.

CORPORATE SOCIAL RESPONSIBILITY

Social responsibility is one of the Manager's key values and Pintar Projek places a high priority on acting responsibly in every aspect of its business. The Manager is part of the wider network of its parent company, YTL Corporation Berhad, which has a long-standing commitment to creating successful, profitable and sustainable businesses. This in turn benefits the surrounding community through the creation of sustained value for unitholders, secure and stable jobs for employees, support for the arts and culture in Malaysia and contributions to promote education for the benefit of future generations.

The Manager believes that effective corporate responsibility can deliver benefits to its businesses and, in turn, to its unitholders, by enhancing reputation and business trust, risk management performance, relationships with regulators, staff motivation and attraction of talent, customer preference and loyalty, the goodwill of local communities and long-term unitholder value. The Manager's Statement on Corporate Governance, which also elaborates on Pintar Projek's systems and controls, can be found as a separate section in this Annual Report.

OUTLOOK

The Malaysian economy is expected to remain on a steady path, with growth for the full 2015 calendar year in the 4.5% to 5.5% range, supported mainly by domestic demand and a resilient export sector. In particular, the continued recovery of certain advanced economies and ongoing efforts under the 'Malaysia Year of Festivals 2015' initiative also augur well for the domestic tourism and hospitality sector. The Australian and Japanese economies are forecast to grow by 3.0% and 0.5%, respectively, for the full 2015 calendar year against the backdrop of ongoing challenges in the wider global economy *(sources: Malaysian Ministry of Finance, Bank Negara Malaysia, Tourism Research Australia, Bank of Japan updates).*

YTL REIT remains committed to the stable, long-term growth and development of the Trust in order to continue to deliver sound returns to its unitholders. The Trust's asset portfolio covers a diverse geographic market and a wide range of product offerings which have proven attractive to a sizeable customer base, and the Trust will pursue new yield-accretive additions to the portfolio, as well as value-creating asset-enhancement opportunities.

As the Manager embarks on another year and remains focused on developing and improving the Trust's assets and earnings growth, the Board of Directors of Pintar Projek would like to thank YTL REIT's investors, customers, business associates and the regulatory authorities for their continued support.

TAN SRI DATO' (DR) FRANCIS YEOH SOCK PING
PSM, CBE, FICE, SIMP, DPMS, DPMP, JMN, JP

Overview

ABOUT YTL HOSPITALITY REIT

YTL Hospitality REIT has a market capitalisation of approximately RM1,375 million (as at 30 June 2015) and comprises prime hotel and hospitality-related properties. In Malaysia, these include the JW Marriott Hotel Kuala Lumpur, The Ritz-Carlton, Kuala Lumpur, The Residences at The Ritz-Carlton, Kuala Lumpur, the Pangkor Laut, Tanjong Jara and Cameron Highlands resorts and the Vistana chain of hotels in Kuala Lumpur, Penang and Kuantan. YTL Hospitality REIT's international portfolio comprises Hilton Niseko Village in Japan and the Sydney Harbour, Brisbane and Melbourne Marriott hotels in Australia.

YTL Hospitality REIT's primary objectives are to provide unitholders with stable cash distributions with the potential for sustainable growth, principally from the ownership of properties, and to enhance long-term unit value. The Trust's principal investment objective is to own and invest in real estate and real estate-related assets, whether directly or indirectly through the ownership of single-purpose companies whose principal assets comprise real estate.

YTL Hospitality REIT was listed on 16 December 2005 on the Main Market of Bursa Malaysia Securities Berhad under the name Starhill Real Estate Investment Trust, with a principal investment strategy of investing in a diversified portfolio of income-producing real estate, used primarily for retail, office and hospitality purposes, with particular focus on retail and hotel properties. Its portfolio consisted of 2 retail properties, Starhill Gallery and parcels in Lot 10 Shopping Centre, as well as a hotel property, the JW Marriott Hotel Kuala Lumpur. In 2007, the REIT acquired an additional hotel property comprising 60 units of serviced apartments, 4 levels of commercial podium and 2 levels of car parks located within The Residences at The Ritz-Carlton, Kuala Lumpur.

In 2009, the Trust embarked on a rationalisation exercise to reposition itself as a pure play hospitality REIT, focusing on a single class of hotel and hospitality-related assets. The first stage of the repositioning involved the disposal of the REIT's retail portfolio (Starhill Gallery and parcels in Lot 10 Shopping Centre), which was completed in June 2010.

The REIT subsequently acquired 9 additional hotel properties in November and December 2011, namely, the Pangkor Laut, Tanjong Jara and Cameron Highlands resorts, The Ritz-Carlton, Kuala Lumpur, and the remainder of The Residences at The Ritz-Carlton, Kuala Lumpur, the Vistana chain of hotels in Kuala Lumpur, Penang and Kuantan, and Hilton Niseko Village in Japan. The REIT's international portfolio was further enhanced with the acquisitions of the Sydney Harbour, Brisbane and Melbourne Marriott hotels in Australia in November 2013.

Property Portfolio

YTL Hospitality REIT was established by a trust deed entered into on 18 November 2005 (as restated by the deed dated 3 December 2013) ("Restated Deed") between Pintar Projek Sdn Bhd ("Pintar Projek") and Maybank Trustees Berhad, as manager and trustee, respectively, of YTL Hospitality REIT. The Restated Deed was amended by a supplemental trust deed entered into between Pintar Projek and Maybank Trustees Berhad on 17 September 2014.

The composition of YTL Hospitality REIT's investment portfolio as at 30 June 2015 is as follows:-

	RM'000	%
Real Estate – Commercial		
• JW Marriott Hotel Kuala Lumpur	389,000	12
• The Residences at The Ritz-Carlton, Kuala Lumpur	240,000	7
• The Ritz-Carlton, Kuala Lumpur	313,000	9
• Vistana Penang Bukit Jambul	114,000	3
• Vistana Kuala Lumpur Titiwangsa	120,000	4
• Vistana Kuantan City Centre	85,000	3
• Pangkor Laut Resort	113,000	3
• Tanjong Jara Resort	100,000	3
• Cameron Highlands Resort	58,000	2
• Hilton Niseko Village	232,714	7
• Sydney Harbour Marriott	1,006,187	30
• Brisbane Marriott	285,093	9
• Melbourne Marriott	215,696	6
	3,271,690	98
Deposits with licensed financial institutions	56,391	2
Total	3,328,081	100

ABOUT THE MANAGER

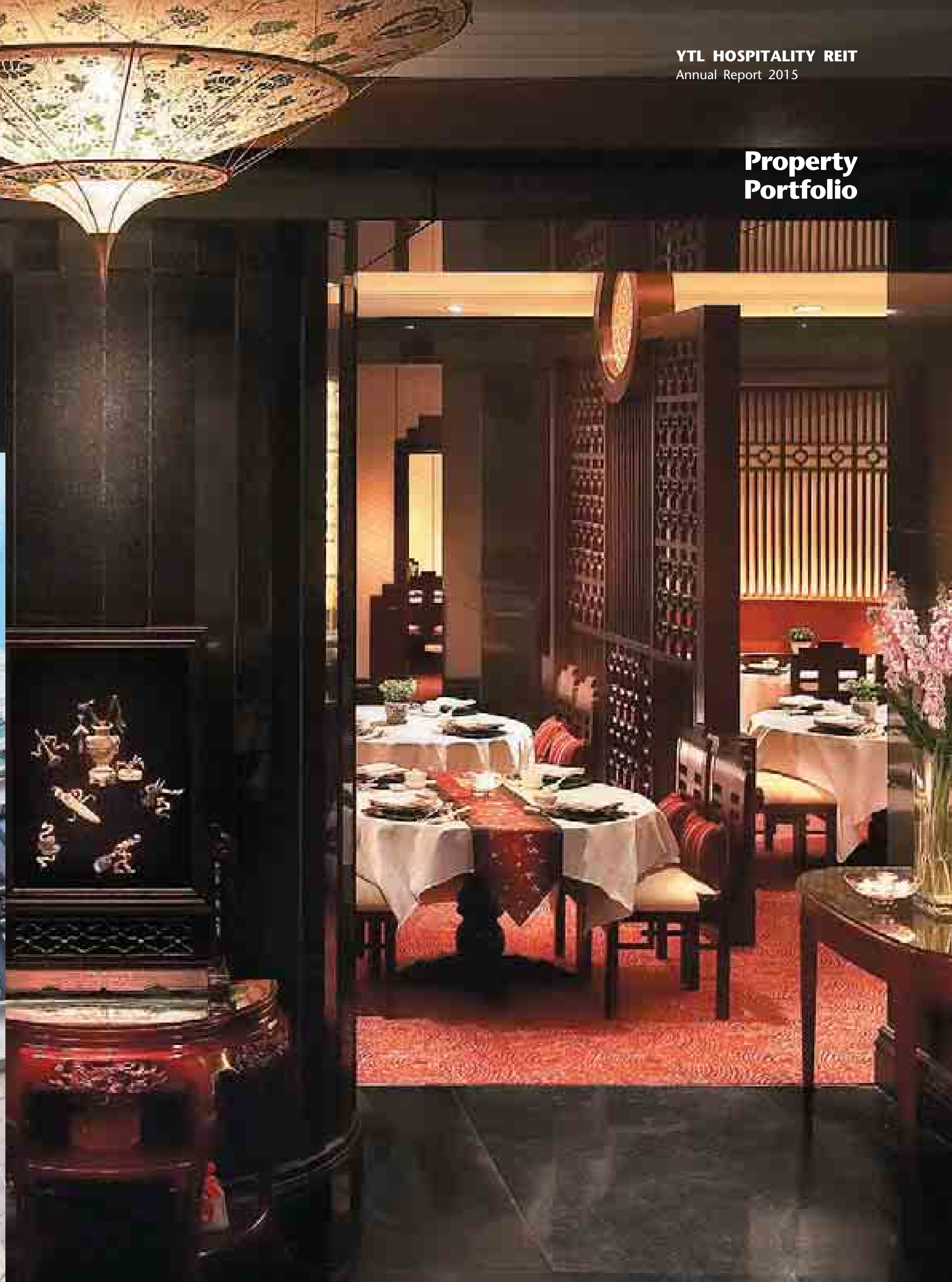
Pintar Projek was incorporated in 1994 and is a 70%-owned subsidiary of YTL Land Sdn Bhd, which is a wholly-owned subsidiary of YTL Corporation Berhad. Pintar Projek's Board of Directors and key personnel comprise experienced and prominent individuals in their respective fields of expertise.

Property Portfolio

The Ritz Carlton, Kuala Lumpur

Address/Location	No. 168, Jalan Imbi, 55100 Kuala Lumpur.
Description	22-storey 5-star hotel building comprising 251 rooms with 4-storey basement car parks.
Property type	Hotel
Age	Approximately 21 years
Title details	Grant No. 26579 for Lot No 225, Section 67, Town and District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur.
Encumbrances/Limitation in title/interest	The property is charged to a financial institution to secure a term loan facility of RM822 million and there is no restriction attached to the title.
Status of holdings	Freehold
Existing use	Commercial building
Parking spaces	153 bays
Lessee	East-West Ventures Sdn. Bhd.
Lease term	The property is leased for a term expiring on 14 November 2026.
Date of acquisition	15 November 2011
Cost of acquisition	RM250,000,000
Market value	RM313,000,000
Date of latest valuation	29 May 2015
Independent valuer	Azmi & Co Sdn. Bhd.
Net book value	RM313,000,000

Property Portfolio



Property Portfolio

The Residences at The Ritz-Carlton, Kuala Lumpur (Parcel 1)

Address/Location	No. 2, Jalan Yap Tai Chi Off Jalan Imbi, 55100 Kuala Lumpur.
Description	60 units of serviced apartments, 4 levels of commercial podium, 1 level of facilities deck and 2 levels of basement car parks.
Property type	Serviced apartment
Age	Approximately 10 years
Title details	Grant No. 47693 for Lot No. 1308 Section 67, Town and District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur.
Encumbrances/Limitation in title/interest	The property is charged to a financial institution to secure a term loan facility of RM822 million and there is no restriction attached to the title.
Status of holdings	Freehold
Existing use	Commercial building
Parking spaces	Total combined 187 bays from Parcel 1 and Parcel 2.
Lessee	Star Hill Hotel Sdn. Bhd.
Lease term	The property is leased for a term expiring on 30 June 2031.
Date of acquisition	16 May 2007
Cost of acquisition	RM125,000,000
Market value	RM156,000,000
Date of latest valuation	29 May 2015
Independent valuer	SMY Valuers & Consultants Sdn. Bhd.
Net book value	RM156,000,000

Property Portfolio

The Residences at The Ritz-Carlton, Kuala Lumpur (Parcel 2)

Address/Location	No. 2, Jalan Yap Tai Chi Off Jalan Imbi, 55100 Kuala Lumpur.
Description	50 units of serviced apartments and 4 units of penthouses including 1 level of basement car park.
Property type	Serviced apartment
Age	Approximately 10 years
Title details	Grant No. 47693 for Lot No. 1308 Section 67, Town and District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur.
Encumbrances/Limitation in title/interest	The property is charged to a financial institution to secure a term loan facility of RM822 million and there is no restriction attached to the title.
Status of holdings	Freehold
Existing use	Commercial building
Parking spaces	Total combined 187 bays from Parcel 1 and Parcel 2.
Lessee	Star Hill Hotel Sdn. Bhd.
Lease term	The property is leased for a term expiring on 30 June 2031.
Date of acquisition	15 November 2011
Cost of acquisition	RM73,000,000
Market value	RM84,000,000
Date of latest valuation	29 May 2015
Independent valuer	SMY Valuers & Consultants Sdn. Bhd.
Net book value	RM84,000,000

JW Marriott Hotel Kuala Lumpur

Address/Location	No. 183, Jalan Bukit Bintang, 55100 Kuala Lumpur.
Description	A 5-star hotel with 561 rooms located on part of an 8-level podium block and entire 24-level tower block of Starhill Gallery together with car park bays located partially at basement 1 and 4 and the entire basement 2, 3 and 5 of JW Marriott Hotel Kuala Lumpur.
Property type	Hotel
Age	Approximately 18 years
Title details	Grant No. 28678, within Parcel No. 1, Storey No. B5 of Building No. M1 and 8 accessory parcels for Lot No. 1267 Section 67, Town and District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur.
Encumbrances/Limitation in title/interest	The property is charged to a financial institution to secure a term loan facility of RM822 million and there is no restriction attached to the title.
Status of holdings	Freehold
Existing use	Commercial building
Parking spaces	490 bays
Lessee	Star Hill Hotel Sdn. Bhd.
Car park operator	YTL Land Sdn. Bhd.
Lease term	The property is leased for a term expiring on 31 December 2023.
Date of acquisition	16 December 2005
Cost of acquisition	RM331,024,096
Market value	RM389,000,000
Date of latest valuation	29 May 2015
Independent valuer	Azmi & Co Sdn. Bhd.
Net book value	RM389,000,000

Property Portfolio

Sydney Harbour Marriott

Address/Location	30 Pitt Street, Sydney, New South Wales.
Description	33-storey hotel building with central atrium comprising 563 rooms including 3 levels of basement with car parking bays.
Property type	Hotel
Age	Approximately 26 years
Title details	Lot 1 in Deposited Plan 804285 in the Local Government Area of Sydney, Parish of St James and County of Cumberland.
Encumbrances/Limitation in title/interest	The property is charged to a financial institution to secure an Australian Dollar term loan facility of RM763 million (AUD263 million) and there is no restriction attached to the title.
Status of holdings	Freehold
Existing use	Commercial building
Parking spaces	Approximately 55 bays
Average occupancy rate	87.20%
Date of acquisition	29 November 2012
Cost of acquisition	AUD249,000,000
Market value	AUD347,000,000
Date of latest valuation	29 May 2015
Independent valuer	Savills Valuations Pty Ltd
Net book value	RM1,006,187,000

Property Portfolio

Property Portfolio

Brisbane Marriott

Address/Location	515 Queen Street, Brisbane, Queensland.
Description	28-storey hotel building comprising 267 rooms with 3 levels of basement car park.
Property type	Hotel
Age	Approximately 17 years
Title details	Lot 5 on survey plan 100339 comprised in certificate of title reference no. 50218402 in the Parish of North Brisbane and County of Stanley.
Encumbrances/Limitation in title/interest	The property is charged to a financial institution to secure an Australian Dollar term loan facility of RM763 million (AUD263 million) and there is no restriction attached to the title.
Status of holdings	Freehold
Existing use	Commercial building
Parking spaces	78 bays
Average occupancy rate	76.46%
Date of acquisition	29 November 2012
Cost of acquisition	AUD113,000,000
Market value	AUD98,500,000
Date of latest valuation	29 May 2015
Independent valuer	Savills Valuations Pty Ltd
Net book value	RM285,093,000

Melbourne Marriott

Address/Location	Corner Exhibition and Lonsdale Streets, Melbourne, Victoria.
Description	16-storey hotel building comprising 186 rooms with 5 split levels of car park.
Property type	Hotel
Age	Approximately 33 years
Title details	Lot 1 on Plan of Subdivision 349277H (Volume 10323 Folio 372) and Lot 1 on Plan of Subdivision 349276K (Volume 10323 Folio 375) in the Local Government Area of City of Melbourne Council and Parish of North Melbourne.
Encumbrances/Limitation in title/interest	The property is charged to a financial institution to secure an Australian term loan facility of RM763 million (AUD263 million) and there is no restriction attached to the title.
Status of holdings	Freehold
Existing use	Commercial building
Parking spaces	Approximately 80 bays
Average occupancy rate	88.80%
Date of acquisition	29 November 2012
Cost of acquisition	AUD53,000,000
Market value	AUD74,400,000
Date of latest valuation	29 May 2015
Independent valuer	Savills Valuations Pty Ltd
Net book value	RM215,696,000

Property Portfolio

Hilton Niseko Village

Address/Location	Aza-Soga, Niseko-cho, Abuta-gun, Hokkaido.
Description	16-storey hotel building with 1-storey of basement comprising 506 rooms.
Property type	Hotel
Age	Approximately 21 years
Title details	Lot No. 919-15, 919-18, 919-19, 920-4, 920-5 and 920-7, Aza-Soga, Niseko-cho, Abuta-gun and Lot No. 214-6, 252-2 and 264-4, Aza-Kabayama, Kutchan-cho, Abuta-gun, Hokkaido, Japan.
Encumbrances/Limitation in title/interest	The property is charged to a financial institution to secure a term loan facility of RM822 million and there is no restriction attached to the title.
Status of holdings	Freehold
Existing use	Commercial building
Parking spaces	290 bays
Lessee	Niseko Village K.K.
Lease term	The property is leased for a term expiring on 21 December 2026.
Date of acquisition	22 December 2011
Cost of acquisition	JPY6,000,000,000
Market value	JPY7,520,000,000
Date of latest valuation	29 May 2015
Independent valuer	Jones Lang LaSalle K.K.
Net book value	RM232,714,000

Property Portfolio

Pangkor Laut Resort

Address/Location	Pangkor Laut Island, 32200 Lumut, Perak Darul Ridzuan.
Description	36 units of Garden Villas, 52 units of Hill Villas, 8 units of Beach Villas and 1 unit of Pavarotti Suite.
Property type	Resort
Age	Approximately 22 years.
Title details	PN 313713, Lot 12362 and PN 313715, Lot 12364, both in Mukim Lumut, District of Manjung, State of Perak Darul Ridzuan.
Encumbrances/Limitation in title/interest	The property is charged to a financial institution to secure a term loan facility of RM822 million and there is restriction attached to the title.
Status of holdings	99-year registered lease expiring 21 May 2095 obtained from Perbadanan Kemajuan Negeri Perak.
Existing use	Commercial building
Parking spaces	Not applicable
Lessee	Syarikat Pelanchongan Pangkor Laut Sendirian Berhad.
Lease term	The property is leased for a term expiring on 14 November 2026.
Date of acquisition	15 November 2011
Cost of acquisition	RM97,000,000
Market value	RM113,000,000
Date of latest valuation	29 May 2015
Independent valuer	SMY Valuers & Consultants Sdn. Bhd.
Net book value	RM113,000,000

Property Portfolio


Spirit of Wood

Property Portfolio

Tanjong Jara Resort

Address/Location	Batu 8, Off Jalan Dungun, 23000 Dungun, Terengganu Darul Iman.
Description	Small luxury boutique resort with 99 rooms.
Property type	Resort
Age	Approximately 20 years
Title details	HSD 1473, Lot No. PT 18624, Mukim of Kuala Dungun, District of Dungun, State of Terengganu Darul Iman.
Encumbrances/Limitation in title/interest	The property is charged to a financial institution to secure a term loan facility of RM822 million and there is restriction attached to the title.
Status of holdings	60-year leasehold expiring on 4 December 2067.
Existing use	Commercial building
Parking spaces	50 bays
Lessee	Tanjong Jara Beach Hotel Sdn. Bhd.
Lease term	The property is leased for a term expiring on 14 November 2026.
Date of acquisition	15 November 2011
Cost of acquisition	RM87,000,000
Market value	RM100,000,000
Date of latest valuation	29 May 2015
Independent valuer	SMY Valuers & Consultants Sdn. Bhd.
Net book value	RM100,000,000

Cameron Highlands Resort

Address/Location	By the Golf Course, 39000 Tanah Rata, Cameron Highlands, Pahang Darul Makmur.
Description	3-storey luxury resort with a 2-storey spa village block with 56 rooms and suites and a single storey building.
Property type	Resort
Age	Approximately 41 years
Title details	HSD 3881 for Lot No. PT 1812, Mukim of Tanah Rata, District of Cameron Highlands, State of Pahang.
Encumbrances/Limitation in title/interest	The property is charged to a financial institution to secure a term loan facility of RM822 million and there is no restriction attached to the title.
Status of holdings	99-year leasehold expiring on 9 December 2108.
Existing use	Commercial building
Parking spaces	19 bays
Lessee	Cameron Highlands Resort Sdn. Bhd.
Lease term	The property is leased for a term expiring on 14 November 2026.
Date of acquisition	15 November 2011
Cost of acquisition	RM50,000,000
Market value	RM58,000,000
Date of latest valuation	29 May 2015
Independent valuer	SMY Valuers & Consultants Sdn. Bhd.
Net book value	RM58,000,000

Property Portfolio

Property Portfolio

Vistana Kuala Lumpur Titiwangsa

Address/Location	No. 9, Jalan Lumut, Off Jalan Ipoh, 50400 Kuala Lumpur.
Description	17-storey hotel building with 364 rooms and 2-storey basement car parks.
Property type	Hotel
Age	Approximately 20 years
Title details	GRN 33550, Lot No. 669, Town and District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur.
Encumbrances/Limitation in title/interest	The property is charged to a financial institution to secure a term loan facility of RM822 million and there is no restriction attached to the title.
Status of holdings	Freehold
Existing use	Commercial building
Parking spaces	125 bays
Lessee	Prisma Tulin Sdn. Bhd.
Lease term	The property is leased for a term expiring on 14 November 2026.
Date of acquisition	15 November 2011
Cost of acquisition	RM100,000,000
Market value	RM120,000,000
Date of latest valuation	29 May 2015
Independent valuer	SMY Valuers & Consultants Sdn. Bhd.
Net book value	RM120,000,000

Vistana Penang Bukit Jambul

Address/Location	No. 213, Jalan Bukit Gambier, Bukit Jambul, 11950 Pulau Pinang.
Description	17-storey Tower A with 238 hotel rooms and 26-storey Tower B with 189 hotel suites with an annexed 3-storey podium.
Property type	Hotel
Age	Approximately 16 years
Title details	HSD 9632, Lot No P.T. 1678, Mukim 13, District of Timor Laut, State of Pulau Pinang.
Encumbrances/Limitation in title/interest	The property is charged to a financial institution to secure a term loan facility of RM822 million and there is restriction attached to the title.
Status of holdings	99-year leasehold expiring on 27 October 2094.
Existing use	Commercial building
Parking spaces	336 bays
Lessee	Business & Budget Hotels (Penang) Sdn. Bhd.
Lease term	The property is leased for a term expiring on 14 November 2026.
Date of acquisition	15 November 2011
Cost of acquisition	RM100,000,000
Market value	RM114,000,000
Date of latest valuation	29 May 2015
Independent valuer	SMY Valuers & Consultants Sdn. Bhd.
Net book value	RM114,000,000

Vistana Kuantan City Centre

Address/Location	Jalan Teluk Sisek, 25000 Kuantan, Pahang.
Description	8-storey hotel building with 215 rooms.
Property type	Hotel
Age	Approximately 21 years
Title details	Lot No 714, Section 37 held under PN No. 13491, Town and District of Kuantan, Pahang.
Encumbrances/Limitation in title/interest	The property is charged to a financial institution to secure a term loan facility of RM822 million and there is restriction attached to the title.
Status of holdings	99-year leasehold expiring on 11 July 2092.
Existing use	Commercial building
Parking spaces	149 bays
Lessee	Business & Budget Hotels (Kuantan) Sdn. Bhd.
Lease term	The property is leased for a term expiring on 14 November 2026.
Date of acquisition	15 November 2011
Cost of acquisition	RM75,000,000
Market value	RM85,000,000
Date of latest valuation	29 May 2015
Independent valuer	SMY Valuers & Consultants Sdn. Bhd.
Net book value	RM85,000,000

Review of the Property Market

YTL Hospitality REIT and its subsidiaries ("Group") own thirteen hospitality properties, nine (9) in Malaysia, three (3) in Australia and one (1) in Japan. With the Malaysian properties, four (4) are located in Kuala Lumpur, two (2) are located in Pahang and one (1) each is located in Perak, Terengganu and Penang. The three (3) Australian properties are located in the capital cities of Australia's three most populous states, i.e. New South Wales, Victoria and Queensland. The Japanese property is located in the Niseko area of the island of Hokkaido.

MALAYSIA

1. Economy

The Malaysian economy grew at a slightly faster pace in the 1st Quarter of 2015, i.e. at 5.6%, whereby the growth was at 6.0% in 2014, higher than the 4.7% registered in 2013. The positive growth is due to the private sector's investment picking up pace, surge in the industrial activity and robust private consumption in March prior to the implementation of a new consumption tax. The Overnight Policy Rate (OPR), maintained at 3.25%, remained accommodative towards economic activity. The Average Base Rate (BR, which has replaced the Base Lending Rate) of commercial banks is 3.90%. As at April 2015, the weighted Average Lending Rate (ALR) was 5.48%.

In 2014, the property sector grew at a marginal 0.8% in market volume and 7.0% in market value. The marginal growth was a turnaround for the property market after registering contractions in 2013. The cooling measures which resulted in the moderation of market activity in the last two years have seen market corrections, which ensued the slight pick-up in market activity in 2014. Measures such as the imposition of higher Real Property Gains Tax to curb speculative activities and spiraling property prices have also shown positive signs, evident from the moderating increase in the Malaysian House Price Index over the last three years.

The services and manufacturing sectors, though at a slower pace, are expected to increase by 5.6% and 4.9%, respectively, in 2015 (2014: 6.3% and 6.2%) due to the projected growth of the wholesale, retail trade, accommodation as well as food & beverages (F&B) sub-sectors and also due to the expected strong demand for semiconductors, electronic components, communications, computer peripherals, petroleum, rubber, chemical products and transport equipment. Infrastructure projects including the Mass Rapid Transit (MRT), extension of Light Rail Transit (LRT), new highways and access roads, would further help drive growth in the construction-related industry. The consumer-oriented sub-sector such as wholesale and retail trade as well as accommodation and F&B will continue to be boosted by strong private consumption, which will also benefit from higher tourist arrivals following special promotional campaigns and activities in conjunction with MyFest 2015.

According to the Department of Statistics Malaysia, the Consumer Price Index (CPI) for the period January to March 2015 averaged significantly lower at 0.7% (4Q 2014: 2.8%). In March 2015, CPI increased by 0.9% to 110.9-point compared to 109.9-point in March 2014. This Index was influenced by the rise in the Alcoholic Beverages and Tobacco group (10.6%), Health (3.6%), Restaurants & Hotels (2.8%), Food & Non-Alcoholic Beverages (2.3%) and also the drop in the Transport group (-4.9%).

Under Budget 2015, an allocation of RM316 million has been proposed for the MyFest 2015 campaign. MyFEST 2015 or Malaysia Year of Festival 2015 is set to make Malaysia the top tourist destination whilst encouraging tourists to stay longer in order to enjoy the festival offerings nationwide. Themed "Endless Celebrations", the year-long calendar is packed with festivities of every genre; for instance cultural festivals, shopping extravaganzas, international acclaimed events, eco-tourism events, arts, music showcases, food promotion and other themed events as attraction. MyFEST 2015 is targeted to receive 29.4 million tourist arrivals with RM89 billion in tourist receipts. In March 2015, 2,242,077 tourist arrivals were recorded as compared to 2,291,603 in January 2015 and 1,949,016 in February 2015. As at March 2015, tourists from Singapore was top of the list, followed by Indonesia, China, Thailand and Brunei Darussalam.

Impacting the leisure sub-sector, apart from the continuous implementation of the Economic Transformation Plan (ETP) and Entry Point Projects, the many initiatives by the government and Tourism Ministry are expected to draw more visitors and investors. Additionally, the tax exemption for tour operators is expected to spur the hospitality sector.

Review of the Property Market

Tour operators bringing in at least 750 foreign tourists or a minimum of 1,500 local tourists each year will enjoy an income tax exemption for up to 3 years. The newly – completed KL International Airport 2, together with KLIA could accommodate the arrivals of tourists.

(Source: SMY Valuers & Consultants Sdn Bhd, July 2015)

2. Hotel Sector

Malaysia

Tourism Malaysia targeted 28 million tourists for 2014 but recorded about 27.4 million. In 2013, tourists from China made up the third largest group after Singapore and Indonesia, with a record 1.6 million tourists. Tourist arrivals from China recorded a drop of 9.9% from January until December 2014, as compared to 2013. In terms of monthly statistics of China tourists to Malaysia, there is between 10.0% and 15.0% improvement in January and February 2015 but dropped by 9.0% in March 2015.

In spite of the national aviation misfortunes that hit the country, the number of tourist arrivals for the first ten months of the year stood at 22.9 million, an annual increase of 9.6%. The MIER Tourist Market Index remained hopeful in 2015 as the index remained above the 100-point level at 107.0 points (1st Quarter 2015), though slightly lower than the 108.8 points in 2014.

The many initiatives by the government and Tourism Ministry to draw more visitors and investors as well as tax exemption for tour operators are expected to spur the hospitality sector. Tour operators bringing in at least 750 foreign tourists or a minimum of 1,500 local tourists each year will enjoy income tax exemption for up to 3 years. Under Budget 2015, an allocation of RM316 million has been proposed for the MyFest 2015 campaign.

Kuala Lumpur

Kuala Lumpur retained its ranking as one of the top 10 most visited cities in the world, according to MasterCard Global Destination Cities Index 2014. The occupancy of 3-star to 5-star hotels decreased to 63.5% in 2014, lower than the 68.1% recorded in 2013.

There were 6,584,325 domestic hotel guests and 9,867,899 foreign hotel guests in Kuala Lumpur recorded for the year 2014 (2013: domestic 5,149,295, foreigners 8,520,340). The supply of hotel rooms in 2014 stood at 38,916 rooms (2013: 34,700). The average hotel occupancy rate in 2014 was 69.7% as compared to 69.5% in 2013.

Pahang

There were 8,053,176 domestic hotel guests and 2,317,011 foreign hotel guests in Pahang recorded for the year 2014 (2013: domestic 5,515,873, foreigners 2,481,302). The supply of hotel rooms in 2014 stood at 28,752 rooms (2013: 26,075). The average hotel occupancy rate in 2014 was 81.1% as compared to 80.6% in 2013.

Perak

There were 2,274,077 domestic hotel guests and 252,693 foreign hotel guests in Perak recorded for the year 2014 (2013: domestic 2,081,122, foreigners 302,059). The supply of hotel rooms in 2014 stood at 14,333 rooms (2013: 11,293). The average hotel occupancy rate in 2014 was 50.0% as compared to 49.8% in 2013.

Terengganu

There were 1,461,756 domestic hotel guests and 165,649 foreign hotel guests in Terengganu recorded for the year 2014 (2013: domestic 1,425,421, foreigners 109,942). The supply of hotel rooms in 2014 stood at 11,205 rooms (2013: 8,992). The average hotel occupancy rate in 2014 was 47.2% as compared to 47.0% in 2013.

Penang

There were 3,617,170 domestic hotel guests and 3,230,399 foreign hotel guests in Kuala Lumpur recorded for the year 2014 (2013: domestic 2,639,182, foreigners 2,062,917). The supply of hotel rooms in 2014 stood at 18,011 rooms (2013: 16,137). The average hotel occupancy rate in 2014 was 65.2% as compared to 64.2% in 2013.

(Source: SMY Valuers & Consultants Sdn Bhd, July 2015)

AUSTRALIA

1. Economy

Gross Domestic Product (GDP) grew by 0.5% in the fourth quarter of 2014 compared to a 0.3% increase in the third quarter. GDP increased by 2.2% in the first quarter of 2015 compared to the same period last year. The increases are underpinned by net exports and final consumption expenditure.

Labour market conditions have shown signs of weakening in recent times based on figures released for April 2015. Seasonally adjusted, unemployment increased by 7,000 persons to 769,500 in April 2015. The number of people employed decreased by 2,900 to 11.724 million with full-time employment down 21,900 people and a rise in part-time employment by 19,000 people. Seasonally adjusted, the unemployment rate increased to 6.2% compared to 6.1% in the previous month with the participation rate remaining relatively unchanged at 64.8%. Employment growth has slowed considerably when compared to the strong growth during 2010 although with lower net migration compared to its peak in 2008, the growth of the labour supply has also slowed. Indicators of labour demand are consistent with relatively moderate growth of employment over the coming months.

In volume terms the trend estimate for Australian retail turnover increased by 0.3% in March 2015 and seasonally adjusted turnover rose by 0.2% compared to the previous month. The following industries experienced growth in retail trade in March 2015: Food retailing (0.2%), Cafes, restaurants and takeaway food services (0.2%), Household goods retailing (0.5%), Clothing, footwear and personal accessory retailing (0.8%), Department stores (0.1%) and Other retailing (0.5%). The household savings ratio continues to be elevated following consumer reactions to the Global Financial Crisis.

The All Groups Consumer Price Index increased 0.2% in the March quarter with a similar increase in the December quarter. Through the year to March 2015, CPI rose 1.3% compared with a rise of 1.7% through the year to December 2014.

In April 2015 the IMF published forecasts for global growth at 3.5% in 2015 before strengthening to 3.8% in 2016. Domestically the Reserve Bank expects the economy to remain below trend with GDP growth over the year to June 2016 expected to be in the range of 2.50% to 3.50% and 2.75% to 4.25% over the year to June 2017. Growth of non-mining activity overall has remained below trend with mining investment expected to continue retracting substantially from growth over the next couple of years.

(Source: Savills Valuations Pty Ltd, May 2015)

2. Hotel Sector

Australia

The latest data available from Tourism Research Australia indicates that the outlook for international visitor arrivals to Australia remains encouraging. International visitor arrivals for FY March 2015 grew 7.8% to 6.5 million. This follows on from growth of 6.3% during the previous corresponding period. This growth continues to be largely led by the emerging Asian economies, particularly from India with visitors increasing by 24.6% during the FY March 2015. This was followed by China (18.7%), Other Asia (17%), Hong Kong (11.2%) and Malaysia (11.1%). Other than Asian countries, the growth of visitors from the United States of America (9.6%) also contributed to the growth for the top 10 regions.

There is general improvement in both business conditions and business sentiments around the country, which should lead to increased demand for hotel accommodation as the result of a pick-up in business travel. That said, business travel has been more subdued amid recent cutbacks by both the private sector (particularly miners) as well as the public sector. However, with the Australian dollar expected to continue to recede further from its peak, the outlook for the sector is looking good. Domestic business travel visitor nights grew 2.8% during FY March 2013 to just under 45.7 million. Due to the change of data collection method, the number of business travel visitor nights has increased by 41.98%. All states in Australia except Australian Capital Territory experienced growth in business visitors.

Review of the Property Market

According to data from STR Global, year-to-date June 2015 average Revenue Per Available Room (RevPAR) in Australia increased by 3.4% to $134.90 compared to 2014. This was driven mainly by increases in RevPAR in Cairns (10.2%), Gold Coast (8.0%) and Sydney (6.9%). However, the increase was partially offset by a decrease in RevPAR in Darwin (-12.7%), Brisbane (-5.6%) and Adelaide (-4.6%) in the year-to-date June 2015.

Occupancy rates for major cities in Australia remain strong, with the year-to-date June 2015 figure of 74.3% being 1.0% higher than the prior corresponding period in 2014. The strongest growth is Cairns (8.2%) while the highest occupancy rate remains in Sydney with 84.6%.

The Average Daily Rate (ADR) across Australia likewise remains strong for most of the major markets on a year-to-date comparison basis. This is particularly true of the Sydney (4.5%), Gold Coast (4.0%) and Melbourne (2.4%) markets.

The increase in demand for accommodation and limited new hotel room supply should result in stable RevPAR growth. Now that occupancy is above 80% in many cities across Australia, operators may need to concentrate on room rate growth to continue the upward RevPAR trend.

Sydney

RevPAR and ADR in Sydney hotels are the highest recorded nationally. RevPAR increased by 6.9% during year-to-date June 2015 to $175.3 and ADR increased by 4.5% to $207.3 over the same time frame. Occupancy levels remain the highest recorded nationally at 84.6%. These factors combined clearly point to strong resilience in the hotel market.

Brisbane

Hotels in Brisbane are still experiencing a difficult time since the occupancy rate dropped 3.3% from 2014 compared with year-to-date June 2015. RevPAR decreased by 5.6% to $133.84 and ADR declined 2.4% over the same time frame. These factors combined show the hotel market is struggling with recovery.

Melbourne

The Melbourne hotel market continues to outperform on a year-on-year basis. According to the latest data available from STR, RevPAR for year-to-date June 2015 increased by 3.8% as compared with the same period in 2014 and ADR increased by 2.4% to $187.3 and the occupancy rate increased by 1.4% over the same time frame.

(Source: Savills Valuations Pty Ltd, August 2015)

JAPAN

1. Economy

Japan's economy is experiencing robust export and mild pace of recovery while the last-minute spending prior to the sales tax hike and the impact of its downturn is tapering down. Although business confidence remains cautious in some parts, it remains generally stable.

Bank of Japan (BOJ) has set its price stabilisation target at 2% CPI increase against the previous year. It also announced that it will keep its quantitative and qualitative easing until price stabilisation is achieved.

Japan's real GDP for 4Q14, as announced by Cabinet Office in March 2015, grew by 0.4% against the previous quarter, 1.5% annualized. This is the first positive growth in three quarters and the first after the sales tax hike. Although private capital investment remained sluggish, it was driven by improvements in consumer spending and satisfactory exports.

According to the Tankan Survey taken in April 2015, the major manufacturers' business confidence remained unchanged from the previous survey at 12 and non-manufacturers' business confidence has improved by 2 points to 19. Although manufacturers of automobile and electronic machinery in particular, were backed by the weak yen, it remained flat as a whole due to softening overseas demand partially attributed to the deceleration of emerging economies. As for the non-manufacturers, domestic demand has recovered, particularly consumer spending, and improvements in business sentiment.

According to the Labour Force Survey by Ministry of Internal Affairs and Communications, the unemployment rate for January 2015 was 3.6%, and the number of unemployed declined for 56 consecutive months. Ministry of Health, Labour and Welfare announced that the number of job openings is on the rise and the active job opening to applicant ratio was 1.14 for the same month, the same level as the previous month.

Consumer Price Index for January 2015, as published by Ministry of Internal Affairs and Communications, dropped 0.2% from the previous month to 103.1, a year-on-year growth of 2.4%. The slowdown in inflation was due to the price drop of gasoline and kerosene despite the sharp hike in electricity, as well as deceleration of food prices except for fresh produce, durable goods such as TV sets, and hotel room rates.

(Source: Jones Lang LaSalle K.K., May 2015)

2. Hotel Sector

Japan

The number of inbound visitors declined in the period between 2010 and 2011 due to impact from the global recession arising from the Lehman shock. However, as the financial market stabilized, it turned around. More recently, various factors including the weakening yen, the introduction of LCC (Low Cost Carrier: LCC) and the government's focus on promoting tourism have resulted in achieving total visitors exceeding 13 million in 2014. Of the total number of visitors, tourists' figure was high, accounting for 70-80%. This trend is expected to continue for the foreseeable future.

The average occupancy rate of resort hotels was 54.5% for 2014, a 2.2 point increase from 2013. By area comparison with the previous year's results, all areas showed growth; Tokyo by 3.5 points, Hokkaido 4.7 points, Osaka 7.1 points and Okinawa 8.1 points. Growth rate of Okinawa is especially notable. Hokkaido's occupancy rate is below 50%, in comparison to the other areas, and growth is anticipated as the area gains higher recognition.

Occupancy rate of hotels located in the center of cities in 2014 is rising (virtually flat for Tokyo), but Okinawa is seeing big growth (6.1 points). The average growth was 2.3 points against previous year while Hokkaido and Osaka saw growth by 4.2 points.

Niseko

During 1 April 2014 to 31 March 2015 (FY 31 March 2015), the number of visitor arrivals was stable with a year-on-year growth at 1.0% to reach 3.1 million, which is the highest number in visitor arrivals during the past 11 years. Day visitors accounted for approximately 70% of the total visitors during the time period analyzed.

In FY 31 March 2015, the total number of accommodation guests in Niseko area increased by 9.6% as compared to the previous year.

By visitor profile, domestic accommodation guests accounted for an overwhelming 72% of the total visitors in FY 31 March 2015 while international guests accounted for 28%. Although international accommodation visitors are relatively fewer in comparison to the number of domestic guests, the number of foreign guests had increased significantly. The number of international accommodation guests in FY 31 March 2005 was 69,000 and the figure grew more than 6 times to 440,321 in FY 31 March 2015.

Outlook for market conditions in Niseko Hotel Sector in FY 31 March 2016 and onwards is positive. The favourable business environment from FY 31 March 2015 is likely to continue, mainly supported by increasing demand from international visitors.

(Source: Jones Lang LaSalle K.K., May 2015)

CONCLUDING COMMENTS

Despite the challenges in some markets, we are confident that our proactive asset management, financial, marketing and operation strategy will continue to be able to mitigate the relevant risks and enhance the value of the properties and improve the yields and returns of the Group.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Third Annual General Meeting of YTL Hospitality REIT ("REIT") will be held at Starhill 2, Level 4, JW Marriott Hotel Kuala Lumpur, 183 Jalan Bukit Bintang, 55100 Kuala Lumpur on Wednesday, the 7th day of October, 2015 at 3.00 p.m. to transact the following business:-

ORDINARY BUSINESS

To lay before the meeting the Audited Financial Statements for the financial year ended 30 June 2015 together with the Reports attached thereon.	**Please refer Explanatory Note A**

By Order of the Board
of Pintar Projek Sdn Bhd (314009-W)
(Manager for YTL Hospitality REIT)

Ho Say Keng
Company Secretary

Kuala Lumpur
28 August 2015

Notes:-

1. *A unitholder entitled to attend the meeting may appoint a proxy to attend instead of him. A proxy may, but need not, be a unitholder of the REIT. A unitholder other than an authorised nominee shall not be entitled to appoint more than one proxy to attend the same meeting and where such unitholder appoints more than one proxy to attend the same meeting, such appointment shall be invalid.*
2. *Where a unitholder is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy (but not more than two proxies) in respect of each securities account it holds in units standing to the credit of the said securities account. Where the unitholder appoints two proxies, the appointment will be invalid unless the unitholder specifies the proportions of his holdings to be represented by each proxy.*
3. *Where a unitholder is an exempt authorised nominee which holds units in the REIT for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.*
4. *The form of proxy and the Power of Attorney or other authority (if any) under which it is signed or notarially certified copy thereof must be lodged at the office of Pintar Projek Sdn Bhd ("Manager") at 11th Floor, Yeoh Tiong Lay Plaza, 55 Jalan Bukit Bintang, 55100 Kuala Lumpur, not less than 48 hours before the time appointed for the meeting or any adjourned meeting thereof.*
5. *In the case of a corporation, the form of proxy should be executed under its common seal or under the hand of an officer or attorney who has been duly authorised by the corporation.*
6. *For the purpose of determining the unitholders who shall be entitled to attend the meeting, the Manager shall request Bursa Malaysia Depository Sdn Bhd, in accordance with Section 34(1) of the Securities Industry (Central Depositories) Act, 1991, to issue a General Meeting Record of Depositors as at 30 September 2015. Only a depositor whose name appears on the General Meeting Record of Depositors as at 30 September 2015 shall be entitled to attend the said meeting or appoint proxy to attend on his behalf.*

Explanatory Note A

There shall be no voting on the aforesaid Ordinary Business given that the laying of the Audited Financial Statements for the financial year ended 30 June 2015 of REIT together with the Reports attached thereon before the unitholders at the Annual General Meeting is meant for discussion only in accordance with Clause 15.33A of the Guidelines on Real Estate Investment Trusts issued by the Securities Commission Malaysia.

Corporate Information

MANAGER

Pintar Projek Sdn Bhd

MANAGER'S REGISTERED OFFICE/ PRINCIPAL PLACE OF BUSINESS

11th Floor, Yeoh Tiong Lay Plaza
55 Jalan Bukit Bintang, 55100 Kuala Lumpur
Tel: 603-2117 0088/603-2142 6633
Fax: 603-2141 2703

BOARD OF DIRECTORS OF THE MANAGER

Chief Executive Officer
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping
PSM, CBE, FICE, SIMP, DPMS, DPMP, JMN, JP
Hon LLD (Nottingham), Hon DEng (Kingston),
BSc (Hons) Civil Engineering, FFB, F Inst D, MBIM, RIM

Executive Directors
Dato' Yeoh Seok Kian
DSSA
BSc (Hons) Bldg, MCIOB, FFB

Dato' Mark Yeoh Seok Kah
DSSA
LLB (Hons)

Dato' Hj Mohamed Zainal Abidin Bin Hj Abdul Kadir
DPMP, PMP, AMN, PPN, PJK, OStJ, JP

Yeoh Keong Shyan
LLB (Hons)

Independent Non-Executive Directors
Dato' (Dr) Yahya Bin Ismail
DPMJ, DPCM, DPMP, KMN, PPT
Bachelor of Veterinary Science

Dato' Ahmad Fuaad Bin Mohd Dahalan
ABS, DIMP, SIMP
BA (Hons)

Eu Peng Meng @ Leslie Eu
BCom, FCILT

MANAGEMENT TEAM

Datin Kathleen Chew Wai Lin
Legal Advisor

Ho Say Keng
Accountant/Company Secretary

Eoon Whai San
General Manager

COMPANY SECRETARY OF THE MANAGER

Ho Say Keng

TRUSTEE

Maybank Trustees Berhad
8th Floor, Menara Maybank
100 Jalan Tun Perak, 50050 Kuala Lumpur
Tel: 603-2078 8363
Fax: 603-2070 9387
Email: mtb@maybank.com.my

REGISTRAR

Pintar Projek Sdn Bhd
11th Floor, Yeoh Tiong Lay Plaza
55 Jalan Bukit Bintang, 55100 Kuala Lumpur
Tel: 603-2117 0088/603-2142 6633
Fax: 603-2141 2703

AUDITORS

HLB Ler Lum (AF 0276)
Chartered Accountants
(A member of HLB International)

PRINCIPAL BANKERS OF THE FUND

AmBank (M) Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
Sumitomo Mitsui Banking Corporation Malaysia Berhad

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Market (16.12.2005)

Profile of the Board of Directors

TAN SRI DATO' (DR) FRANCIS YEOH SOCK PING

Malaysian, aged 61, has been the Chief Executive Officer and Executive Director of Pintar Projek Sdn Bhd since 10 March 2005. Tan Sri Francis studied at Kingston University in the United Kingdom, where he obtained a Bachelor of Science (Hons) Degree in Civil Engineering and was conferred an Honorary Doctorate of Engineering in 2004. In July 2014, Tan Sri Francis was conferred an Honorary Degree of Doctor of Laws from University of Nottingham. He became the Managing Director of YTL Corporation Berhad Group in 1988 which, under his stewardship, has grown from a single listed company into a force comprising five listed entities ie. YTL Corporation Berhad, YTL Power International Berhad, YTL Land & Development Berhad, YTL e-Solutions Berhad and YTL Hospitality REIT.

He is presently the Managing Director of YTL Corporation Berhad, YTL Power International Berhad and YTL Land & Development Berhad, all listed on the Main Market of Bursa Malaysia Securities Berhad. He is the Executive Chairman and Managing Director of YTL e-Solutions Berhad which is listed on the ACE Market of Bursa Malaysia Securities Berhad. He is also the Executive Chairman of YTL Starhill Global REIT Management Limited, the manager of Starhill Global REIT, a vehicle listed on the Main Board of the Singapore Exchange Securities Trading Limited (SGX-ST). Tan Sri Francis sits on the boards of several public companies such as YTL Cement Berhad and YTL Industries Berhad, and private utilities companies including Wessex Water Limited and Wessex Water Services Limited in England and Wales, and YTL PowerSeraya Pte Limited in Singapore. He also sits on the board of trustees of YTL Foundation. Tan Sri Francis is also an Independent Non-Executive Director of The Hong Kong and Shanghai Banking Corporation Limited.

He is a Founder Member of the Malaysian Business Council and The Capital Markets Advisory Council, member of The Nature Conservancy Asia Pacific Council and the Asia Business Council, Trustee of the Asia Society and Chairman for South East Asia of the International Friends of the Louvre. He is also a member of the Advisory Council of London Business School, Wharton School and INSEAD. He served as a member of the Barclays Asia-Pacific Advisory Committee from 2005 to 2012.

He was ranked by both Fortune and Businessweek magazines as Asia's 25 Most Powerful and Influential Business Personalities and one of Asia's Top Executives by Asiamoney. He won the inaugural Ernst & Young's Master Entrepreneur in Malaysia in 2002 and was named as Malaysia's CEO of the Year by CNBC Asia Pacific in 2005.

In 2006, he was awarded the Commander of the Most Excellent Order of the British Empire (CBE) by Her Majesty Queen Elizabeth II, and received a prestigious professional accolade when made a Fellow of the Institute of Civil Engineers in London in 2008. He was the Primus Inter Pares Honouree of the 2010 Oslo Business for Peace Award, for his advocacy of socially responsible business ethics and practices. The Award was conferred by a panel of Nobel Laureates in Oslo, home of the Nobel Peace Prize. He also received the Corporate Social Responsibility Award at CNBC's 9th Asia Business Leaders Awards 2010.

DATO' YEOH SEOK KIAN

Malaysian, aged 57, has been an Executive Director of Pintar Projek Sdn Bhd since 10 March 2005. He graduated from Heriot-Watt University, Edinburgh, United Kingdom in 1981 with a Bachelor of Science (Hons) Degree in Building. He attended the Advance Management Programme conducted by Wharton Business School, University of Pennsylvania in 1984. Dato' Yeoh is a Fellow of the Faculty of Building, United Kingdom, as well as a Member of the Chartered Institute of Building (UK). He is also the Deputy Managing Director of YTL Corporation Berhad and YTL Power International Berhad and the Executive Director of YTL Land & Development Berhad, all listed on the Main Market of Bursa Malaysia Securities Berhad. Dato' Yeoh also serves on the boards of other public companies such as YTL Cement Berhad, YTL Industries Berhad and The Kuala Lumpur Performing Arts Centre, and private utilities companies, Wessex Water Limited in England and Wales and YTL PowerSeraya Pte Limited in Singapore, as well as YTL Starhill Global REIT Management Limited, the manager of Starhill Global REIT, a vehicle listed on the Main Board of the Singapore Exchange Securities Trading Limited (SGX-ST).

DATO' (DR) YAHYA BIN ISMAIL

Malaysian, aged 87, has been an Independent Non-Executive Director of Pintar Projek Sdn Bhd since 18 May 2005. He was formerly with the Government and his last appointment was the Director General of the National Livestock Authority Malaysia. He was with the Totalisator Board Malaysia from 1982 to 1990 and served as its Chairman since 1986. Dato' Yahya is a Director of YTL Corporation Berhad and YTL Power International Berhad, both listed on the Main Market of Bursa Malaysia Securities Berhad. He also sits on the board of Metroplex Berhad.

DATO' AHMAD FUAAD BIN MOHD DAHALAN

Malaysian, aged 65, was appointed to the Board on 17 January 2012 as an Independent Non-Executive Director. Dato' Ahmad Fuaad holds a Bachelor of Arts (Hons) degree from the University of Malaya. He was attached with Wisma Putra, Ministry of Foreign Affairs as Malaysian Civil Service ("MCS") Officer in April 1973 before joining Malaysia Airlines in July 1973. While in Malaysia Airlines, Dato' Ahmad Fuaad served various posts and his last position was as the Managing Director. He was formerly a director of Lembaga Penggalakan Pelanchongan Malaysia, Malaysia Industry-Government Group for High Technology and Malaysia Airports Holdings Berhad. Currently, Dato' Ahmad Fuaad is the Chairman of Tokio Marine Insurans (Malaysia) Berhad and a Director of Hong Leong Capital Berhad and YTL e-Solutions Berhad, both listed on the Main Market of Bursa Malaysia Securities Berhad.

DATO' MARK YEOH SEOK KAH

Malaysian, aged 50, has been an Executive Director of Pintar Projek Sdn Bhd since 17 January 2012. He graduated from King's College, University of London, with an LLB (Hons) and was subsequently called to the Bar at Gray's Inn, London, in 1988. Dato' Mark Yeoh joined YTL Group in 1989 and is presently the Executive Director responsible for the YTL Hotels and Resorts Division. In addition, he is also part of YTL Power's Mergers & Acquisitions Team and was involved in the acquisition of ElectraNet SA (Australia), Wessex Water Limited (UK), P.T. Jawa Power (Indonesia) and PowerSeraya Limited (Singapore). He serves as an Executive Director of YTL Corporation Berhad and YTL Power International Berhad, both listed on the Main Market of Bursa Malaysia Securities Berhad. He is also a board member of YTL Cement Berhad and private utilities companies, Wessex Water Limited and Wessex Water Services Limited in England and Wales, and YTL PowerSeraya Pte Limited in Singapore.

DATO' HJ MOHAMED ZAINAL ABIDIN BIN HJ ABDUL KADIR

Malaysian, aged 75, has been an Executive Director of Pintar Projek Sdn Bhd since 10 March 2005. He qualified as a teacher in 1963 from the Day Training Centre for Teaching in Ipoh, Perak, and was in the teaching profession from 1964 to 1981 prior to entering the business arena as a property developer in May 1981. Dato' Hj Mohamed Zainal Abidin also sits on the boards of several reputable private limited companies involved in construction, property development and resort operations such as Pakatan Perakbina Sdn Bhd, Seri Yakin Sdn Bhd and Syarikat Pelanchongan Pangkor Laut Sendirian Berhad.

Profile of the Board of Directors

EU PENG MENG @ LESLIE EU

Malaysian, aged 80, has been an Independent Non-Executive Director of Pintar Projek Sdn Bhd since 10 March 2005. Mr Leslie Eu graduated with a Bachelor of Commerce degree from the University College Dublin, Ireland. He is a Fellow of the Chartered Institute of Logistics and Transport and was one of the founding directors of Global Maritime Ventures Berhad. He has been in the shipping business for more than 50 years. He was the first Chief Executive Officer of Malaysian International Shipping Corporation Berhad from the company's inception in 1969 until his early retirement in 1985. He was a Board Member of Lembaga Pelabuhan Kelang from 1970 to 1999 and Lloyd's Register of Shipping (Malaysia) Bhd from 1983 to 2009. In 1995, he was presented the Straits Shipper Transport Personality award by the Minister of Transport. He was appointed by the United Nations Conference on Trade and Development as one of the 13 experts to assist the developing nations in establishing their maritime fleets. Mr Leslie Eu presently serves on the boards of YTL Corporation Berhad, YTL Land & Development Berhad and YTL Cement Berhad.

YEOH KEONG SHYAN

Malaysian, aged 29, has been an Executive Director of Pintar Projek Sdn Bhd since 18 January 2011. He graduated from the University of Nottingham with an LLB (Hons) in 2008. He obtained the Capital Markets and Financial Advisory Services (CMFAS) Certification in 2010. He joined YTL Group in 2009 and is presently engaged in the YTL Hotels and Resorts as well as the Property Development Divisions.

DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

During the financial year, a total of 4 Board meetings were held and the details of attendance are as follows:-

	Attendance
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping	4
Dato' Yeoh Seok Kian	2
Dato' (Dr) Yahya Bin Ismail	4
Dato' Ahmad Fuaad Bin Mohd Dahalan	4
Dato' Mark Yeoh Seok Kah	4
Dato' Hj Mohamed Zainal Abidin Bin Hj Abdul Kadir	4
Eu Peng Meng @ Leslie Eu	4
Yeoh Keong Shyan	4

Notes:

1. **Family Relationship with any Director and/or Major Unitholder**
   Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, Dato' Yeoh Seok Kian and Dato' Mark Yeoh Seok Kah are siblings. Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay, the father of Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, Dato' Yeoh Seok Kian and Dato' Mark Yeoh Seok Kah, is a deemed major shareholder of YTL Corporation Berhad, which is a major unitholder of YTL Hospitality REIT. Mr Yeoh Keong Shyan is a son of Tan Sri Dato' (Dr) Francis Yeoh Sock Ping. Save as disclosed herein, none of the Directors of the Manager has any family relationship with any other directors and/or major unitholders of YTL Hospitality REIT.

2. **Conflict of Interest**
   Save for the Director's interest in YTL Hospitality REIT (as disclosed under Directors' Interests in the Manager's Report) and the transactions with companies related to the Manager (as disclosed in the notes to the financial statements), no conflict of interest has arisen during the financial year under review.

3. **Conviction for Offences**
   None of the Directors of the Manager has been convicted for any offences other than traffic offences within the past ten (10) years.

Statement on Corporate Governance

for the financial year ended 30 June 2015

YTL Hospitality REIT ("YTL REIT" or "Trust) was established on 18 November 2005 pursuant to a trust deed ("Deed") entered into between Pintar Projek Sdn Bhd ("PPSB" or "Manager") and Maybank Trustees Berhad ("Trustee"), as the manager and trustee, respectively, of the Trust. YTL REIT has been listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") since 16 December 2005.

The Board of Directors of PPSB ("Board") is firmly committed to ensuring that the Manager implements and operates good corporate governance practices in its overall management of the Trust and its subsidiaries ("YTL REIT Group"). In implementing its system of corporate governance, the Directors have been guided by the measures set out in the Guidelines on Real Estate Investment Trusts ("REIT Guidelines") issued by the Securities Commission Malaysia ("SC"), the Main Market Listing Requirements of Bursa Securities ("Listing Requirements") and the Malaysian Code on Corporate Governance 2012 ("Code").

THE ROLE OF THE MANAGER

YTL REIT is managed and administered by PPSB, who has the primary objectives of: (a) providing unitholders of the Trust ("Unitholders") with stable cash distributions with the potential for sustainable growth, principally from the ownership of properties; and (b) enhancing the long-term value of YTL REIT's units ("Units").

The Manager is required to ensure that the business and operations of YTL REIT are carried on and conducted in a proper, diligent and efficient manner, and in accordance with acceptable and efficacious business practices in the real estate investment trust industry in Malaysia. Subject to the provisions of the Deed, the Manager has full and complete powers of management and must manage YTL REIT (including all assets and liabilities of the Trust) for the benefit of its Unitholders.

The Board recognises that an effective corporate governance framework is critical in order to achieve these objectives, to fulfil its duties and obligations and to ensure that YTL REIT continues to perform strongly.

The general functions, duties and responsibilities of the Manager include the following:

(a) to manage the YTL REIT Group's assets and liabilities for the benefit of Unitholders;

(b) to be responsible for the day-to-day management of the YTL REIT Group;

(c) to carry out activities in relation to the assets of the YTL REIT Group in accordance with the provisions of the Deed;

(d) to set the strategic direction of the YTL REIT Group and submit proposals to the Trustee on the acquisition, divestment or enhancement of assets of the YTL REIT Group;

(e) to issue an annual report and quarterly reports of YTL REIT to Unitholders within 2 months of YTL REIT's financial year end and the end of the periods covered, respectively; and

(f) to ensure that the YTL REIT Group is managed within the ambit of the Deed, the Capital Markets and Services Act 2007 (as amended) and other securities laws, the Listing Requirements, the REIT Guidelines and other applicable laws.

CONFLICTS OF INTEREST AND RELATED PARTY TRANSACTIONS

The Deed provides that the Manager, the Trustee and any delegate of either of them shall avoid conflicts of interest arising or, if conflicts arise, shall ensure that the YTL REIT Group is not disadvantaged by the transaction concerned. The Manager must not make improper use of its position in managing the YTL REIT Group to gain, directly or indirectly, an advantage for itself or for any other person or to cause detriment to the interests of Unitholders.

In order to deal with any conflict-of-interest situations that may arise, any related party transaction, dealing, investment or appointment carried out for or on behalf of the YTL REIT Group involving parties related to the Trust must be executed on terms that are the best available to the Trust and which are no less favourable than an arm's length transaction between independent parties.

Statement on Corporate Governance

for the financial year ended 30 June 2015

The Manager may not act as principal in the sale and purchase of real estate, securities and any other assets to and from the YTL REIT Group. "Acting as principal" includes a reference to:

(a) dealing in or entering into a transaction on behalf of a person associated with the Manager;

(b) acting on behalf of a corporation in which the Manager has a controlling interest; or

(c) the Manager acting on behalf of a corporation in which the Manager's interest and the interests of its Directors together constitute a controlling interest.

In addition, the Manager must not, without the prior approval of the Trustee, invest any moneys available for investment under the Deed in any securities, real estate or other assets in which the Manager or any officer of the Manager has a financial interest or from which the Manager or any officer of the Manager derives a benefit.

In dealing with any related party transactions that may arise, no real estate may be acquired from, or disposed to, a related party of the Manager unless the following criteria are satisfied:

(a) A valuation must be undertaken of the real estate by an approved valuer, in accordance with the Deed, and a valuation report given to the Trustee where the date of valuation must not be more than 6 months before the date of the sale and purchase agreement provided that since the last valuation, no circumstances have arisen to materially affect the valuation and that, where applicable, the valuation has not been revised by the SC;

(b) All related party transactions involving real estate must be transacted at a price equivalent to the value assessed in the valuation report, consented to by the Trustee and consistent with the investment objectives and strategy of the Trust; and

(c) the real estate may be transacted at a price other than as specified in (b) above provided that:

   (i) for acquisitions, the price is not more than 110% of the value assessed in the valuation report referred to in (a) above;

   (ii) for disposals, the price is not less than 90% of the value assessed in the valuation report referred to in (a) above; and

(d) the Trustee provides a written confirmation that the transaction is based on normal commercial terms, at arm's length and not prejudicial to the Unitholders' interests.

The Manager must inform Unitholders through an announcement to Bursa Securities of the Trustee's written confirmation. Where the transaction is conditional upon the approval of Unitholders, such approval must be sought prior to completion of the transaction.

In this regard, the Manager adheres strictly to the provisions of the REIT Guidelines which prohibit the Manager and its related parties from voting their Units at any meeting of Unitholders convened unless an exemption is obtained from the SC.

ROLES & RESPONSIBILITIES OF THE BOARD

The Manager is led and managed by an experienced Board with a wide and varied range of expertise. This broad spectrum of skills and experience gives added strength to the leadership, thus ensuring the Manager is under the oversight and guidance of an accountable and competent Board. The Directors recognise the key role they play in charting the strategic direction, development and control of the Manager. Key elements of the Board's stewardship responsibilities include those set out in the Code:

- Reviewing and adopting strategic plans for the YTL REIT Group;
- Overseeing the conduct of the YTL REIT Group's business operations and financial performance;
- Identifying the principal risks affecting the YTL REIT Group's businesses and maintaining a sound system of internal control and mitigation measures;
- Succession planning;
- Overseeing the development and implementation of Unitholder communication policies; and
- Reviewing the adequacy and integrity of the YTL REIT Group's management information and internal control system.

The Chief Executive Officer and Executive Directors are accountable to the Board for the profitability and development of the YTL REIT Group, consistent with the primary aim of enhancing long-term Unitholder value. The Independent Non-Executive Directors have the experience and business acumen necessary to carry sufficient weight in the Board's decisions and the presence of these Independent Non-Executive Directors brings an additional element of balance to the Board as they do not participate in the day-to-day running of YTL REIT.

The differing roles of Executive and Non-Executive Directors are delineated, both having fiduciary duties to Unitholders. Executive Directors have a direct responsibility for business operations whereas Non-Executive Directors have the necessary skill and experience to bring an independent and objective judgement to bear on issues of strategy, performance and resources brought before the Board. The Executive Directors are responsible for the Manager's operations and for ensuring that the strategies proposed by the executive management are fully discussed and examined, and take account of the long term interests of the Unitholders.

Board meetings are scheduled with due notice in advance at least four times a year in order to review and approve the interim and annual financial statements. Additional meetings may also be convened on an ad-hoc basis when significant issues arise relating to the Trust. The Board met four times during the financial year ended 30 June 2015.

The Directors have full and unrestricted access to all information pertaining to the business and affairs of the YTL REIT Group to enable them to discharge their duties. Prior to Board meetings, all Directors receive the agenda together with a comprehensive set of Board papers containing information relevant to the business of the meeting. This allows the Directors to obtain further explanations or clarifications, where necessary, in order to be properly briefed before each meeting.

All Directors have full access to the advice and services of the Company Secretary who ensures that Board procedures are adhered to at all times during meetings and advises the Board on matters including corporate governance issues and the Directors' responsibilities in complying with relevant legislation and regulations. The Company Secretary works very closely with management for timely and appropriate information, which will then be passed on to the Directors. In accordance with the Board's procedures, deliberations and conclusions in Board meetings are recorded by the Company Secretary, who ensures that accurate and proper records of the proceedings of Board meetings and resolutions passed are recorded and kept in the statutory register at the registered office of the Manager.

COMPOSITION & INDEPENDENCE OF THE BOARD

The Board currently has 8 Directors comprising 5 executive members and 3 non-executive members, all of whom are independent. This is in compliance with the provisions of the Listing Requirements and the REIT Guidelines for at least one-third of the Board to be independent.

The appointment of Directors is undertaken by the Board as a whole. The Chief Executive Officer makes recommendations on the suitability of candidates nominated for appointment to the Board and, thereafter, the final decision lies with the entire Board to ensure that the resulting mix of experience and expertise of members of the Board is sufficient to address the issues affecting the Manager. In its deliberations, the Board is required to take into account the integrity, professionalism, skill, knowledge, expertise and experience of the proposed candidate.

Directors' remuneration is decided in line with the objective recommended by the Code to determine the remuneration for Directors so as to attract and retain Directors of the calibre needed to successfully carry on the Manager's operations. The Executive Directors' remuneration consists of basic salary, other emoluments and other customary benefits as appropriate to a senior management member. In general, the component parts of remuneration are structured so as to link rewards to the overall performance of YTL REIT. In the case of Non-Executive Directors, the level of remuneration reflects the contribution, experience and responsibilities undertaken by the particular non-executive concerned.

Statement on Corporate Governance

for the financial year ended 30 June 2015

BOARD COMMITMENT

The Directors are fully cognisant of the importance and value of attending seminars, training programmes and conferences in order to update themselves on developments and changes in the REIT industry, as well as wider economic, financial and governance issues to enhance their skills, knowledge and expertise in their respective fields. The Board will continue to evaluate and determine the training needs of its Directors on an ongoing basis.

Throughout the financial year under review, the Directors attended various conferences, programmes and speaking engagements covering areas that included corporate governance, information technology, leadership, legal, finance and business management which they collectively or individually considered useful in discharging their stewardship responsibilities. The conferences, seminars and training programmes attended by one or more of the Directors covered the following areas:-

- **Corporate Governance**
  - Advanced Corporate Governance.
- **Information Technology**
  - Shaking Things Up: Technology that Transforms and How to Keep Pace.
- **Leadership, Tax and Business Management**
  - Crisis Management and Leadership during a Disaster;
  - Enterprise Risk Management: Driving Organisational Sustainability, Agility and Resilience;
  - Goods and Services Tax and Tax Planning;
  - YTL Leadership Conference 2014.

INTEGRITY IN FINANCIAL REPORTING

The Directors are responsible for ensuring that financial statements of the Trust are drawn up in accordance with applicable approved accounting standards in Malaysia, the provisions of the Companies Act 1965, the REIT Guidelines and the Deed. In presenting the financial statements, the Manager has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. The Directors also strive to ensure that financial reporting presents a fair and understandable assessment of the position and prospects of YTL REIT. Interim financial statements are reviewed and approved by the Directors prior to release to the relevant regulatory authorities.

RISK MANAGEMENT & INTERNAL CONTROL

The Manager's internal audit function is undertaken by the Internal Audit department of its parent company, YTL Corporation Berhad ("YTLIA"). YTLIA reports directly to the Audit Committee of YTL Corporation Berhad and to the Board on matters pertaining to the Manager and the Trust.

The activities of the internal audit function during the year under review included:-

- Developing the annual internal audit plan and proposing this plan to the Board;
- Conducting scheduled internal audit engagements, focusing primarily on the effectiveness of internal controls and recommending improvements where necessary;
- Conducting follow-up reviews to assess if appropriate action has been taken to address issues highlighted in audit reports; and
- Presenting audit findings to the Board for consideration.

None of the weaknesses or issues identified during the review for the financial year has resulted in non-compliance with any relevant policies or procedures, listing requirements or recommended industry practices that would require disclosure in the Trust's Annual Report.

The Manager's system of internal control will continue to be reviewed, enhanced and updated in line with changes in the operating environment. The Board will seek regular assurance on the continuity and effectiveness of the internal control system through independent appraisals by YTLIA. The Board is of the view that the current system of internal control in place is effective to safeguard the interests of the YTL REIT Group.

The Board has established a formal and transparent arrangement for maintaining an appropriate relationship with the auditors of YTL REIT. YTL REIT's auditors report their findings to members of the Board as part of the audit process on the statutory financial statements each financial year. From time to time, the auditors highlight matters that require attention to the Board.

CORPORATE DISCLOSURE & COMMUNICATION WITH SHAREHOLDERS

The Manager values dialogue with Unitholders and investors as a means of effective communication that enables the Board to convey information about the YTL REIT Group's performance, corporate strategy and other matters affecting Unitholders' interests. The Board recognises the importance of timely dissemination of information to Unitholders and, accordingly, ensures that they are well informed of any major developments of YTL REIT. Such information is communicated through the annual report, the Trust's various disclosures and announcements to Bursa Securities, including quarterly and annual results, and the corporate website.

Corporate information, annual financial results, governance information, business reviews and future plans are disseminated through the Annual Report, whilst current corporate developments are communicated via the company's website, **www.ytlhospitalityreit.com**, in addition to prescribed information, including financial results, announcements, circulars, prospectuses and notices, which is released through the official website of Bursa Securities.

The Chief Executive Officer and Executive Directors meet with analysts, institutional Unitholders and investors throughout the year to provide updates on strategies and new developments. However, price-sensitive information and information that may be regarded as undisclosed material information about YTL REIT is not disclosed in these sessions until after the requisite announcements to Bursa Securities have been made.

This statement was approved by the Board on 30 July 2015.

Analysis of Unitholdings

as at 21 July 2015

Size of holding	No. of Unitholders	%	No. of Units	%
1 – 99	604	5.83	7,267	0.00
100 – 1,000	2,297	22.16	1,796,937	0.14
1,001 – 10,000	4,478	43.20	24,266,843	1.83
10,001 – 100,000	2,474	23.87	87,684,411	6.62
100,001 – to less than 5% of issued units	510	4.92	466,236,942	35.20
5% and above of issued units	2	0.02	744,396,489	56.21
Total	**10,365**	**100.00**	**1,324,388,889**	**100.00**

THIRTY LARGEST UNITHOLDERS (as per record of depositors)

	Name	No. of Units	%
1	YTL Corporation Berhad	670,280,889	50.61
2	YTL Corporation Berhad	74,115,600	5.60
3	East-West Ventures Sdn Bhd	62,500,000	4.72
4	Citigroup Nominees (Tempatan) Sdn Bhd – Exempt An for AIA Bhd	25,874,200	1.95
5	Syarikat Pelanchongan Pangkor Laut Sendirian Berhad	24,250,000	1.83
6	Tanjong Jara Beach Hotel Sdn Bhd	21,750,000	1.64
7	YTL Power International Berhad	20,496,900	1.55
8	Business & Budget Hotels (Kuantan) Sdn Bhd	18,750,000	1.42
9	Megahub Development Sdn Bhd	18,250,000	1.38
10	YTL Power International Berhad	14,628,000	1.10
11	HSBC Nominees (Asing) Sdn Bhd – TNTC for Government of Kuwait	14,573,500	1.10
12	DB (Malaysia) Nominee (Asing) Sdn Bhd – Exempt An for Deutsche Bank AG Singapore (PWM Asing)	10,991,000	0.83
13	CIMB Group Nominees (Tempatan) Sdn Bhd – Exempt An for Khazanah Nasional Berhad (VCAM)	9,765,600	0.74
14	HSBC Nominees (Asing) Sdn Bhd – SIX SIS for Bank Sarasin CIE	8,900,000	0.67
15	YTL Power International Berhad	7,964,600	0.60
16	CIMSEC Nominees (Tempatan) Sdn Bhd – CIMB Bank for Khoo Chai Pek (MY1030)	6,830,300	0.52
17	DB (Malaysia) Nominee (Asing) Sdn Bhd – Deutsche Bank AG Singapore for Navis Yield Fund	5,401,800	0.41
18	Amanah Raya Berhad – Kumpulan Wang Bersama	5,041,700	0.38
19	Citigroup Nominees (Asing) Sdn Bhd – CBNY for DFA International Real Estate Securities Portfolio of DFA Investment Dimensions Group INC	4,316,800	0.33
20	CIMB Commerce Trustee Berhad – Public Focus Select Fund	4,057,900	0.31
21	Citigroup Nominees (Tempatan) Sdn Bhd – Kumpulan Wang Persaraan (Diperbadankan) (VCAM Equity Fd)	3,724,000	0.28
22	Chin Kian Fong	3,319,600	0.25

Analysis of Unitholdings

as at 21 July 2015

	Name	No. of Units	%
23	Affin Hwang Investment Bank Berhad – IVT (JBD)	3,143,800	0.24
24	Hong Leong Assurance Berhad – As Beneficial Owner (Life Par)	3,100,000	0.23
25	YTL Corporation Berhad	2,687,700	0.20
26	HSBC Nominees (Asing) Sdn Bhd – HSBC-FS for Allianz Pan Asian Reits Fund Segregated Portfolio (Allianz GICF SP)	2,441,300	0.18
27	EHG Capital Sdn Bhd	2,223,200	0.17
28	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad – Deutsche Trustees Malaysia Berhad for Hong Leong Penny Stockfund	2,221,000	0.17
29	Hong Leong Assurance Berhad – As Beneficial Owner (Life Non Par)	2,200,000	0.16
30	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad – MIDF Amanah Asset Management Berhad for Universiti Malaya (JG488)	2,088,000	0.16
	Total	**1,055,887,389**	**79.73**

SUBSTANTIAL UNITHOLDERS

	No. of Units Held			
Name	**Direct**	**%**	**Indirect**	**%**
YTL Corporation Berhad	747,464,189	56.44	61,839,500(1)	4.67
Yeoh Tiong Lay & Sons Holdings Sdn Bhd	–	–	914,303,689(2)	69.04
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	–	–	914,303,689(3)	69.04
Dato' Hj Mohamed Zainal Abidin Bin Hj Abdul Kadir	100,000	0.01	108,500,000(4)	8.19

(1) Deemed interests by virtue of interests held by YTL Power International Berhad ("**YTL Power**") and Business & Budget Hotels (Kuantan) Sdn Bhd ("**BBHK**") pursuant to Section 6A of the Companies Act, 1965 ("**Act**").

(2) Deemed interests by virtue of interests held by YTL Corporation Berhad ("**YTL Corp**"), YTL Power, BBHK, Megahub Development Sdn Bhd ("**MDSB**"), East-West Ventures Sdn Bhd ("**EWV**") and Syarikat Pelanchongan Pangkor Laut Sendirian Berhad ("**SPPL**") pursuant to Section 6A of the Act.

(3) Deemed interests by virtue of interests held by YTL Corp, YTL Power, BBHK, MDSB, EWV and SPPL pursuant to Section 6A of the Act.

(4) Deemed interests by virtue of interests held by EWV, SPPL and Tanjong Jara Beach Hotel Sdn Bhd ("**TJBH**") pursuant to Section 6A of the Act.

Statement of Interests of Directors of the Manager

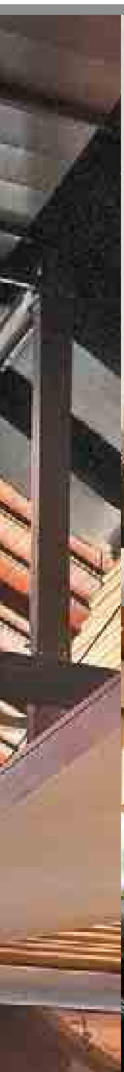
Pintar Projek Sdn Bhd in YTL Hospitality REIT as at 21 July 2015

	No. of Units Held			
Name	**Direct**	**%**	**Indirect**	**%**
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	870,000	0.07	–	–
Dato' Hj Mohamed Zainal Abidin Bin Hj Abdul Kadir	100,000	0.01	108,500,000→	8.19
Dato' Mark Yeoh Seok Kah	2,000,000	0.15	1,000,000←	0.08

→ Deemed interests by virtue of interests held by EWV, SPPL and TJBH pursuant to Section 6A of the Act.

← Deemed interests by virtue of interests held by spouse and/or children pursuant to Section 134(12)(c) of the Companies Act, 1965.

Financial Statements




Manager's Report

The Directors of Pintar Projek Sdn. Bhd. ("Manager"), the manager of YTL Hospitality REIT ("YTL REIT" or "Trust"), is pleased to present the Report to Unitholders of YTL REIT together with the audited financial statements of YTL REIT and its subsidiaries ("Group") for the financial year ended 30 June 2015.

PRINCIPAL ACTIVITY OF THE MANAGER

The principal activity of the Manager is the management of real estate investment trusts. There has been no significant change in the nature of this activity during the financial year under review.

THE TRUST AND ITS INVESTMENT OBJECTIVE

YTL REIT was established on 18 November 2005 pursuant to a trust deed (as restated by the deed dated 3 December 2013) ("Restated Deed") entered into between the Manager and Maybank Trustees Berhad ("Trustee"), the trustee of YTL REIT and is categorised as a real property fund. The Restated Deed was amended by a supplemental deed ("Supplemental Deed") which has been registered with the Securities Commission Malaysia ("SC") on 29 October 2014.

YTL REIT was listed on the Main Market of Bursa Malaysia Securities Berhad on 16 December 2005 and is an income and growth type fund. The investment objective of YTL REIT is to own and invest in real estate and real estate-related assets, whether directly or indirectly through the ownership of single-purpose companies whose principal assets comprise real estate. The investment portfolio of YTL REIT in Malaysia as at 30 June 2015 comprise JW Marriott Hotel Kuala Lumpur, The Residences at The Ritz-Carlton, Kuala Lumpur, Cameron Highlands Resort, Vistana Penang Bukit Jambul, Vistana Kuala Lumpur Titiwangsa, Vistana Kuantan City Centre, The Ritz-Carlton, Kuala Lumpur, part of Pangkor Laut Resort and Tanjong Jara Resort. Hilton Niseko Village was acquired through the Trust's subsidiary, namely Starhill REIT Niseko G.K., a company incorporated in Japan while the Australian subsidiaries (as disclosed in Note 14 to the Financial Statements) acquired Sydney Harbour Marriott, Brisbane Marriott and Melbourne Marriott ("Australian Properties").

BENCHMARK RELEVANT TO THE GROUP

Management Expense Ratio ("MER")

	2015	2014
MER for the financial year	**0.86%**	1.05%

MER is calculated based on the total of all the fees and expenses incurred by YTL REIT Group in the financial year and deducted directly from the income (including the manager's fees, the trustee's fee, the auditors' remuneration and other professional fees and expenses) and all the expenses not recovered from and/or charged to the Group (including the costs of printing, stationery and postage), to the average net asset value of the Group during the financial year calculated on a quarterly basis.

Since the basis of calculating MER can vary among real estate investment trusts, there is no sound basis for providing an accurate comparison of YTL REIT Group's MER against other real estate investment trusts.

Manager's Report

DISTRIBUTION POLICY

Pursuant to the Restated Deed, it is the policy of the Manager to distribute at least 90% of the distributable income for each financial year.

Commencing the previous financial year ended 30 June 2014, the frequency of distribution was changed from half yearly to quarterly.

COMPOSITION OF INVESTMENT PORTFOLIO

As at the reporting date, YTL REIT Group's composition of investment portfolio is as below:-

Real Estate – Commercial	Fair value as at 30.6.2015 RM'000	% of total investment
1. JW Marriott Hotel Kuala Lumpur	389,000	12
2. The Residences at The Ritz-Carlton, Kuala Lumpur	240,000	7
3. The Ritz-Carlton, Kuala Lumpur	313,000	9
4. Vistana Penang Bukit Jambul	114,000	3
5. Vistana Kuala Lumpur Titiwangsa	120,000	4
6. Vistana Kuantan City Centre	85,000	3
7. Pangkor Laut Resort	113,000	3
8. Tanjong Jara Resort	100,000	3
9. Cameron Highlands Resort	58,000	2
10. Hilton Niseko Village	232,714	7
11. Sydney Harbour Marriott	1,006,187	30
12. Brisbane Marriott	285,093	9
13. Melbourne Marriott	215,696	6
Sub-total	3,271,690	98
Deposits with licensed financial institutions	56,391	2
Total	3,328,081	100

BREAKDOWN OF UNITHOLDINGS

Set out below is the analysis of unitholdings of YTL REIT as at the reporting date:-

Unit class	No. of Unitholders	%	No. of Units held	%
Less than 100	606	5.81	7,272	0.00
100 to 1,000	2,314	22.20	1,800,987	0.14
1,001 to 10,000	4,485	43.03	24,399,791	1.84
10,001 to 100,000	2,498	23.97	88,424,008	6.68
100,001 to less than 5% of issued units	518	4.97	465,360,342	35.14
5% and above of issued units	2	0.02	744,396,489	56.20
	10,423	100.00	1,324,388,889	100.00

MATERIAL CONTRACTS

Set out below are the details of the material contracts involving the Manager and the major unitholders' interests, still subsisting at the reporting date:-

Name	Pintar Projek Sdn. Bhd.
Date of agreement	3 December 2013 and 17 September 2014
General nature	Restated Deed and Supplemental Deed
Consideration passing from the Trust	As disclosed in Note 7 to the Financial Statements
Mode of satisfaction of the consideration	By cash
Relationship with the major unitholder	70%-owned subsidiary company

Name	Star Hill Hotel Sdn. Bhd.
Date of agreement	8 March 2005, 18 October 2006 and 18 October 2006
Deed of novation	16 December 2005, 16 May 2007 and 15 November 2011
General nature	Agreement for lease for two properties
Consideration passing to the Trust	Annual lease rental of RM35,223,300
Mode of satisfaction of the consideration	By cash
Relationship with the major unitholder	Wholly-owned subsidiary company

MATERIAL CONTRACTS (CONTINUED)

Name	Cameron Highlands Resort Sdn. Bhd.
Date of agreement	15 November 2011
General nature	Agreement for lease
Consideration passing to the Trust	Annual lease rental of RM4,000,000
Mode of satisfaction of the consideration	By cash
Relationship with the major unitholder	Wholly-owned subsidiary company

Name	Business & Budget Hotels (Penang) Sdn. Bhd.
Date of agreement	15 November 2011
General nature	Agreement for lease
Consideration passing to the Trust	Annual lease rental of RM8,200,000
Mode of satisfaction of the consideration	By cash
Relationship with the major unitholder	51%-owned subsidiary company

Name	Prisma Tulin Sdn. Bhd.
Date of agreement	15 November 2011
General nature	Agreement for lease
Consideration passing to the Trust	Annual lease rental of RM8,200,000
Mode of satisfaction of the consideration	By cash
Relationship with the major unitholder	Wholly-owned subsidiary company

Name	Business & Budget Hotels (Kuantan) Sdn. Bhd.
Date of agreement	15 November 2011
General nature	Agreement for lease
Consideration passing to the Trust	Annual lease rental of RM6,000,000
Mode of satisfaction of the consideration	By cash
Relationship with the major unitholder	50%-owned associated company

MATERIAL CONTRACTS (CONTINUED)

Name	Niseko Village K.K.
Date of agreement	22 December 2011
General nature	Agreement for lease
Consideration passing to the Group	Annual lease rental of RM15,540,000
Mode of satisfaction of the consideration	By cash
Relationship with the major unitholder	Wholly-owned subsidiary company

Name	East-West Ventures Sdn. Bhd.
Date of agreement	15 November 2011
General nature	Agreement for lease
Consideration passing to the Trust	Annual lease rental of RM19,250,000
Mode of satisfaction of the consideration	By cash
Relationship with the major unitholder	70%-owned subsidiary company of holding company of the major unitholder

Name	Syarikat Pelanchongan Pangkor Laut Sendirian Berhad
Date of agreement	15 November 2011
General nature	Agreement for sub-lease
Consideration passing to the Trust	Annual lease rental of RM8,400,000
Mode of satisfaction of the consideration	By cash
Relationship with the major unitholder	57%-owned subsidiary company of holding company of the major unitholder

Name	Tanjong Jara Beach Hotel Sdn. Bhd.
Date of agreement	15 November 2011
General nature	Agreement for lease
Consideration passing to the Trust	Annual lease rental of RM7,000,000
Mode of satisfaction of the consideration	By cash
Relationship with the manager	Company related to a director

Manager's Report

MATERIAL CONTRACTS (CONTINUED)

Name	YTL Land Sdn. Bhd.
Date of agreement	28 June 2010
General nature	Car park agreement
Consideration passing to the Trust	Annual fee of RM1,760,042
Mode of satisfaction of the consideration	By cash
Relationship with the major unitholder	Wholly-owned subsidiary company

PERFORMANCE OF THE GROUP

	Group	
	2015 RM'000	**2014 RM'000**
Revenue	**417,669**	425,114
Net property income	**201,548**	202,867
Profit before tax	**96,808**	196,515
Income available for distribution	**105,616**	117,142

For the financial year ended 30 June 2015, the Group recorded RM417.669 million and RM201.548 million of revenue and net property income, respectively which is marginally lower compared to RM425.114 million and RM202.867 million of revenue and net property income, respectively recorded in the preceding financial year ended 30 June 2014.

The Group's profit before tax decreased by 51% from RM196.515 million recorded in the preceding financial year ended 30 June 2014 to RM96.808 million in the current financial year ended 30 June 2015, as the gain on fair value of properties of RM56.668 million recorded during the current financial year ended 30 June 2015 was RM79.100 million lower than RM135.768 million recognised in the preceding financial year ended 30 June 2014. The decrease in profit before tax was also due to the increase in interest expense arising from the interest rate hike in July 2014 and foreign exchange losses due to the weakening of Australian Dollar and Japanese Yen against Ringgit Malaysia.

The Group's income available for distribution for the current financial year ended 30 June 2015 decreased by 10% from RM117.142 million to RM105.616 million mainly due to the higher interest expense and foreign exchange losses following the weakening of Australian Dollar and Japanese Yen against Ringgit Malaysia.

DISTRIBUTION OF INCOME

Interim distributions of income (which are tax exempt at the Trust level under the amended Section 61A of the Income Tax Act 1967) totalling 5.6488 sen per unit (all of which are taxable in the hands of unitholders) amounted to RM74,812,079 were paid as follows:

	Date of distribution	Distribution per unit Sen	Income distribution RM
First interim	24 December 2014	1.9175	25,395,157
Second interim	24 March 2015	1.8697	24,762,099
Third interim	26 June 2015	1.8616	24,654,823
Total		5.6488	74,812,079

The Manager has declared a final income distribution (which is tax exempt at the Trust level under the amended Section 61A of the Income Tax Act 1967) of 2.3258 sen per unit (of which 1.5799 sen is taxable and 0.7459 sen is non-taxable in the hands of unitholders), totaling RM30,802,637.

Total distribution paid and declared for the financial year ended 30 June 2015 is 7.9746 sen per unit, totaling RM105,614,716, which translates to a yield of 7.90% based on the twelve months weighted average market price of RM1.01 per unit as at 30 June 2015.

The total income distribution of RM105,614,716 represents approximately 100% of the realised and distributable income for the financial year ended 30 June 2015.

The effect of the income distribution in terms of the net asset value per unit of the Group as at 30 June 2015 is as follows:-

	Before distribution RM	After distribution RM
Net asset value ("NAV") per unit	1.426	1.346

Analysis of net asset value of the Group since the last financial year ended 30 June 2014:-

At 30 June	2015	2014
Total net asset value (RM'000)	**1,782,595**	1,669,666
Net asset value per unit (RM)	**1.346**	1.261

The increase in total NAV and NAV per unit was mainly due to the recognition of revaluation surpluses on the properties during the current financial year.

DISTRIBUTION OF INCOME (CONTINUED)

Analysis of changes in prices during the financial year ended 30 June 2015:-

The Trust's units traded at RM0.92 per unit at the beginning of the financial year and ended the year higher at RM1.03 per unit, with a volume weighted average price for the financial year of RM1.01 per unit. During the financial year under review, the Trust's unit price recorded a high of RM1.05 per unit and a low of RM0.92 per unit, and traded largely in line with the FTSE Bursa Malaysia KLCI.

MANAGER'S INVESTMENT STRATEGIES AND POLICIES

INVESTMENT STRATEGIES

During the financial year, the Manager continued to carry out the following investment strategies in order to achieve YTL REIT's business objectives:-

(i) Operating Strategy

The Trust continued to focus on the acquisition of hotel properties located both in Malaysia and internationally, subject to attractive valuations that will provide yield accretive returns to the unitholders and maintained the quality of the properties under its current portfolio.

The Trust was also able to leverage on focused co-branding and cross marketing strategies to enhance the performance of its hospitality assets that include integrated conference facilities to draw international business interest; and internationally acclaimed food and beverage outlets.

(ii) Acquisition Strategy

The Manager seeks to increase cash flow and enhance unit value through selective acquisitions. This acquisition strategy takes into consideration:-

(a) location;

(b) opportunities; and

(c) yield thresholds.

The Manager also has access to networks and relationships with leading participants in the real estate and hotel industry which may assist YTL REIT in identifying (a) acquisition opportunities to achieve favourable returns on invested capital and growth in cash flow; and (b) underperforming assets.

The Manager intends to hold properties on a long-term basis. However, in the future where the Manager considers that any property has reached a stage that offers only limited scope for growth, the Manager may consider selling the property and using the proceeds for alternative investments in properties that meet its investment criteria.

INVESTMENT STRATEGIES (CONTINUED)

(iii) Capital Management Strategy

The Manager optimises YTL REIT's capital structure and cost of capital within the borrowing limits prescribed by the Guidelines on Real Estate Investment Trusts issued by the SC ("REIT Guidelines") via a combination of debt and equity funding for future acquisitions and improvement works of its properties. This capital management strategy involves:-

(a) adopting and maintaining an optimal gearing level; and

(b) adopting an active interest rate management strategy to manage risks associated with changes in interest rates while maintaining flexibility in YTL REIT's capital structure to meet future investment and/or capital expenditure requirements.

INVESTMENT POLICIES

The Manager will continue to comply with the REIT Guidelines and other requirements as imposed by the SC from time to time and the Restated Deed, including (i) to invest in investment permitted by the SC; and (ii) to ensure the investment portfolio requirements and limits imposed by the REIT Guidelines and/or the Restated Deed are adhered to.

The Manager will also ensure that YTL REIT will not be involved in (i) extension of loans or any other credit facility; (ii) property development; and (iii) acquisition of a vacant land.

MATERIAL LITIGATION

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

SOFT COMMISSION

During the financial year, the Manager did not receive any soft commission (ie. goods and services) from its broker, by virtue of transactions conducted by the Trust.

DIRECTORS

The Directors who served on the Board of the Manager since the date of last Report of the Trust are:-

Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE
Dato' Yeoh Seok Kian
Dato' (Dr) Yahya Bin Ismail
Dato' Ahmad Fuaad Bin Mohd Dahalan
Dato' Mark Yeoh Seok Kah
Dato' Hj. Mohamed Zainal Abidin Bin Hj. Abdul Kadir
Eu Peng Meng @ Leslie Eu
Yeoh Keong Shyan

Manager's Report

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangement subsisted to which the Manager is a party, with the object or objects of enabling the Directors of the Manager to acquire benefits by means of the acquisition of units in or debentures of YTL REIT or any other body corporate.

For the financial year ended 30 June 2015, no Director has received or become entitled to receive any benefit by reason of a contract made by the Manager for YTL REIT or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in the notes to the financial statements.

DIRECTORS' INTERESTS

The following Directors of the Manager who held office at the end of the financial year had, according to the register of unitholdings in YTL REIT, interests in the units of YTL REIT as follows:-

	Balance at 1.7.2014	No. of units acquired	No. of units disposed	Balance at 30.6.2015
Direct interest				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	870,000	–	–	870,000
Dato' Mark Yeoh Seok Kah	2,000,000	–	–	2,000,000
Dato' Hj. Mohamed Zainal Abidin Bin Hj. Abdul Kadir	100,000	–	–	100,000
Indirect Interest				
Dato' Mark Yeoh Seok Kah	1,000,000[(1)]	–	–	1,000,000[(1)]
Dato' Hj. Mohamed Zainal Abidin Bin Hj. Abdul Kadir	108,500,000[(2)]	–	–	108,500,000[(2)]

(1) Deemed interests by virtue of interests held by spouse pursuant to Section 134(12)(c) of the Companies Act 1965.

(2) Deemed interests by virtue of interests held by East-West Ventures Sdn. Bhd., Syarikat Pelanchongan Pangkor Laut Sendirian Berhad and Tanjong Jara Beach Hotel Sdn. Bhd. pursuant to Section 6A of the Companies Act 1965.

Other than as disclosed above, Directors who held office at the end of the financial year did not have interests in the units of YTL REIT.

MANAGER'S REMUNERATION

Pursuant to the Restated Deed, the Manager is entitled to receive from the Trust:-

(i) a base fee of up to 1.0% per annum of the gross asset value of the Group;

(ii) a performance fee of up to 5.0% of the Group's net property income, but before deduction of property management fees payable to any property manager appointed to manage any real estate;

(iii) an acquisition fee of 1.0% of the acquisition price of any real estate or single-purpose company purchased for the Group (pro rated if applicable to the proportion of the interest of the Trust in the asset acquired); and

(iv) a divestment fee of 0.5% of the sale price of any asset being real estate or a single-purpose company sold or diverted by the Group (pro rated if applicable to the proportion of the interest of the Trust in the asset sold).

The remuneration received by the Manager during the financial year is disclosed in Note 7 to the Financial Statements.

RESERVES AND PROVISIONS

There were no material transfers to and from reserves or provisions during the financial year other than as disclosed in the financial statements.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the financial statements of the Group and of the Trust were made out, the Manager took reasonable steps:-

(a) to ascertain that proper action has been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts have been written off and that adequate allowance has been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records of the Group and of the Trust in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this Report, the Manager is not aware of any circumstances:-

(a) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Trust inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Trust misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Trust misleading or inappropriate.

At the date of this Report, there does not exist:-

(a) any charge on the assets of the Group and of the Trust which has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liability of the Group and of the Trust which has arisen since the end of the financial year.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors of the Manager, will or may affect the ability of the Group and of the Trust to meet its obligations as and when they fall due.

Manager's Report

OTHER STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

The Directors of the Manager state that:-

At the date of this Report, they are not aware of any circumstances not otherwise dealt with in this Report or the financial statements of the Group and of the Trust which would render any amount stated in the financial statements misleading.

In their opinion,

(a) the results of the operations of the Group and of the Trust during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(b) there has not arisen in the interval between the end of the financial year and the date of this Report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Trust for the financial year in which this Report is made.

AUDITORS

The auditors, Messrs. HLB Ler Lum, Chartered Accountants, have expressed their willingness to continue in office.

Signed on behalf of the Board of Pintar Projek Sdn. Bhd. in accordance with a resolution of the Directors,

Dato' Yeoh Seok Kian

Dato' Mark Yeoh Seok Kah

Dated: 30 July 2015

Statement by Manager

In the opinion of the Directors of PINTAR PROJEK SDN. BHD. ("Manager"), the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, the Securities Commission Malaysia's Guidelines on Real Estate Investment Trusts and the deed dated 18 November 2005 (as restated and amended) so as to give a true and fair view of the state of affairs of YTL HOSPITALITY REIT ("Trust") and its subsidiaries ("Group") as at 30 June 2015 and of the results of operations and cash flows of the Group and of the Trust for the financial year ended on that date.

In the opinion of the Directors of the Manager, the supplementary information set out on page 132 have been compiled in accordance with the Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Main Market Listing Requirements, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Pintar Projek Sdn. Bhd. in accordance with a resolution of the Directors,

Dato' Yeoh Seok Kian

Dato' Mark Yeoh Seok Kah

Dated: 30 July 2015

Statutory Declaration

I, DATO' YEOH SEOK KIAN, being the Director of PINTAR PROJEK SDN. BHD. primarily responsible for the financial management of YTL HOSPITALITY REIT, do solemnly and sincerely declare that to the best of my knowledge and belief the accompanying financial statements are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Dato' Yeoh Seok Kian

Subscribed and solemnly declared by the
abovenamed DATO' YEOH SEOK KIAN
at Kuala Lumpur on 30 July 2015

Before me:

Commissioner for Oaths

Trustee's Report

to the Unitholders of YTL Hospitality REIT

We have acted as trustee of YTL HOSPITALITY REIT ("Trust") for the financial year ended 30 June 2015. To the best of our knowledge, PINTAR PROJEK SDN. BHD., the manager of the Trust has managed the Trust in accordance with the roles and responsibilities and limitation imposed on the investment powers of the management company under the deed dated 18 November 2005 (as restated and amended) ("Deed"), the Securities Commission Malaysia's Guidelines on Real Estate Investment Trusts, the Capital Markets and Services Act 2007 and other applicable laws during the financial year ended 30 June 2015.

We are of the opinion that:

(i) the valuation/pricing of the Trust's units are adequate and such valuation/pricing is carried out in accordance with the Deed and other regulatory requirements; and

(ii) the income distributions declared and paid during the financial year ended 30 June 2015 are in line with and are reflective of the objectives of the Trust.

For Maybank Trustees Berhad,

Bernice Lau Kam Mun
Head, Operations

Dated: 30 July 2015
Kuala Lumpur

Independent Auditors' Report

to the Unitholders of YTL Hospitality REIT

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of YTL HOSPITALITY REIT ("Trust") and its subsidiaries ("Group"), which comprise the Statements of Financial Position as at 30 June 2015 and the Statements of Profit or Loss, Statements of Other Comprehensive Income, Statements of Changes in Net Asset Value and Statements of Cash Flows of the Group and of the Trust for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 72 to 131.

DIRECTORS OF PINTAR PROJEK SDN. BHD.'S ("MANAGER") RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors of the Manager of the Trust are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, the Securities Commission Malaysia's Guidelines on Real Estate Investment Trusts and the deed dated 18 November 2005 (as restated and amended). The Directors of the Manager are also responsible for such internal controls as the Directors of the Manager determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors of the Manager, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Trust as of 30 June 2015 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Securities Commission Malaysia's Guidelines on Real Estate Investment Trusts.

Independent Auditors' Report
to the Unitholders of YTL Hospitality REIT

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out on page 132 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors of the Manager are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Main Market Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the unitholders of the Trust and for no other purpose. We do not assume responsibility to any other person for the content of this report.

HLB Ler Lum
AF 0276
Chartered Accountants

Lum Tuck Cheong
1005/3/17 (J/PH)
Chartered Accountant

Dated: 30 July 2015
Kuala Lumpur

Statements of Profit or Loss

for the financial year ended 30 June 2015

	Note	Group		Trust	
		2015	**2014**	**2015**	**2014**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue					
– Hotel revenue	4	**304,110**	311,657	**–**	–
– Property revenue	4	**113,559**	113,457	**98,033**	97,950
Total revenue		**417,669**	425,114	**98,033**	97,950
Operating expenses					
– Hotel operating expenses	5	**(208,072)**	(214,263)	**–**	–
– Property operating expenses	5	**(8,049)**	(7,984)	**(5,548)**	(5,225)
Total operating expenses		**(216,121)**	(222,247)	**(5,548)**	(5,225)
Net property income		**201,548**	202,867	**92,485**	92,725
Finance income	6	**2,733**	3,351	**98,207**	102,845
Other income – others		**1,579**	7,974	**–**	6,058
– dividend income		**–**	–	**6,950**	–
Expenses					
– Manager's fees	7	**(7,278)**	(7,768)	**(7,278)**	(7,768)
– Trustee's fees	8	**(974)**	(1,116)	**(974)**	(1,116)
– Finance costs	9	**(79,596)**	(73,257)	**(79,596)**	(73,257)
– Auditors' remuneration		**(587)**	(329)	**(74)**	(70)
– Tax agent's fees		**(221)**	(258)	**(10)**	(10)
– Valuation fees		**(378)**	(447)	**(378)**	(432)
– Depreciation		**(66,413)**	(61,822)	**–**	–
– Administration expenses		**(7,212)**	(8,613)	**(3,000)**	(1,070)
Total income before unrealised items		**43,201**	60,582	**106,332**	117,905
Unrealised items					
– fair value on investment properties		**44,061**	179,440	**32,000**	156,310
– Unrealised (loss)/gain on foreign exchange		**(3,061)**	165	**(48,889)**	30,195
– Revaluation gain/(losses) on property		**12,607**	(43,672)	**–**	–
Profit before tax		**96,808**	196,515	**89,443**	304,410

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Profit or Loss

for the financial year ended 30 June 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Trust 2015 RM'000	Trust 2014 RM'000
Profit before tax		**96,808**	196,515	**89,443**	304,410
Income tax expense	10	**(1,816)**	(1,422)	**(716)**	(763)
Profit after tax		**94,992**	195,093	**88,727**	303,647
Distribution adjustments					
– Depreciation		**66,413**	61,822	**–**	–
– Net income from foreign operations		**(2,182)**	(3,840)	**–**	–
– Unrealised foreign translation differences		**3,061**	(165)	**48,889**	(30,195)
– Unrealised gain on fair value of investment properties		**(44,061)**	(179,440)	**(32,000)**	(156,310)
– Revaluation (gain)/losses on property		**(12,607)**	43,672	**–**	–
Income available for distribution		**105,616**	117,142	**105,616**	117,142
Net income distribution					
– First interim income distribution paid on 24 December 2014 (2014: paid on 27 December 2013)		**25,395**	25,395	**25,395**	25,395
– Second interim income distribution paid on 24 March 2015 (2014: paid on 27 March 2014)		**24,762**	26,204	**24,762**	26,204
– Third interim income distribution paid on 26 June 2015 (2014: paid on 24 June 2014)		**24,655**	27,553	**24,655**	27,553
– Final income distribution (2014: paid on 29 August 2014)		**30,803**	32,908	**30,803**	32,908
Total income distribution		**105,615**	112,060	**105,615**	112,060

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Profit or Loss

for the financial year ended 30 June 2015

		Group		Trust	
		2015	**2014**	**2015**	**2014**
	Note	**RM**	**RM**	**RM**	**RM**
Income distribution per unit					
– First interim income distribution					
– Gross (sen)		**1.9175**	1.9175	**1.9175**	1.9175
– Second interim income distribution					
– Gross (sen)		**1.8697**	1.9786	**1.8697**	1.9786
– Third interim income distribution					
– Gross (sen)		**1.8616**	2.0804	**1.8616**	2.0804
– Final income distribution					
– Gross (sen)		**2.3258**	2.4848	**2.3258**	2.4848
Total income distribution per unit (sen)		**7.9746**	8.4613	**7.9746**	8.4613
Earnings per unit					
– after manager's fees (sen)	11	**7.17**	14.73	**6.70**	22.93
– before manager's fees (sen)	11	**7.72**	15.32	**7.25**	23.51

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Other Comprehensive Income

for the financial year ended 30 June 2015

		Group		Trust	
		2015	2014	2015	2014
	Note	RM'000	RM'000	RM'000	RM'000
Profit after tax		**94,992**	195,093	**88,727**	303,647
Other comprehensive income					
Item that may be reclassified subsequently to profit or loss					
– currency translation differences		**(52,251)**	32,989	**–**	–
Item that will not be reclassified subsequently to profit or loss					
– surplus on revaluation of properties		**175,803**	237,576	**–**	–
Total comprehensive income		**218,544**	465,658	**88,727**	303,647
Profit after tax is made up as follows:-					
Realised and distributable		**107,798**	120,982	**105,616**	117,142
Unrealised items		**(12,806)**	74,111	**(16,889)**	186,505
		94,992	195,093	**88,727**	303,647
Total comprehensive income is made up as follows:-					
Profit after tax		**94,992**	195,093	**88,727**	303,647
Unrealised currency translation differences		**(52,251)**	32,989	**–**	–
Surplus on revaluation of properties		**175,803**	237,576	**–**	–
		218,544	465,658	**88,727**	303,647

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Financial Position

for the financial year ended 30 June 2015

	Note	Group		Trust	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
ASSETS					
Non-current assets					
Investment properties	12	**1,764,714**	1,725,633	**1,532,000**	1,500,000
Property, plant and equipment	13	**1,506,976**	1,428,255	**–**	–
Investment in subsidiaries	14	**–**	–	**344,792**	344,792
Amount due from subsidiaries	14	**–**	–	**1,179,671**	1,224,979
Deferred tax assets	15	**3,355**	3,701	**–**	–
		3,275,045	3,157,589	**3,056,463**	3,069,771
Current assets					
Inventories	16	**850**	842	**–**	–
Trade receivables	17	**7,125**	9,684	**797**	707
Other receivables & prepayments	18	**20,883**	7,611	**2,075**	1,467
Amount due from subsidiaries	14	**–**	–	**99,384**	94,384
Deposits with licensed financial institutions	19	**56,391**	79,296	**14,025**	37,101
Cash at banks		**70,378**	70,612	**2,070**	806
		155,627	168,045	**118,351**	134,465
Total assets		**3,430,672**	3,325,634	**3,174,814**	3,204,236

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Financial Position

for the financial year ended 30 June 2015

		Group		Trust	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
UNITHOLDERS' FUNDS AND LIABILITIES					
Unitholders' funds					
Unitholders' capital	20	**1,291,395**	1,291,395	**1,291,395**	1,291,395
Undistributed income		**246,209**	256,832	**277,833**	294,721
Currency translation reserves	21	**(168,388)**	(116,137)	**–**	–
Revaluation reserve	21	**413,379**	237,576	**–**	–
Total unitholders' funds/ Net asset value ("NAV")		**1,782,595**	1,669,666	**1,569,228**	1,586,116
Non-current liabilities					
Borrowings	22	**1,564,898**	1,576,899	**1,564,898**	1,576,899
Other payables	23	**1,967**	1,872	**–**	–
		1,566,865	1,578,771	**1,564,898**	1,576,899
Current liabilities					
Trade payables	24	**1,943**	3,197	**–**	–
Other payables	23	**47,390**	40,003	**9,885**	8,313
Income tax liabilities		**1,076**	1,089	**–**	–
Provision for income distribution	25	**30,803**	32,908	**30,803**	32,908
		81,212	77,197	**40,688**	41,221
Total liabilities		**1,648,077**	1,655,968	**1,605,586**	1,618,120
Total unitholders' funds and liabilities		**3,430,672**	3,325,634	**3,174,814**	3,204,236
NAV		**1,782,595**	1,669,666	**1,569,228**	1,586,116
Number of units in circulation ('000)	20	**1,324,389**	1,324,389	**1,324,389**	1,324,389
NAV per unit (RM)					
– before income distribution		**1.426**	1.345	**1.265**	1.282
– after income distribution		**1.346**	1.261	**1.185**	1.198

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Net Asset Value

for the financial year ended 30 June 2015

Group	Unitholders' Capital RM'000	Distributable Undistributed Realised Income RM'000	<---- Non distributable Unrealised (Loss)/ Income RM'000	Currency Translation Reserves RM'000	Revaluation Reserve RM'000 ---->	Total Unitholders' Funds RM'000
At 1 July 2013	1,291,395	175,420	(1,621)	(149,126)	–	1,316,068
Operations for the financial year ended 30 June 2014						
Profit for the year	–	120,982	74,111	–	–	195,093
Other comprehensive income	–	–	–	32,989	237,576	270,565
Total comprehensive income for the year	–	120,982	74,111	32,989	237,576	465,658
Unitholders transactions						
Distributions paid	–	(79,152)	–	–	–	(79,152)
Provision for income distribution (Note 25)	–	(32,908)	–	–	–	(32,908)
Decrease in net assets resulting from unitholders transactions	–	(112,060)	–	–	–	(112,060)
At 30 June 2014	1,291,395	184,342	72,490	(116,137)	237,576	1,669,666
At 1 July 2014	**1,291,395**	**184,342**	**72,490**	**(116,137)**	**237,576**	**1,669,666**
Operations for the financial year ended 30 June 2015						
Profit for the year	**–**	**107,798**	**(12,806)**	**–**	**–**	**94,992**
Other comprehensive income	**–**	**–**	**–**	**(52,251)**	**175,803**	**123,552**
Total comprehensive income for the year	**–**	**107,798**	**(12,806)**	**(52,251)**	**175,803**	**218,544**
Unitholders transactions						
Distributions paid	**–**	**(74,812)**	**–**	**–**	**–**	**(74,812)**
Provision for income distribution (Note 25)	**–**	**(30,803)**	**–**	**–**	**–**	**(30,803)**
Decrease in net assets resulting from unitholders transactions	**–**	**(105,615)**	**–**	**–**	**–**	**(105,615)**
At 30 June 2015	**1,291,395**	**186,525**	**59,684**	**(168,388)**	**413,379**	**1,782,595**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Net Asset Value

for the financial year ended 30 June 2015

Trust	Unitholders' Capital RM'000	Distributable Undistributed Realised Income RM'000	<---- Non distributable Unrealised (Loss)/ Income RM'000	Currency Translation Reserves RM'000	Revaluation Reserve RM'000 ---->	Total Unitholders' Funds RM'000
At 1 July 2013	1,291,395	179,613	(76,479)	–	–	1,394,529
Operations for the financial year ended 30 June 2014						
Profit for the year	–	117,142	186,505	–	–	303,647
Total comprehensive income for the year	–	117,142	186,505	–	–	303,647
Unitholders transactions						
Distributions paid	–	(79,152)	–	–	–	(79,152)
Provision for income distribution (Note 25)	–	(32,908)	–	–	–	(32,908)
Decrease in net assets resulting from unitholders transactions	–	(112,060)	–	–	–	(112,060)
At 30 June 2014	1,291,395	184,695	110,026	–	–	1,586,116
At 1 July 2014	**1,291,395**	**184,695**	**110,026**	**–**	**–**	**1,586,116**
Operations for the financial year ended 30 June 2015						
Profit for the year	**–**	**105,616**	**(16,889)**	**–**	**–**	**88,727**
Total comprehensive income for the year	**–**	**105,616**	**(16,889)**	**–**	**–**	**88,727**
Unitholders transactions						
Distributions paid	**–**	**(74,812)**	**–**	**–**	**–**	**(74,812)**
Provision for income distribution (Note 25)	**–**	**(30,803)**	**–**	**–**	**–**	**(30,803)**
Decrease in net assets resulting from unitholders transactions	**–**	**(105,615)**	**–**	**–**	**–**	**(105,615)**
At 30 June 2015	**1,291,395**	**184,696**	**93,137**	**–**	**–**	**1,569,228**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Cash Flows

for the financial year ended 30 June 2015

	Group		Trust	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash flows from operating activities				
Profit before tax	**96,808**	196,515	**89,443**	304,410
Adjustments for:-				
Amortisation of transaction costs	**2,929**	1,430	**2,929**	1,430
Depreciation of property, plant and equipment	**66,413**	61,822	**–**	–
Dividend income	**–**	–	**(6,950)**	–
Impairment losses on trade receivables – net	**(6)**	(141)	**(6)**	–
Interest income	**(2,733)**	(3,351)	**(98,207)**	(102,845)
Interest expense	**75,771**	71,776	**75,771**	71,776
Fair value on investment properties	**(44,061)**	(179,440)	**(32,000)**	(156,310)
Loss on disposal of equipment	**962**	3,143	**–**	–
Unrealised loss/(gain) on foreign currency exchange	**3,061**	(165)	**48,889**	(30,195)
Revaluation (gain)/losses on property	**(12,607)**	43,672	**–**	–
Operating profit before changes in working capital	**186,537**	195,261	**79,869**	88,266
(Increase)/Decrease in inventories	**(42)**	111	**–**	–
Increase in receivables	**(11,277)**	(4,246)	**(693)**	(781)
Increase/(Decrease) in payables	**7,641**	(5,647)	**1,572**	(4,568)
Inter-company balances	**–**	–	**(251)**	381
Cash generated from operations	**182,859**	185,479	**80,497**	83,298
Income tax paid	**(869)**	(1,017)	**–**	–
Net cash from operating activities	**181,990**	184,462	**80,497**	83,298

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Cash Flows

for the financial year ended 30 June 2015

	Group		Trust	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash flows from investing activities				
Dividend received	**–**	–	**6,950**	–
Interest received	**2,018**	3,351	**92,073**	67,100
Acquisition of property, plant and equipment	**(4,564)**	(2,502)	**–**	–
Enhancement of investment property	**–**	(1,063)	**–**	(1,063)
Proceed from disposal of equipment	**29**	43	**–**	–
Net cash (used in)/from investing activities	**(2,517)**	(171)	**99,023**	66,037
Cash flows from financing activities				
Interest paid	**(75,771)**	(71,776)	**(75,771)**	(71,776)
Distribution paid	**(107,720)**	(129,386)	**(107,720)**	(129,386)
Transaction costs paid	**(17,841)**	–	**(17,841)**	–
Net cash used in financing activities	**(201,332)**	(201,162)	**(201,332)**	(201,162)
Net changes in cash and cash equivalent	**(21,859)**	(16,871)	**(21,812)**	(51,827)
Effect on exchange rate changes	**(1,280)**	3,894	**–**	–
Cash and cash equivalents at beginning of the financial year	**149,908**	162,885	**37,907**	89,734
Cash and cash equivalents at end of the financial year	**126,769**	149,908	**16,095**	37,907

NOTES TO THE STATEMENTS OF CASH FLOWS

Cash and cash equivalents comprise:-

	Group 2015 RM'000	Group 2014 RM'000	Trust 2015 RM'000	Trust 2014 RM'000
Deposits with licensed financial institutions	**56,391**	79,296	**14,025**	37,101
Cash at banks	**70,378**	70,612	**2,070**	806
	126,769	149,908	**16,095**	37,907

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the Financial Statements

1. GENERAL INFORMATION

The principal activity of Pintar Projek Sdn. Bhd. ("Manager"), the manager of YTL Hospitality REIT ("YTL REIT" or "Trust"), is the management of real estate investment trusts.

YTL REIT was established on 18 November 2005 pursuant to a trust deed (as restated by the deed dated 3 December 2013) ("Restated Deed") entered into between the Manager and Maybank Trustees Berhad ("Trustee") and is categorised as a real property fund. The Restated Deed was amended by a supplemental deed ("Supplemental Deed") which has been registered with the Securities Commission Malaysia ("SC") on 29 October 2014.

YTL REIT was listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") on 16 December 2005 and is an income and growth type fund. The investment objective of YTL REIT is to own and invest in real estate and real estate-related assets, whether directly or indirectly through the ownership of single-purpose companies whose principal assets comprise real estate.

The consolidated financial statements reported for the financial year ended 30 June 2015 relates to the Trust and its subsidiaries ("Group").

The address of the registered office and principal place of business of the Manager is as follows:-

11th Floor, Yeoh Tiong Lay Plaza
55 Jalan Bukit Bintang
55100 Kuala Lumpur

The address of the principal place of business of the Trust is as follows:-

11th Floor, Yeoh Tiong Lay Plaza
55 Jalan Bukit Bintang
55100 Kuala Lumpur

2. BASIS OF PREPARATION

(a) Statement of Compliance

The financial statements of the Group and the Trust have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards, accounting principles generally acceptable in Malaysia, the SC's Guidelines on Real Estate Investment Trusts ("REIT Guidelines") and the Restated Deed.

(b) These financial statements have been prepared on the historical cost convention (unless stated otherwise in the significant accounting policies).

(c) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Trust's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand (RM'000), unless otherwise stated.

2. BASIS OF PREPARATION (CONTINUED)

(d) Changes in accounting policies

On 1 July 2014, the Group and the Trust adopted the following standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") for annual financial year beginning on or after 1 January 2014.

MFRSs and IC Interpretations (Including The Consequential Amendments)

Amendments to MFRS 10, Consolidated Financial Statements: Investment Entities

Amendments to MFRS 12, Disclosure of Interests in Other Entities: Investment Entities

Amendments to MFRS 127, Separate Financial Statements (2011): Investment Entities

Amendments to MFRS 132, Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities

Amendments to MFRS 136, Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets

Amendments to MFRS 139, Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting

IC Interpretation 21, Levies

Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)

Amendments to MFRS 2, Share-based Payment (Annual Improvements 2010-2012 Cycle)

Amendments to MFRS 3, Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)

Amendments to MFRS 8, Operating Segments (Annual Improvements 2010-2012 Cycle)

Amendments to MFRS 13, Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)

Amendments to MFRS 116, Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)

Amendments to MFRS 119, Employee Benefits – Defined Benefit Plans: Employee Contributions

Amendments to MFRS 124, Related Party Disclosures (Annual Improvements 2010-2012 Cycle)

Amendments to MFRS 138, Intangible Assets (Annual Improvements 2010-2012 Cycle)

Amendments to MFRS 140, Investment Property (Annual Improvements 2011-2013 Cycle)

The adoption of the above accounting standards, amendments and interpretation did not have any significant financial impact to the Group and the Trust.

2. BASIS OF PREPARATION (CONTINUED)

(e) The new or revised financial reporting standard not yet effective

The following are accounting standards, amendments and interpretation of the MFRS Framework that have been issued by the MASB but have not been adopted by the Group and the Trust.

MFRSs and IC Interpretations (Including The Consequential Amendments)	Effective Date
Amendments to MFRS 5, Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)	1 January 2016
Amendments to MFRS 7, Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)	1 January 2016
Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to MFRS 10, Consolidated Financial Statements, MFRS 12, Disclosure of Interests in Other Entities and MFRS 128, Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 11, Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
MFRS 14, Regulatory Deferral Accounts	1 January 2016
MFRS 101, Presentation of Financial Statements – Disclosure Initiative	1 January 2016
Amendments to MFRS 116, Property, Plant and Equipment and MFRS 138, Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116, Property, Plant and Equipment and MFRS 141, Agriculture – Bearer Plants	1 January 2016
Amendments to MFRS 119, Employee Benefits (Annual Improvements 2012-2014 Cycle)	1 January 2016
Amendments to MFRS 127, Separate Financial Statements – Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 134, Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)	1 January 2016
MFRS 15, Revenue from Contracts with Customers	1 January 2017
MFRS 9, Financial Instruments (2014)	1 January 2018

2. BASIS OF PREPARATION (CONTINUED)

(e) The new or revised financial reporting standard not yet effective (continued)

The initial applications of the accounting standards, amendments or interpretations are not expected to have any material financial impact to the current period and prior period financial statements of the Group and the Trust except as mentioned below:-

(i) MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the existing guidance in MFRS 139 and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking 'expected loss' impairment model for calculating impairment on financial assets, and a new approach to hedge accounting. Under this MFRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held. There will be no financial impacts on the financial statements of the Group and the Trust upon its initial application.

(ii) MFRS 15 establishes a single comprehensive model for revenue recognition and will supersede the current revenue recognition guidance and other related interpretations when it becomes effective. Under MFRS 15, an entity shall recognise revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customers. In addition, extensive disclosures are required by MFRS 15. The Group and the Trust anticipate that the application of MFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the financial statements. However, it is not practicable to provide a reasonable estimate of the financial impacts of MFRS 15 until the Group and the Trust perform a detailed review.

(f) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires the Directors of the Manager to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed below:-

(i) Provisions

The Trust recognises provisions when it has a present legal or constructive obligation arising as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. The recording of provisions requires the application of judgements about the ultimate resolution of these obligations. As a result, provisions are reviewed at each reporting date and adjusted to reflect the Trust's current best estimate.

(ii) Impairment loss on trade receivables

The Group and the Trust assess at each reporting date whether there is objective evidence that trade receivables have been impaired. Impairment loss is calculated based on a review of the current status of existing receivables and historical collections experience. Such provisions are adjusted periodically to reflect the actual and anticipated impairment.

2. BASIS OF PREPARATION (CONTINUED)

(f) Use of estimates and judgements (continued)

(iii) Depreciation of property, plant and equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(iv) Fair value estimates for investment properties

The Group and the Trust carry investment properties at fair value, which requires extensive use of accounting estimates and judgements. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group and the Trust use different valuation methodologies. Any changes in fair value of these investment properties would affect profit or loss.

(v) Revaluation of properties

The Group's properties which are reported at valuation are based on valuation performed by independent professional valuers. The independent professional valuers have exercised judgement in determined discount rates, estimates of future cash flows, capitalisation rate, terminal year value, market rental and other factors used in the valuation process. Also, judgement has been applied in estimating prices for less readily observable external parameters. Other factors such as model assumptions, market dislocations and unexpected correlations can also materially affect these estimates and the resulting valuation estimates.

(g) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Trust and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Trust.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2. BASIS OF PREPARATION (CONTINUED)

(g) Basis of consolidation (continued)

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in net asset value and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(i) Acquisitions

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previously-held equity interest in the acquiree over the (b) fair values of the identifiable assets acquired net of the fair values of the liabilities and any contingent liabilities assumed, is recorded as goodwill.

(ii) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to undistributed income if required by a specific Standard.

Any retained equity interest in the entity is re-measured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

The accounting policy on investment in subsidiaries are disclosed in Note 3(f) to the Financial Statements.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Investment properties

(i) Investment properties carried at fair value

Investment properties consist of freehold and leasehold land & buildings which are held for long term rental yield or for capital appreciation or both.

Investment properties are measured initially at cost and subsequently at fair value with any change therein recognised in profit or loss for the period in which they arise.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

A property interest held under operating lease is classified and accounted for as investment property as the Group holds it to earn rental income or for capital appreciation or both.

(ii) Determination of fair value

An external, independent valuation firm, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property portfolio at least once in every 3 years from the last valuation, in compliance with the SC's REIT Guidelines. The frequency of revaluation of the Group's real estate assets is at least once during each financial year.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows is then applied to the net annual cash flows to arrive at the property valuation.

Valuations reflect, where appropriate:-

- the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, and the market's general perception of their creditworthiness;
- the allocation of property taxes, maintenance and insurance responsibilities between the Group and the lessee; and
- the remaining economic life of the property.

When lease renewals are pending with anticipated reversionary increases, it is assumed that all notices and where appropriate counter-notices have been served validly and within the appropriate time.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Investment properties (continued)

(ii) Determination of fair value (continued)

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

Any increase or decrease arising from changes in the fair value is credited or charged directly to profit or loss as a net appreciation or depreciation in the value of the investment properties.

(b) Leases

(i) Operating leases – as lessee

Leases of assets where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in the profit or loss on a straight-line basis over the period of the lease.

(ii) Operating leases – as lessor

Leases of properties where the Group and the Trust retain substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in the profit or loss on a straight-line basis over the lease term.

(c) Property, plant & equipment and depreciation

Property, plant & equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

Freehold land and buildings are initially recognised at cost. Freehold land is subsequently carried at the revalued amount less accumulated impairment losses. Buildings are subsequently carried at the revalued amounts less accumulated depreciation and accumulated impairment losses while equipment and other assets are carried at cost less accumulated depreciation and any accumulated impairment losses. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial year in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Property, plant & equipment and depreciation (continued)

Depreciation on property, plant & equipment is calculated on the straight-line basis at rates required to write off the cost of the property, plant & equipment over their estimated useful lives.

The principal annual rates of depreciation used are as follows:-

Buildings	4%
Equipment	4% – 25%
Other assets	19%

After the revaluation of the hotel assets management has reassessed the useful life of the building and determined it to be 25 years.

Residual values, useful life and depreciation method of assets are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant & equipment.

Gains and losses on disposals are determined by comparing net disposal proceeds with net carrying amount and are recognised in the profit or loss.

Increases in carrying amounts arising from revaluation, including currency translation differences, are recognised in other comprehensive income, unless they offset previous decreases in the carrying amounts of the same asset, in which case, they are recognised in profit or loss. Decreases in carrying amounts that offset previous increases of the same asset are recognised in other comprehensive income. All other decreases in carrying amounts are recognised in profit or loss.

When an asset is revalued, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset. The net amount is then restated to the revalued amount of the asset.

Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to undistributed income.

(d) Impairment of non-financial assets

The carrying amounts of assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset’s recoverable amount is estimated to determine the amount of impairment loss.

An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less cost to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there is separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

An impairment loss is charged to the profit or loss immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same asset.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Impairment of non-financial assets (continued)

Any subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the profit or loss immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the profit or loss, a reversal of that impairment loss is recognised as income in the profit or loss.

(e) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is based on the first-in-first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

(f) Investment in subsidiaries

In the Trust's separate financial statements, investments in subsidiaries are accounted for at cost less accumulated impairment losses. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit and loss.

(g) Financial assets

Financial assets are recognised in the Statements of Financial Position when, and only when, the Group and the Trust become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of a financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Trust determine the classification of their financial assets at initial recognition, and the categories include loans and receivables.

Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Impairment of financial assets

The Group and the Trust assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

Loans and receivables

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(i) Cash and cash equivalents

Cash and cash equivalents consist of cash at banks and deposits with licensed financial institutions.

Cash and cash equivalents are categorised and measured as loans and receivables in accordance with policy in Note 3(g).

(j) Interest-bearing borrowings

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are recognised in the Statements of Financial Position when, and only when, the Group and the Trust become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as other financial liabilities.

Other financial liabilities

The Group's and the Trust's other financial liabilities include trade and other payables and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished.

(l) Provisions

A provision is recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation (legal or constructive) as a result of a past event and a reliable estimate can be made of the amount. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Provision for income distribution

Provision for income distribution is recognised when any distribution is declared, determined or publicly recommended by the Directors of the Manager but not distributed at the reporting date.

(m) Income tax and deferred tax

Income tax on the profit or loss for the financial year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributable to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction that at the time of the transaction affects neither accounting nor taxable profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Income tax and deferred tax (continued)

Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences or unabsorbed tax losses can be utilised.

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

(n) Revenue recognition

Revenue is recognised when it is probable that the future economic benefits will flow to the Group and the benefits can be reliably measured.

(i) Rental of room

Revenue from room rental is recognised on the accrual basis.

(ii) Rental income and other related charges

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease.

(iii) Car park income

Car park income is recognised in the profit or loss on accrual basis.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

(v) Sales of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyers.

(vi) Rendering of services

Revenue is recognised when the services are rendered.

(vii) Dividend income

Dividend income is recognised in profit or loss on the date that the Trust's right to receive payment is established.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Employee benefits

(i) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the financial year when employees have rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as expenses when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(ii) Post-employment benefits

The Group has various post-employment benefit schemes in accordance with local conditions and practices in the industries in which it operates. These benefit plans are either defined contribution or defined benefit plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation.

Defined contribution plan

The Group's contributions to a defined contribution plan are charged to profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(p) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currency using exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Foreign currency (continued)

(ii) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in foreign currency translation reserve relating to that particular foreign operation is recognised in profit or loss.

(q) Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments.

(r) Fair value measurement

The fair value of an asset or a liability is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

4. REVENUE

	Group		Trust	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Hotel revenue				
– Rental of room	**233,258**	234,952	**–**	–
– Food and beverage income	**60,631**	66,088	**–**	–
– Other hotel operating income	**10,221**	10,617	**–**	–
	304,110	311,657	**–**	–
Property revenue				
– Lease rental income	**111,799**	111,781	**96,273**	96,274
– Car park income	**1,760**	1,676	**1,760**	1,676
	113,559	113,457	**98,033**	97,950
Total revenue	**417,669**	425,114	**98,033**	97,950

5. OPERATING EXPENSES

	Group		Trust	
	2015	2014	**2015**	2014
	RM'000	RM'000	**RM'000**	RM'000
Hotel operating expenses				
– Operating expenses	**130,404**	135,471	**–**	–
– Repair and maintenance expenses	**10,549**	10,946	**–**	–
– Utilities	**6,246**	7,452	**–**	–
– Property taxes	**5,161**	4,752	**–**	–
– Insurance	**541**	546	**–**	–
– General and administration expenses	**43,438**	43,084	**–**	–
– Other direct expenses	**11,733**	12,012	**–**	–
	208,072	214,263	**–**	–
Property operating expenses				
– Property taxes	**6,006**	5,866	**4,242**	3,897
– Insurance	**2,032**	2,056	**1,295**	1,266
– Lease rental	**11**	11	**11**	11
– Property maintenance	**–**	51	**–**	51
	8,049	7,984	**5,548**	5,225
Total operating expenses	**216,121**	222,247	**5,548**	5,225

The staff benefit expense recognised in hotel operating expenses is in respect of the following:-

	Group		Trust	
	2015	2014	**2015**	2014
	RM'000	RM'000	**RM'000**	RM'000
Salaries, wages and bonus	**76,481**	78,313	**–**	–
Defined contribution plan	**27,399**	28,014	**–**	–
	103,880	106,327	**–**	–

6. FINANCE INCOME

	Group		Trust	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Financial institution deposits interests	**2,733**	3,351	**711**	1,560
Subsidiary loan interests	**–**	–	**97,496**	101,285
Finance income	**2,733**	3,351	**98,207**	102,845

7. MANAGER'S FEES

Fees paid and payable to the Manager during the financial year comprise:-

	Group		Trust	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
(i) Base fee	**3,247**	3,721	**3,247**	3,721
(ii) Performance fee	**4,031**	4,047	**4,031**	4,047
	7,278	7,768	**7,278**	7,768

(i) Pursuant to the Restated Deed, the base fee, accrued and payable monthly, represents 0.1% per annum of the gross asset value of the Group;

(ii) Pursuant to the Restated Deed, the performance fee, accrued and payable monthly, represents 2% of the net property income of the Group recorded during the financial year; and

(iii) Pursuant to the Restated Deed, the acquisition fee represents 1% of the sale price of the asset acquired.

8. TRUSTEE'S FEES

Pursuant to the Restated Deed, the Trustee's fees, accrued monthly and payable every half year to the Trustee, represents 0.03% per annum of the gross asset value of the Group.

9. FINANCE COSTS

	Group 2015 RM'000	Group 2014 RM'000	Trust 2015 RM'000	Trust 2014 RM'000
Interest expense on term loan (Note 22)	**75,771**	71,776	**75,771**	71,776
Incidental cost incurred to administer the term loan facility:-				
– Facility fee	**896**	51	**896**	51
– Amortisation of transaction costs	**2,929**	1,430	**2,929**	1,430
	79,596	73,257	**79,596**	73,257

10. INCOME TAX EXPENSE

	Group 2015 RM'000	Group 2014 RM'000	Trust 2015 RM'000	Trust 2014 RM'000
Current income tax				
– Malaysian income tax				
– current year	**265**	229	**–**	–
– under-provision in prior year	**50**	–	**–**	–
– Foreign income tax*	**1,301**	1,767	**716**	763
Deferred tax				
– Origination and reversal of temporary differences (Note 15)	**200**	(574)	**–**	–
	1,816	1,422	**716**	763

The Trust has provided approximately 100% (2014: 96%) of the distributable income to unitholders, which is more than 90% of the taxable income, which income at the Trust level is exempted from tax in accordance with the amended Section 61A of Income Tax Act 1967.

* Included withholding taxes from the foreign interest income received from shareholder loan interest.

10. INCOME TAX EXPENSE (CONTINUED)

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and the Trust is as follows:-

	Group		Trust	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit before tax	**96,808**	196,515	**89,443**	304,410
Income tax using Malaysian statutory tax rate of 25% (2014: 25%)	**24,202**	49,129	**22,361**	76,103
Expenses not deductible for tax purposes	**33,802**	37,064	**19,317**	5,905
Utilisation of capital allowances	**(5,311)**	(5,311)	**(5,311)**	(5,311)
Income exempted from tax	**(3,717)**	(2,318)	**(3,717)**	(2,318)
Income not subject to tax	**(49,163)**	(76,528)	**(31,934)**	(73,616)
Different tax rates in other countries	**2,003**	(614)	**–**	–
Income tax expense	**1,816**	1,422	**716**	763

11. EARNINGS PER UNIT

	Group		Trust	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Income for the year after manager's fees	**94,992**	195,093	**88,727**	303,647
Income for the year before manager's fees	**102,270**	202,861	**96,005**	311,415
Weighted average number of units ('000)	**1,324,389**	1,324,389	**1,324,389**	1,324,389
Earnings per unit after manager's fees (sen)	**7.17**	14.73	**6.70**	22.93
Earnings per unit before manager's fees (sen)	**7.72**	15.32	**7.25**	23.51

12. INVESTMENT PROPERTIES

	Group		Trust	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
At beginning of the financial year	**1,725,633**	1,548,539	**1,500,000**	1,342,627
Enhancements	**–**	1,063	**–**	1,063
Change in fair value	**44,061**	179,440	**32,000**	156,310
Currency translation differences	**(4,980)**	(3,409)	**–**	–
At end of the financial year	**1,764,714**	1,725,633	**1,532,000**	1,500,000

Analysis of investment properties:-

Freehold land & building	**1,294,714**	1,268,633	**1,062,000**	1,043,000
Leasehold land & building	**470,000**	457,000	**470,000**	457,000
	1,764,714	1,725,633	**1,532,000**	1,500,000

The fair value of the investment properties are as follows:-

Description of property	Tenure	Fair value as at 30.6.2015 RM'000	% of fair value to Net Asset Value as at 30.6.2015 %	Fair value as at 30.6.2014 RM'000	% of fair value to Net Asset Value as at 30.6.2014 %
JW Marriott Hotel Kuala Lumpur	Freehold	**389,000**	**21.8**	383,000	22.9
The Residences at The Ritz-Carlton, Kuala Lumpur (60 units)	Freehold	**156,000**	**8.8**	155,600	9.3
The Residences at The Ritz-Carlton, Kuala Lumpur (54 units)	Freehold	**84,000**	**4.7**	83,400	5.0
The Ritz-Carlton, Kuala Lumpur	Freehold	**313,000**	**17.6**	310,000	18.6
Pangkor Laut Resort	Leasehold	**113,000**	**6.3**	109,000	6.5
Tanjong Jara Resort	Leasehold	**100,000**	**5.6**	100,000	6.0
Vistana Kuala Lumpur Titiwangsa	Freehold	**120,000**	**6.7**	111,000	6.6
Vistana Penang Bukit Jambul	Leasehold	**114,000**	**6.4**	109,000	6.5
Vistana Kuantan City Centre	Leasehold	**85,000**	**4.8**	81,000	4.9
Cameron Highlands Resort	Leasehold	**58,000**	**3.3**	58,000	3.5
Hilton Niseko Village	Freehold	**232,714**	**13.0**	225,633	13.5
		1,764,714	**99.0**	1,725,633	103.3
Net Asset Value		**1,782,595**		1,669,666	

12. INVESTMENT PROPERTIES (CONTINUED)

The following are recognised in profit or loss in respect of investment properties:-

	Group		Trust	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Rental income	**113,559**	113,457	**98,033**	97,950
Direct operating expenses:				
– income generating investment properties	**(8,049)**	(7,984)	**(5,548)**	(5,225)

Investment properties with carrying amount of RM1,765 million (2014: RM1,726 million) are charged as security for a term loan granted to the Trust as disclosed in Note 22 to the Financial Statements.

Fair value information

The fair value of investment properties can be categorised based on the following:-

(i) Level 1 fair value: Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical investment properties that the Group and the Trust can access at the measurement date; or

(ii) Level 2 fair value: Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the investment properties, either directly or indirectly; or

(iii) Level 3 fair value: Level 3 fair value is estimated using unobservable inputs for the investment properties.

The fair value of investment properties of the Group and the Trust are categorised as Level 3. The properties are valued by independent external valuers on 29 May 2015 using the income capitalisation approach, also known as the investment approach. In the income capitalisation approach, capitalisation rates are applied to the income of the investment properties to determine the value of the investment properties. A valuation is carried out on each property at least once during each financial year.

During the current financial year, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Income approach which capitalise the estimate rental income stream, net projected operating costs, using a discount rate derived from market yield.	Discount rate of 5.6% to 8.5% (2014: 5.9% to 8.5%)	The higher the discount rate, the lower the fair value.
	Capitalisation rate of 6.0% to 8.5% (2014: 6.1% to 8.5%)	The higher the capitalisation rate, the lower the fair value.

13. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Buildings RM'000	Equipment RM'000	Other assets RM'000	Total RM'000
Cost/Valuation					
At 1.7.2014	171,855	1,021,090	231,126	53,905	1,477,976
Additions	–	227	1,952	2,385	4,564
Transfers	–	–	1,356	(1,356)	–
Disposals	–	–	(1,451)	(5)	(1,456)
Revaluation losses reversal	–	12,607	–	–	12,607
Revaluation surplus	16,848	166,235	–	–	183,083
Revaluation adjustments	–	(38,839)	–	–	(38,839)
Currency translation differences	(6,503)	(38,214)	(8,970)	(2,086)	(55,773)
At 30.6.2015	182,200	1,123,106	224,013	52,843	1,582,162
Representing:					
At cost	–	–	224,013	52,843	276,856
At valuation	182,200	1,123,106	–	–	1,305,306
At 30.6.2015	182,200	1,123,106	224,013	52,843	1,582,162
Accumulated depreciation					
At 1.7.2014	–	3,378	30,370	15,973	49,721
Charge for the financial year	–	39,306	17,507	9,600	66,413
Disposals	–	–	(463)	(2)	(465)
Revaluation adjustment	–	(38,839)	–	–	(38,839)
Currency translation differences	–	(102)	(999)	(543)	(1,644)
At 30.6.2015	–	3,743	46,415	25,028	75,186
Net book value:					
At cost	–	–	177,598	27,815	205,413
At valuation	182,200	1,119,363	–	–	1,301,563
At 30.6.2015	182,200	1,119,363	177,598	27,815	1,506,976

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land RM'000	Buildings RM'000	Equipment RM'000	Other assets RM'000	Total RM'000
Cost/Valuation					
At 1.7.2013	153,119	870,835	228,433	53,587	1,305,974
Additions	–	42	915	1,545	2,502
Transfers	–	1,100	1,593	(2,693)	–
Disposals	–	–	(6,102)	(3)	(6,105)
Revaluation losses	(9,624)	(48,459)	–	–	(58,083)
Revaluation surplus	24,279	213,297	–	–	237,576
Revaluation adjustments	–	(39,086)	–	–	(39,086)
Currency translation differences	4,081	23,361	6,287	1,469	35,198
At 30.6.2014	171,855	1,021,090	231,126	53,905	1,477,976
Representing:					
At cost	–	–	231,126	53,905	285,031
At valuation	171,855	1,021,090	–	–	1,192,945
At 30.6.2014	171,855	1,021,090	231,126	53,905	1,477,976
Accumulated depreciation					
At 1.7.2013	–	20,321	12,219	9,817	42,357
Charge for the financial year	–	35,617	20,423	5,782	61,822
Disposals	–	–	(2,918)	(1)	(2,919)
Revaluation losses	–	(14,411)	–	–	(14,411)
Revaluation adjustments	–	(39,086)	–	–	(39,086)
Currency translation differences	–	937	646	375	1,958
At 30.6.2014	–	3,378	30,370	15,973	49,721
Net book value:					
At cost	–	–	200,756	37,932	238,688
At valuation	171,855	1,017,712	–	–	1,189,567
At 30.6.2014	171,855	1,017,712	200,756	37,932	1,428,255

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The fair value of the property, plant and equipment are as follows:-

Description of property	Tenure	Fair value as at 30.6.2015 RM'000	% of fair value to Net Asset Value as at 30.6.2015 %	Fair value as at 30.6.2014 RM'000	% of fair value to Net Asset Value as at 30.6.2014 %
Sydney Harbour Marriott	Freehold	**1,006,187**	**56.4**	933,567	55.9
Brisbane Marriott	Freehold	**285,093**	**16.0**	296,646	17.7
Melbourne Marriott	Freehold	**215,696**	**12.1**	198,042	11.9
		1,506,976	**84.5**	1,428,255	85.5
Net Asset Value		**1,782,595**		1,669,666	

Property, plant and equipment at net book value amounting to RM1,507 million (2014: RM1,428 million) are charged as security for a term loan granted to the Trust as disclosed in Note 22 to the Financial Statements.

A valuation is carried out on the freehold land and buildings at least once during each financial year. The latest annual valuation exercise was conducted by an independent professional valuer, Savills Valuations Pty Ltd on 29 May 2015, using the income capitalisation approach, also known as the investment approach.

Had the revalued properties been carried at cost less accumulated depreciation, the net book values of the properties that would have been included in the financial statements are as follows:-

	Group	
	2015 RM'000	**2014 RM'000**
Freehold land	**151,248**	157,369
Buildings	**772,330**	839,433
	923,578	996,802

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Fair value information

The Group's freehold land and buildings are valued based on unobservable inputs and classified in Level 3 of the fair value hierarchy. The different levels of the fair value hierarchy are defined in Note 12 to the Financial Statements.

During the current financial year, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Discounted cash flow method is the total of discounted income stream and present value of the properties' anticipated sale value in arriving at the total present market value.	Discount rate of 8.5% to 9.5% (2014: 9.0% to 10.0%) Capitalisation rate of 6.0% to 7.0% (2014: 6.5% to 7.5%)	The higher the discount rate, the lower the fair value. The higher the capitalisation rate, the lower the fair value.

14. INVESTMENT IN SUBSIDIARIES

	Trust	
	2015 RM'000	**2014 RM'000**
Unquoted shares, at costs	**344,792**	344,792

The details of subsidiaries are as follows:-

Name of subsidiary	Place of incorporation	Principal activities	Effective Equity interest 2015 %	Effective Equity interest 2014 %
Held by the Trust				
* Starhill REIT Niseko G.K.	Japan	Purchase, possession, disposal, lease and management of real properties	**100**	100
Starhill Hospitality REIT (Australia) Sdn. Bhd.	Malaysia	Investment holding	**100**	100
YTL REIT MTN Sdn. Bhd.	Malaysia	To undertake the issuance of medium term notes	**100**	100

Notes to the Financial Statements

14. INVESTMENT IN SUBSIDIARIES (CONTINUED)

The details of subsidiaries are as follows:-

Name of subsidiary	Place of incorporation	Principal activities	Effective Equity interest 2015 %	2014 %
Held through Starhill Hospitality REIT (Australia) Sdn. Bhd.				
Starhill Hotel (Australia) Sdn. Bhd.	Malaysia	Investment holding	**100**	100
* Starhill REIT (Australia) Pty. Ltd.	Australia	Trustee company	**100**	100
* Starhill Hospitality (Australia) Pty. Ltd.	Australia	Trustee company	**100**	100
* Starhill Hospitality REIT (Australia) Trust	Australia	Real estate investment	**100**	100
Held through Starhill Hotel (Australia) Sdn. Bhd.				
* Starhill Hotel (Brisbane) Pty. Ltd.	Australia	Hotel operator	**100**	100
* Starhill Hotel (Sydney) Pty. Ltd.	Australia	Hotel operator	**100**	100
* Starhill Hotel (Melbourne) Pty. Ltd.	Australia	Hotel operator	**100**	100
Held through Starhill Hospitality REIT (Australia) Trust				
* Starhill Hospitality REIT (Brisbane) Trust	Australia	Real estate investment	**100**	100
* Starhill Hospitality REIT (Sydney) Trust	Australia	Real estate investment	**100**	100
* Starhill Hospitality REIT (Melbourne) Trust	Australia	Real estate investment	**100**	100

* Subsidiaries not audited by HLB Ler Lum

14. INVESTMENT IN SUBSIDIARIES (CONTINUED)

The amounts due from subsidiaries pertain mainly to loans, loan interest, advances and payments on behalf. The outstanding amounts are unsecured, interest free and payable on demand save for loans. The loans in foreign currencies of RM1,180 million (2014: RM1,225 million) with tenure of ten and fifteen years bear interest at rates of 8.86% and 5% (2014: 8.86% and 5%) per annum respectively, interest is payable quarterly and monthly respectively. The loans shall be repaid by way of a bullet repayment on maturity date. Upon maturity, the Trust allows the loans to be renewed for another ten and fifteen years respectively, where the interest rate is mutually agreed upon in the later stage.

The country of incorporation of the subsidiaries are also their principal place of business.

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly or indirectly by the parent company do not differ from the proportion of ordinary shares held.

There were no changes during the year (2014: Nil) in the Group's ownership interest in its significant subsidiaries.

15. DEFERRED TAX ASSETS

	Group	
	2015	**2014**
	RM'000	**RM'000**
At beginning of the financial year	**3,701**	3,032
(Charged)/Credited to profit or loss (Note 10)	**(200)**	574
Currency translation differences	**(146)**	95
At end of the financial year	**3,355**	3,701

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off income tax assets against income tax liabilities and when deferred taxes relate to the same tax authority. The following amounts determined after appropriate offsetting are shown in the Statement of Financial Position:-

	Group	
	2015	**2014**
	RM'000	**RM'000**
Deferred tax provided are in respect of:-		
Deferred tax assets		
Receivables	**151**	227
Accruals	**3,546**	3,229
Others	**16**	577
	3,713	4,033

15. DEFERRED TAX ASSETS (CONTINUED)

	Group 2015 RM'000	Group 2014 RM'000
Deferred tax liabilities		
Prepayments	**(358)**	(332)
	(358)	(332)
Net (after offsetting)	**3,355**	3,701

16. INVENTORIES

	Group 2015 RM'000	Group 2014 RM'000
Beverage inventories	**725**	701
Operating inventories	**125**	141
	850	842

The Group's cost of inventories recognised as expenses and included in "hotel operating expenses" amounted to approximately RM3,995,000 (2014: RM4,244,000).

17. TRADE RECEIVABLES

	Group		Trust	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Trade receivables	**9,907**	12,472	**3,579**	3,495
Less: Impairment losses on trade receivables	**(2,782)**	(2,788)	**(2,782)**	(2,788)
	7,125	9,684	**797**	707

17. TRADE RECEIVABLES (CONTINUED)

The movements in the allowance for impairment during the financial year were:-

	Group		Trust	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At beginning of the financial year	**2,788**	2,929	**2,788**	2,788
Reversal of impairment losses	**(6)**	(141)	**(6)**	–
At end of the financial year	**2,782**	2,788	**2,782**	2,788

The amount due from a company related to the Manager, which amounted to RM310,943 (2014: RM139,685) relates to rental due in respect of an agreement and is subject to normal trade terms.

The normal trade credit terms of trade receivables range from 15 to 30 (2014: 15 to 30) days.

The ageing analysis of the Group's and the Trust's trade receivables is as follows:-

	Gross	Individual impairment	Net
	RM'000	**RM'000**	**RM'000**
Group – 2015			
Not past due	**5,620**	**–**	**5,620**
Past due 1 – 90 days	**927**	**–**	**927**
Past due 91 – 180 days	**88**	**–**	**88**
Past due more than 180 days	**3,272**	**(2,782)**	**490**
Trust – 2015			
Not past due	**311**	**–**	**311**
Past due more than 180 days	**3,268**	**(2,782)**	**486**
Group – 2014			
Not past due	9,000	–	9,000
Past due 1 – 90 days	115	–	115
Past due more than 180 days	3,357	(2,788)	569
Trust – 2014			
Not past due	140	–	140
Past due more than 180 days	3,355	(2,788)	567

The allowance account in respect of receivables is used to record impairment losses. At the end of the financial year, the Group and the Trust are satisfied that recovery of the amount is possible.

18. OTHER RECEIVABLES & PREPAYMENTS

	Group		Trust	
	2015 RM'000	2014 RM'000	**2015 RM'000**	2014 RM'000
Other receivables	**16,409**	3,552	**784**	408
Prepayments	**4,474**	4,059	**1,291**	1,059
	20,883	7,611	**2,075**	1,467

Included in the other receivables of the Group is RM15,553,545 (2014: RM3,046,282) recoverable from Australian tax authorities for withholding tax on foreign source distribution received by a subsidiary.

The amount due from a company related to the Manager, which amounted to RM372,763 (2014: RM372,763) is unsecured, interest free and receivable on demand.

19. DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

The effective interest rate of deposits placed with licensed banks of the Group and of the Trust were 2.4% and 3.4% (2014: 2.9% and 3.1%) per annum, respectively.

The average maturities of deposits of the Group and of the Trust ranged from 1 day to 31 days (2014: 1 day to 31 days).

Included in deposits with licensed financial institutions is RM4,437,878 (2014: RM13,999,775) pledged for a bank facility granted to the Trust as stated in Note 22 to the Financial Statements.

20. UNITHOLDERS' CAPITAL

	2015 No. of units '000	2014 No. of units '000
Authorised:-		
At beginning/end of the financial year	**1,324,389**	1,324,389
Issued and fully paid:-		
At beginning/end of the financial year	**1,324,389**	1,324,389

	2015 RM'000	2014 RM'000
Issued and fully paid:-		
At beginning/end of the financial year	**1,291,395**	1,291,395

21. RESERVES

(i) Currency translation reserves

The currency translation reserve comprises (i) the foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Trust; and (ii) the foreign differences on monetary items which form part of the Group's net investment in foreign operations.

(ii) Revaluation reserve

	Group	
	2015	**2014**
	RM'000	**RM'000**
At beginning of the financial year	**237,576**	–
Revaluation gain of property	**183,083**	237,576
Currency translation differences	**(7,280)**	–
At end of the financial year	**413,379**	237,576

The revaluation reserve represents increases in the fair value of freehold land and buildings.

22. BORROWINGS – SECURED

	Group		Trust	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Non-current				
– Term loans	**1,584,712**	1,581,800	**1,584,712**	1,581,800
– Capitalised transaction costs	**(19,814)**	(4,901)	**(19,814)**	(4,901)
	1,564,898	1,576,899	**1,564,898**	1,576,899

During the financial year, an amount of RM760 million of the existing term loan of RM1,581.8 million was refinanced by the drawing of AUD262,538,860 under an Australian Dollar term loan.

22. BORROWINGS – SECURED (CONTINUED)

The term loan of RM821,800,000 (2014: RM1,581,800,000), which is repayable by bullet payment on 23 November 2017, bears a weighted average interest rate of 4.81% (2014: 4.56%) per annum and is secured by:-

(a) a first legal charge over properties as disclosed in Note 12 to the Financial Statements (2014: Notes 12 and 13 to the Financial Statements);

(b) an assignment of fire insurance policies in relation to the secured properties; and

(c) a Memorandum of Deposit over the fixed deposit of the Trust as disclosed in Note 19 to the Financial Statements.

The term loan denominated in Australian Dollar of AUD262,538,860 which is repayable by bullet payment on 29 June 2020, bears a weighted average interest rate of 4.19% (2014: Nil) per annum and is secured by:-

(a) a first legal charge over properties as disclosed in Note 13 to the Financial Statements; and

(b) an assignment of fire insurance policies in relation to the secured properties.

23. OTHER PAYABLES

	Group		Trust	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Non-current				
Other payables	**1,967**	1,872	**–**	–

Included in the other payables is the long service leave of approximately RM1,967,000 (2014: RM1,872,000).

	Group		Trust	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Current				
Other payables	**34,351**	10,627	**8,051**	251
Accruals	**8,973**	24,786	**1,834**	8,062
Advance deposits	**4,066**	4,590	**–**	–
	47,390	40,003	**9,885**	8,313

The amounts due to the Manager and the companies related to the Manager, which amounted to RM1,817,099 (2014: RM1,212,622) are unsecured, interest free and payable on demand.

24. TRADE PAYABLES

The credit terms of trade payables granted to the Group vary from 15 to 30 (2014: 15 to 30) days.

25. PROVISION FOR INCOME DISTRIBUTION

	Group		Trust	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At beginning of the financial year	**32,908**	50,234	**32,908**	50,234
Provision made during the financial year	**105,615**	112,060	**105,615**	112,060
Distribution paid during the financial year	**(107,720)**	(129,386)	**(107,720)**	(129,386)
At end of the financial year	**30,803**	32,908	**30,803**	32,908

Pursuant to the Restated Deed, it is the policy of the Manager to distribute at least 90% of the distributable income for each financial year.

For the financial year ended 30 June 2015, the Manager has declared a final income distribution of 2.3258 sen per unit (2014: 2.4848 sen per unit), totaling RM30,802,637 (2014: RM32,908,415) which will be paid on 28 August 2015. Total distribution paid and declared for the financial year ended 30 June 2015 is 7.9746 sen per unit, totaling RM105,614,716, representing approximately 100% of the total distributable income for the financial year ended 30 June 2015 (2014: 8.4613 sen per unit, totaling RM112,060,517).

25. PROVISION FOR INCOME DISTRIBUTION (CONTINUED)

Distribution to unitholders is from the following sources:-

	Group	
	2015	**2014**
	RM'000	**RM'000**
Net property income	**201,548**	202,867
Finance income	**2,733**	3,351
Other income	**58,247**	187,579
	262,528	393,797
Less: Expenses	**(165,720)**	(197,282)
Less: Income tax expense	**(1,816)**	(1,422)
	94,992	195,093
Add/(Less):-		
Unrealised gain on fair value of investment properties	**(44,061)**	(179,440)
Unrealised foreign translation differences	**3,061**	(165)
Revaluation (gain)/losses on property	**(12,607)**	43,672
Net income from foreign operations	**(2,182)**	(3,840)
Depreciation	**66,413**	61,822
Income available for distribution/Total distributable income	**105,616**	117,142
Less: Income distribution	**(105,615)**	(112,060)
Undistributed distributable income	**1**	5,082
Distributable income per unit (sen)	**7.9747**	8.8450
Gross distribution per unit (sen)	**7.9746**	8.4613
Net distribution per unit (sen)	**7.9746**	8.4613

26. TRANSACTIONS WITH STOCKBROKING COMPANIES

No transactions with stockbroking companies were made during the financial year.

27. UNITHOLDING BY THE MANAGER

As at 30 June 2015, the Manager did not hold any unit in the Trust.

28. UNITHOLDERS RELATED TO THE MANAGER

	2015		
	No. of units held '000	Percentage of total units %	Market value RM'000
YTL Corporation Berhad	**747,464**	**56.44**	**769,888**
YTL Power International Berhad	**43,090**	**3.25**	**44,382**
Business & Budget Hotels (Kuantan) Sdn. Bhd.	**18,750**	**1.42**	**19,312**
Megahub Development Sdn. Bhd.	**18,250**	**1.38**	**18,798**
East-West Ventures Sdn. Bhd.	**62,500**	**4.72**	**64,375**
Syarikat Pelanchongan Pangkor Laut Sendirian Berhad	**24,250**	**1.83**	**24,978**
Tanjong Jara Beach Hotel Sdn. Bhd.	**21,750**	**1.64**	**22,403**
	936,054	**70.68**	**964,136**

	2014		
	No. of units held '000	Percentage of total units %	Market value RM'000
YTL Corporation Berhad	747,464	56.44	683,930
YTL Power International Berhad	43,090	3.25	39,427
Business & Budget Hotels (Kuantan) Sdn. Bhd.	18,750	1.42	17,156
Megahub Development Sdn. Bhd.	18,250	1.38	16,699
East-West Ventures Sdn. Bhd.	62,500	4.72	57,188
Syarikat Pelanchongan Pangkor Laut Sendirian Berhad	24,250	1.83	22,189
Tanjong Jara Beach Hotel Sdn. Bhd.	21,750	1.64	19,901
	936,054	70.68	856,490

The market value of the units held by the companies related to the Manager is determined by using the closing market value of the Trust as at 30 June 2015 of RM1.030 per unit (2014: RM0.915 per unit).

Pintar Projek Sdn. Bhd., the manager of the Trust is also a subsidiary of YTL Corporation Berhad, a public listed company. YTL Corporation Berhad is therefore deemed to have control over the Trust as Pintar Projek Sdn. Bhd. governs the financial and operating policies of the Trust.

29. SIGNIFICANT RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The following significant transactions which have been transacted with companies related to the Manager and the major unitholder are as follows:-

Entity	Relationship	Nature of transaction	Group/Trust 2015 RM'000	Group/Trust 2014 RM'000
Business & Budget Hotels (Penang) Sdn. Bhd.	Subsidiary company of the major unitholder	Lease rental of investment property	**8,200**	8,200
Business & Budget Hotels (Kuantan) Sdn. Bhd.	Associated company of the major unitholder	Lease rental of investment property	**6,000**	6,000
Cameron Highlands Resort Sdn. Bhd.	Subsidiary company of the major unitholder	Lease rental of investment property	**4,000**	4,000
Prisma Tulin Sdn. Bhd.	Subsidiary company of the major unitholder	Lease rental of investment property	**8,200**	8,200
Star Hill Hotel Sdn. Bhd.	Subsidiary company of the major unitholder	Lease rental of investment properties	**35,223**	35,223
YTL Land Sdn. Bhd.	Subsidiary company of the major unitholder	Rental of car park space	**1,760**	1,676
Tanjong Jara Beach Hotel Sdn. Bhd.	Company related to a director of the manager	Lease rental of investment property	**7,000**	7,000
East-West Ventures Sdn. Bhd.	Subsidiary company of the holding company of major unitholder	Lease rental of investment property	**19,250**	19,250
Syarikat Pelanchongan Pangkor Laut Sendirian Berhad	Subsidiary company of the holding company of major unitholder	Lease rental of investment property	**8,400**	8,400

29. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Entity	Relationship	Nature of transaction	Group 2015 RM'000	Group 2014 RM'000
Niseko Village K.K.	Subsidiary company of the major unitholder	Lease rental of investment property	**15,526**	15,508

Entity	Relationship	Nature of transaction	Trust 2015 RM'000	Trust 2014 RM'000
Starhill Hospitality REIT (Australia) Sdn. Bhd.	Subsidiary company	Shareholder loan interests	**90,289**	93,574
Starhill Hospitality REIT (Australia) Sdn. Bhd.	Subsidiary company	Dividend income	**6,950**	–
Starhill REIT Niseko G.K.	Subsidiary company	Shareholder loan interests	**7,207**	7,711

The Manager is of the opinion that these transactions are conducted in the normal course of business and have been established on terms and conditions negotiated by the related parties.

30. OPERATING LEASE ARRANGEMENT

The Group leases out its investment properties as follows:-

(i) for JW Marriott Hotel Kuala Lumpur and The Residences at The Ritz-Carlton, Kuala Lumpur, the lease term are twenty and twenty five years respectively; and

(ii) for other investment properties, the average tenure is a lease term of fifteen years.

All lease arrangements are provided with a step-up rate of 5% every five years and an option to grant the respective lessees to renew the lease for a further term similar to the original lease agreements.

The future minimum lease payments receivable under non-cancellable operating leases contracted for at the reporting date but not recognised as receivables, are analysed as follows:-

	Group 2015 RM'000	Group 2014 RM'000	Trust 2015 RM'000	Trust 2014 RM'000
Not later than 1 year	**111,813**	111,813	**96,273**	96,273
Later than 1 year and not later than 5 years	**583,884**	578,294	**502,688**	497,874
Later than 5 years	**657,461**	774,864	**563,638**	664,725
	1,353,158	1,464,971	**1,162,599**	1,258,872

31. FINANCIAL RISK MANAGEMENT

The Group's and the Trust's operations are subject to the following risks:-

(a) Credit risk;

(b) Liquidity risk;

(c) Interest rate risk; and

(d) Foreign currency exchange risk.

(a) Credit risk

Credit risk is the risk of a financial loss to the Group and the Trust if a lessee or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Trust's exposure to credit risk arise principally from its receivables from lessees or other financial assets (including cash & bank balances), the Group and the Trust minimise credit risk by dealing with high credit rating counterparties.

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally security deposits are obtained and credit evaluations are performed on customers requiring credit over a certain amount.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the Statement of Financial Position.

Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. The Group and the Trust use ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 30 days, which are deemed to have higher credit risk, are monitored individually.

The exposure of credit risk for trade receivables as at the end of the reporting period by geographic region was:-

	Group		Trust	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Domestic	**797**	707	**797**	707
Australia	**6,328**	8,977	**–**	–
	7,125	9,684	**797**	707

31. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

Inter-company balances

The Trust provides unsecured advances to subsidiaries and where necessary makes payments for expenses on behalf of its subsidiaries. The Trust monitors the results of the subsidiaries regularly. As at 30 June 2015, the maximum exposure to credit risk is represented by their carrying amounts in the Statements of Financial Position.

Management has taken reasonable steps to ensure that inter-company receivables are stated at the realisable values. As at 30 June 2015, there was no indication that the advances extended to the subsidiaries are not recoverable.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Trust will encounter difficulty in meeting its financial obligations due to shortage of fund. The Group's and the Trust's exposure to liquidity risk arise principally from its various payables, loans and borrowings.

The Group and the Trust maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

The table below summarises the maturity profile of the Group's and the Trust's financial liabilities as at the end of the reporting period based on contractual undiscounted repayment obligations:-

	2015			
	Contractual cash flows RM'000	**Under 1 year RM'000**	**1-2 years RM'000**	**2-5 years RM'000**
Group				
Financial liabilities				
Borrowings	**1,833,253**	**71,373**	**71,372**	**1,690,508**
Trade payables	**1,943**	**1,943**	**–**	**–**
Other payables	**49,357**	**47,390**	**1,967**	**–**
	1,884,553	**120,706**	**73,339**	**1,690,508**
Trust				
Financial liabilities				
Borrowings	**1,833,253**	**71,373**	**71,372**	**1,690,508**
Other payables	**9,885**	**9,885**	**–**	**–**
	1,843,138	**81,258**	**71,372**	**1,690,508**

31. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk (continued)

	<---- 2014 ----			---->
	Contractual cash flows RM'000	**Under 1 year RM'000**	**1-2 years RM'000**	**2-5 years RM'000**
Group				
Financial liabilities				
Borrowings	1,790,681	72,130	72,130	1,646,421
Trade payables	3,197	3,197	–	–
Other payables	41,875	40,003	1,872	–
	1,835,753	115,330	74,002	1,646,421
Trust				
Financial liabilities				
Borrowings	1,790,681	72,130	72,130	1,646,421
Other payables	8,313	8,313	–	–
	1,798,994	80,443	72,130	1,646,421

(c) Interest rate risk

The Group's and the Trust's floating rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

The interest rate profile of the Group's and the Trust's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:-

	Group		**Trust**	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Fixed rate instruments				
Financial assets				
Shareholders loan	**–**	–	**1,179,671**	1,224,979
Floating rate instruments				
Financial assets				
Deposits with licensed financial institutions	**56,391**	79,296	**14,025**	37,101
Financial liabilities				
Borrowings	**1,564,898**	1,576,899	**1,564,898**	1,576,899

31. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Interest rate risk (continued)

The Group and the Trust does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

At the reporting date, if the interest rates had been 50 basis points lower/higher, with all other variables held constant, the Group's and the Trust's profit after tax would be higher/lower by approximately RM7.9 million (2014: RM7.9 million) as a result of lower/higher interest expense on borrowings.

The excess funds of the Group and of the Trust are invested in bank deposits and other short term instruments. The Group and the Trust manage their liquidity risks by placing such excess funds on short term maturities to match its cash flow needs. If interest deposit rates increased/decreased by 50 basis points, interest income of the Group and of the Trust for the financial year would increase/decrease by RM0.3 million (2014: RM0.4 million) and RM0.1 million (2014: RM0.2 million), respectively.

In order to protect the Group's earnings from the volatility in interest rates and provide stability to unitholders' returns, the Group may hedge a portion of its interest rate exposure within the short to medium term by using fixed rate debt and interest rate derivatives.

The Group plans to hedge its exposure to changes in interest rates on its variable rate borrowings by entering into interest rate swaps.

(d) Foreign currency exchange risk

The Group is exposed to foreign currency risk arising from Japanese Yen ("JPY") and Australian Dollar ("AUD"). The Group has investment in foreign operations whose net assets are exposed to foreign currency translation risk.

The table illustrates the impact on the other comprehensive income and profit after tax resulting from currency sensitivities (on the basis all other variables remain constant).

	Group		Trust	
	Increase/ Decrease in other comprehensive income RM'000	Increase/ Decrease in profit after tax RM'000	Increase/ Decrease in other comprehensive income RM'000	Increase/ Decrease in profit after tax RM'000
2015				
5% changes on JPY exchange rate	**3,008**	**–**	**–**	**7,404**
5% changes on AUD exchange rate	**40,439**	**38,000**	**–**	**13,580**
2014				
5% changes on JPY exchange rate	1,584	–	–	7,582
5% changes on AUD exchange rate	53,510	–	–	53,667

32. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:-

- Loans and receivables ("L&R"); and
- Other financial liabilities measured at amortised cost ("OL").

	Note	Carrying amount RM'000	L&R RM'000
Group – 2015			
Financial assets			
Current			
Trade receivables	17	**7,125**	**7,125**
Other receivables & deposits	18	**16,409**	**16,409**
Cash and cash equivalents	19	**126,769**	**126,769**
		150,303	**150,303**

	Note	Carrying amount RM'000	OL RM'000
Financial liabilities			
Non-current			
Borrowings	22	**1,564,898**	**1,564,898**
Other payables	23	**1,967**	**1,967**
Current			
Trade payables	24	**1,943**	**1,943**
Other payables	23	**47,390**	**47,390**
		1,616,198	**1,616,198**

32. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (continued)

	Note	Carrying amount RM'000	L&R RM'000
Trust – 2015			
Financial assets			
Non-current			
Amount due from subsidiaries	14	**1,179,671**	**1,179,671**
Current			
Trade receivables	17	**797**	**797**
Other receivables & deposits	18	**784**	**784**
Amount due from subsidiaries	14	**99,384**	**99,384**
Cash and cash equivalents	19	**16,095**	**16,095**
		1,296,731	**1,296,731**

	Note	Carrying amount RM'000	OL RM'000
Financial liabilities			
Non-current			
Borrowings	22	**1,564,898**	**1,564,898**
Current			
Other payables	23	**9,885**	**9,885**
		1,574,783	**1,574,783**

	Note	Carrying amount RM'000	L&R RM'000
Group – 2014			
Financial assets			
Current			
Trade receivables	17	9,684	9,684
Other receivables & deposits	18	3,552	3,552
Cash and cash equivalents	19	149,908	149,908
		163,144	163,144

Notes to the Financial Statements

32. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (continued)

	Note	Carrying amount RM'000	OL RM'000
Group – 2014 (continued)			
Financial liabilities			
Non-current			
Borrowings	22	1,576,899	1,576,899
Other payables	23	1,872	1,872
Current			
Trade payables	24	3,197	3,197
Other payables	23	40,003	40,003
		1,621,971	1,621,971

	Note	Carrying amount RM'000	L&R RM'000
Trust – 2014			
Financial assets			
Non-current			
Amount due from subsidiaries	14	1,224,979	1,224,979
Current			
Trade receivables	17	707	707
Other receivables & deposits	18	408	408
Amount due from subsidiaries	14	94,384	94,384
Cash and cash equivalents	19	37,907	37,907
		1,358,385	1,358,385

	Note	Carrying amount RM'000	OL RM'000
Financial liabilities			
Non-current			
Borrowings	22	1,576,899	1,576,899
Current			
Other payables	23	8,313	8,313
		1,585,212	1,585,212

32. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Fair value of financial instruments

The carrying amounts of cash and cash equivalents, short term receivables and payables approximate fair values due to the relatively short term nature of these financial instruments.

The carrying amounts of other financial liabilities approximate the fair value as there is no change in the market interest rate for similar financing facilities. The following summarises the methods used in determining the fair value of financial instruments reflected in the above table.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future cash flows, discounted at the market rate of interest at the end of the reporting period.

Interest rates used to determine fair value

The interest rates used to discount estimated cash flows, when applicable, are as follows:-

	2015	**2014**
Borrowings	**4.51%**	4.56%

33. PORTFOLIO TURNOVER RATIO ("PTR")

	Group		**Trust**	
	2015 %	**2014 %**	**2015 %**	**2014 %**
PTR	**–**	–	**–**	–

PTR is the ratio of the average of acquisitions and disposals of investments for the financial year to the average net asset value of the Group and the Trust during the financial year calculated on a quarterly basis.

There is no acquisitions and disposals during the year.

34. MANAGEMENT EXPENSE RATIO ("MER")

	Group		Trust	
	2015	**2014**	**2015**	**2014**
	%	**%**	**%**	**%**
MER	**0.86**	1.05	**0.64**	0.73

MER is calculated based on the total of all the fees and expenses incurred by the Group and the Trust in the financial year and deducted directly from the income (including the manager's fees, the trustee's fees, the auditors' remuneration and other professional fees and expenses) and all the expenses not recovered from and/or charged to the Group and the Trust (including the costs of printing, stationery and postage), to the average net asset value of the Group and the Trust during the financial year calculated on a quarterly basis.

Since the basis of calculating MER can vary among real estate investment trusts, there is no sound basis for providing an accurate comparison of the Group's and the Trust's MER against other real estate investment trusts.

35. SEGMENTAL REPORTING

The Group's two (2014: two) operating segments operate in three (2014: three) main geographical areas:-

(i) Malaysia

(ii) Japan

(iii) Australia

The Group comprises the following reportable segments:-

(i) Property rental – leasing of hotel properties

(ii) Hotel – operating hotel business

The Manager monitors the operating results of its business units separately to make strategic decision.

35. SEGMENTAL REPORTING (CONTINUED)

The Group's segmental result for the financial year ended 30 June 2015 is as follows:-

	<--- Property rental --->		<-- Hotel -->	
	Malaysia RM'000	**Japan RM'000**	**Australia RM'000**	**Total RM'000**
External revenue	**98,033**	**15,526**	**304,110**	**417,669**
Operating expenses	**(5,548)**	**(2,501)**	**(208,072)**	**(216,121)**
Net property income	**92,485**	**13,025**	**96,038**	**201,548**
Finance income	**710**	**2**	**2,021**	**2,733**
Fair value gain on investment properties	**32,000**	**12,061**	**–**	**44,061**
Other income	**–**	**–**	**1,579**	**1,579**
Total income	**125,195**	**25,088**	**99,638**	**249,921**
Trust and administration expenses	**(14,775)**	**(132)**	**(4,804)**	**(19,711)**
Revaluation losses on property – reversal	**–**	**–**	**12,607**	**12,607**
Depreciation	**–**	**–**	**(66,413)**	**(66,413)**
Finance costs	**(79,596)**	**–**	**–**	**(79,596)**
Profit before tax	**30,824**	**24,956**	**41,028**	**96,808**
Income tax expense	**(716)**	**(29)**	**(1,071)**	**(1,816)**
Profit after tax	**30,108**	**24,927**	**39,957**	**94,992**
Non-current assets	**1,532,000**	**232,714**	**1,510,331**	**3,275,045**
Current assets	**19,467**	**14,233**	**121,927**	**155,627**
Total assets	**1,551,467**	**246,947**	**1,632,258**	**3,430,672**
Non-current liabilities	**1,564,898**	**–**	**1,967**	**1,566,865**
Current liabilities	**40,688**	**1,262**	**39,262**	**81,212**
Total liabilities	**1,605,586**	**1,262**	**41,229**	**1,648,077**
Additions to non-current assets	**–**	**–**	**4,564**	**4,564**

35. SEGMENTAL REPORTING (CONTINUED)

The Group's segmental result for the financial year ended 30 June 2014 is as follows:-

	<--- Property rental --->		<-- Hotel -->	
	Malaysia RM'000	**Japan RM'000**	**Australia RM'000**	**Total RM'000**
External revenue	97,950	15,507	311,657	425,114
Operating expenses	(5,225)	(2,760)	(214,262)	(222,247)
Net property income	92,725	12,747	97,395	202,867
Finance income	1,560	1	1,790	3,351
Fair value gain on investment properties	156,310	23,130	–	179,440
Other income	6,223	–	1,916	8,139
Total income	256,818	35,878	101,101	393,797
Trust and administration expenses	(10,466)	(249)	(7,816)	(18,531)
Revaluation losses on property	–	–	(43,672)	(43,672)
Depreciation	–	–	(61,822)	(61,822)
Finance costs	(73,257)	–	–	(73,257)
Profit/(Loss) before tax	173,095	35,629	(12,209)	196,515
Income tax expense	(763)	(31)	(628)	(1,422)
Profit/(Loss) after tax	172,332	35,598	(12,837)	195,093
Non-current assets	1,500,000	225,633	1,431,956	3,157,589
Current assets	40,330	8,398	119,317	168,045
Total assets	1,540,330	234,031	1,551,273	3,325,634
Non-current liabilities	1,576,899	–	1,872	1,578,771
Current liabilities	41,221	1,055	34,921	77,197
Total liabilities	1,618,120	1,055	36,793	1,655,968

The following are major customers with revenues equal or more than 10 per cent of the Group's total revenue:-

	Group Revenue	
	2015 RM'000	**2014 RM'000**
Common control companies:-		
under the major unitholder	**78,909**	78,807
under the holding company of major unitholder	**27,650**	27,650
	106,559	106,457

36. CAPITAL MANAGEMENT

The Manager optimises YTL REIT's capital structure and cost of capital within the borrowing limits prescribed by the REIT Guidelines via a combination of debt and equity funding for future acquisitions and improvement works at the Properties.

The capital management strategy for the Group and the Trust involves:-

(a) adopting and maintaining an optimal gearing level; and

(b) adopting an active interest rate management strategy to manage risks associated with changes in interest rates while maintaining flexibility in YTL Hospitality REIT's capital structure to meet future investment and/or capital expenditure requirements.

The REIT Guidelines require that the total borrowings of a real estate investment trust (including borrowings through issuance of debt securities) should not exceed 50% of its total asset value at the time the borrowings are incurred, pursuant to Clause 8.37 of the REIT Guidelines. At the meeting of unitholders held on 11 February 2014, the borrowing limit had been increased to 60% of the Group's total assets to provide the Group with the flexibility of funding larger acquisition opportunities through borrowing in the future.

The Manager reviews the capital structure of the Group on a regular basis and monitors capital using a gearing ratio, which is total borrowings divided by total assets.

	Group		Trust	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Total borrowings (Note 22)	**1,584,712**	1,581,800	**1,584,712**	1,581,800
Total assets	**3,430,672**	3,325,634	**3,174,814**	3,204,236
Gearing Ratio (%)	**46.19**	47.56	**49.92**	49.37

The Trust is not subject to externally imposed capital requirements for the financial years ended 30 June 2015 and 30 June 2014.

37. CORPORATE PROPOSAL

The Manager of the Trust on 14 June 2013 announced that the following proposals:-

(i) proposed placement of new units in YTL REIT ("Placement Units") at a price to be determined later, to raise gross proceeds of up to RM800 million to partially repay YTL REIT's borrowings and reduce its gearing level ("Proposed Placement");

(ii) proposed increase in the existing approved fund size of YTL REIT from 1,324,388,889 units up to maximum of 2,125,000,000 units ("Proposed Increase in Fund Size") to facilitate the issuance of the Placement Units pursuant to the Proposed Placement; and

(iii) proposed increase in borrowing limit to 60% of total asset value ("Proposed Increase in Borrowing Limit") to provide YTL REIT with the flexibility of funding larger acquisition opportunities through borrowings in the future.

On 28 June 2013, the existing major unitholder of YTL REIT, namely YTL Corporation Berhad, accepted YTL REIT's conditional invitation for Placement Units of up to RM310 million in value ("Proposed Subscription").

On 30 December 2013, SC granted its approval for the Proposed Increase in Fund Size, the listing of and quotation for the Placement Units on the Main Market of Bursa Securities and the exemption from complying with Paragraphs 14.04(a)(i), (ii) and (iii) of the REIT Guidelines in relation to the Proposed Placement.

On 10 January 2014, Bursa Securities approved the listing of and quotation for up to 800,611,111 Placement Units to be issued pursuant to the Proposed Placement.

Unitholders approved the Proposed Placement, Proposed Increase in Fund Size, Proposed Increase in Borrowing Limit and Proposed Subscription at the meeting of unitholders held on 11 February 2014.

An application was submitted to the SC on 14 May 2014 to seek an extension of time of six (6) months from 30 June 2014 until 29 December 2014 to complete the Proposed Placement and Proposed Increase in Fund Size ("Proposed Extension of Time"). On 23 May 2014, SC approved the Proposed Extension of Time.

An application was submitted to Bursa Securities on 28 May 2014 to seek an extension of time of approximately six (6) months from 10 July 2014 until 29 December 2014 to complete the Proposed Placement and Proposed Increase in Fund Size. Bursa Securities had vide its letter dated 12 June 2014 approved an extension of time until 29 December 2014 for the implementation of the Proposed Placement.

Applications were submitted to the SC and Bursa Securities on 21 November 2014 and 26 November 2014, respectively to seek a further extension of time of six (6) months from 30 December 2014 until 29 June 2015 to complete the Proposed Placement and Proposed Increase in Fund Size ("Proposed Extension of Time II"). Both SC and Bursa Securities had vide their letters dated 2 December 2014 approved the Proposed Extension of Time II.

Further applications were submitted to the SC and Bursa Securities on 14 May 2015 to seek an extension of time of six (6) months from 30 June 2015 to 29 December 2015 to complete the Proposed Placement and Proposed Increase in Fund Size ("Proposed Extension of Time III"). Both SC and Bursa Securities had vide their letters dated 21 May 2015 and 27 May 2015, respectively approved the Proposed Extension of Time III.

38. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements were authorised for issue by the Board of Directors of Pintar Projek Sdn. Bhd. in accordance with a resolution of the Directors on 30 July 2015.

Supplementary Information

on the Disclosure of Realised and Unrealised Profits or Losses

The breakdown of the undistributed income of the Group and the Trust as at 30 June 2015, into realised and unrealised profits, pursuant to the directive issued by Bursa Malaysia Securities Berhad ("Bursa Securities") on 25 March 2010 and 20 December 2010 is as follows:-

	Group		Trust	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Total undistributed income of the Trust and its subsidiaries				
– Realised	**(19,737)**	21,050	**183,788**	184,457
– Unrealised	**130,088**	134,446	**94,045**	110,264
	110,351	155,496	**277,833**	294,721
Add: Consolidation adjustments	**135,858**	101,336	**–**	–
Total undistributed income	**246,209**	256,832	**277,833**	294,721

The determination of realised and unrealised profits is complied based on the Guidance of Special Matter No.1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Main Market Listing Requirements" issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely complying with the disclosure requirement stipulated in the directive of Bursa Securities and should not be applied for any other purposes.

Form of Proxy

I/We *(full name as per NRIC/company name in block letters)* ____________________

____

NRIC/Company No. *(New NRIC No.)* ____________ *(Old NRIC No.)* ____________

CDS Account No. *(for nominee companies only)* ____________________

of *(full address)* ____________________

being a unitholder of **YTL Hospitality REIT** hereby appoint *(full name as per NRIC in block letters)* ____________

____

NRIC No. *(New NRIC No.)* ____________ *(Old NRIC No.)* ____________

of *(full address)* ____________________

or failing him/her, the Chairman of the meeting as my/our proxy to attend on my/our behalf at the Third Annual General Meeting of YTL Hospitality REIT to be held at Starhill 2, Level 4, JW Marriott Hotel Kuala Lumpur, 183 Jalan Bukit Bintang, 55100 Kuala Lumpur on Wednesday, 7 October 2015 at 3.00 p.m. or at any adjournment thereof.

ORDINARY BUSINESS

To lay before the meeting the Audited Financial Statements for the financial year ended 30 June 2015 together with the Reports attached thereon.

Number of units held

Signed this ____________ day of ____________ 2015 Signature ____________

Notes:-

1. *A unitholder entitled to attend the meeting may appoint a proxy to attend instead of him. A proxy may, but need not, be a unitholder of YTL Hospitality REIT. A unitholder other than an authorised nominee shall not be entitled to appoint more than one proxy to attend the same meeting and where such unitholder appoints more than one proxy to attend the same meeting, such appointment shall be invalid.*
2. *Where a unitholder is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy (but not more than two proxies) in respect of each securities account it holds in units standing to the credit of the said securities account. Where the unitholder appoints two proxies, the appointment will be invalid unless the unitholder specifies the proportions of his holdings to be represented by each proxy.*
3. *Where a unitholder is an exempt authorised nominee which holds units in YTL Hospitality REIT for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.*
4. *This form of proxy and the Power of Attorney or other authority (if any) under which it is signed or notarially certified copy thereof must be lodged at the office of Pintar Projek Sdn Bhd ("Manager") at 11th Floor, Yeoh Tiong Lay Plaza, 55 Jalan Bukit Bintang, 55100 Kuala Lumpur, not less than 48 hours before the time appointed for the meeting or any adjourned meeting thereof.*
5. *In the case of a corporation, this form of proxy should be executed under its common seal or under the hand of an officer or attorney who has been duly authorised by the corporation.*
6. *For the purpose of determining the unitholders who shall be entitled to attend the meeting, the Manager shall request Bursa Malaysia Depository Sdn Bhd, in accordance with Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 30 September 2015. Only a depositor whose name appears on the General Meeting Record of Depositors as at 30 September 2015 shall be entitled to attend the said meeting or appoint proxy to attend on his behalf.*

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AFFIX
STAMP

THE MANAGER
PINTAR PROJEK SDN BHD
11th Floor, Yeoh Tiong Lay Plaza
55 Jalan Bukit Bintang
55100 Kuala Lumpur

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