

**YTL HOSPITALITY REIT**

Established in Malaysia

**Interim Financial Report  
31 December 2018**

# **YTL HOSPITALITY REIT**

## **Interim Financial Report 31 December 2018**

	<b>Page No.</b>
<b>Condensed Income Statements for the Quarter</b>	<b>1 - 2</b>
<b>Condensed Statements of Comprehensive Income for the Quarter</b>	<b>3</b>
<b>Condensed Income Statements for the Period</b>	<b>4 - 5</b>
<b>Condensed Statements of Comprehensive Income for the Period</b>	<b>6</b>
<b>Condensed Statements of Financial Position</b>	<b>7 - 8</b>
<b>Condensed Statements of Changes in Net Asset Value</b>	<b>9 - 12</b>
<b>Condensed Consolidated Statement of Cash Flows</b>	<b>13 - 14</b>
<b>Notes to the Interim Financial Report</b>	<b>15 - 27</b>

**YTL HOSPITALITY REIT****INTERIM FINANCIAL REPORT**

Interim financial report on results for the financial period ended 31 December 2018.

The figures have not been audited.

**CONDENSED INCOME STATEMENTS FOR THE QUARTER**

	<b>GROUP</b>		<b>TRUST</b>	
	<b>CURRENT</b>	<b>PRECEDING</b>	<b>CURRENT</b>	<b>PRECEDING</b>
	<b>YEAR</b>	<b>YEAR</b>	<b>YEAR</b>	<b>YEAR</b>
	<b>CORRESPONDING</b>	<b>CORRESPONDING</b>	<b>CORRESPONDING</b>	<b>CORRESPONDING</b>
	<b>QUARTER</b>	<b>QUARTER</b>	<b>QUARTER</b>	<b>QUARTER</b>
	<b>31.12.2018</b>	<b>31.12.2017</b>	<b>31.12.2018</b>	<b>31.12.2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
NET REVENUE	132,466	134,673	33,547	30,994
PROPERTY OPERATING EXPENSES	(63,143)	(66,956)	(1,748)	(1,667)
NET PROPERTY INCOME	69,323	67,717	31,799	29,327
FINANCE INCOME	466	350	27,632	27,625
OTHER INCOME	363	399	-	(47)
MANAGER'S FEES	(2,580)	(2,415)	(2,580)	(2,415)
TRUSTEE'S FEES	(359)	(318)	(359)	(318)
DEPRECIATION	(19,764)	(20,691)	-	-
ADMINISTRATION EXPENSES	(4,289)	(1,082)	(1,010)	(165)
FINANCE COSTS	(22,069)	(19,870)	(22,047)	(19,848)
INCOME BEFORE UNREALISED ITEMS	21,091	24,090	33,435	34,159
UNREALISED ITEM: - Unrealised gain/(loss) on foreign exchange	14,507	49,049	(717)	(16,809)
PROFIT BEFORE TAX	35,598	73,139	32,718	17,350

**YTL HOSPITALITY REIT**

**INTERIM FINANCIAL REPORT**

**CONDENSED INCOME STATEMENTS FOR THE QUARTER – continued**

	<b>GROUP</b>		<b>TRUST</b>	
	<b>CURRENT YEAR QUARTER 31.12.2018 RM'000</b>	<b>PRECEDING YEAR CORRESPONDING QUARTER 31.12.2017 RM'000</b>	<b>CURRENT YEAR QUARTER 31.12.2018 RM'000</b>	<b>PRECEDING YEAR CORRESPONDING QUARTER 31.12.2017 RM'000</b>
PROFIT BEFORE TAX	35,598	73,139	32,718	17,350
INCOME TAX EXPENSE	(1,138)	(616)	(392)	(214)
PROFIT FOR THE QUARTER	34,460	72,523	32,326	17,136
DISTRIBUTION ADJUSTMENTS:				
- Depreciation	19,764	20,691	-	-
- Net income from foreign operations	(6,674)	(10,220)	-	-
- Unrealised foreign translation differences	(14,507)	(49,049)	717	16,809
INCOME AVAILABLE FOR DISTRIBUTION / TOTAL DISTRIBUTABLE INCOME	33,043	33,945	33,043	33,945
UNDISTRIBUTED DISTRIBUTABLE INCOME BROUGHT FORWARD	-	1	-	1
PROVISION FOR INCOME DISTRIBUTION	(33,043)	(33,946)	(33,043)	(33,946)
UNDISTRIBUTED DISTRIBUTABLE INCOME	-	-	-	-
<b>DISTRIBUTABLE INCOME PER UNIT (Sen)</b>	1.9387	1.9916	1.9387	1.9916
<b>GROSS DISTRIBUTION PER UNIT (Sen)</b>	1.9387	1.9917	1.9387	1.9917

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

**YTL HOSPITALITY REIT**

**INTERIM FINANCIAL REPORT**

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

	<b>GROUP</b>		<b>TRUST</b>	
	<b>CURRENT YEAR QUARTER 31.12.2018 RM'000</b>	<b>PRECEDING YEAR CORRESPONDING QUARTER 31.12.2017 RM'000</b>	<b>CURRENT YEAR QUARTER 31.12.2018 RM'000</b>	<b>PRECEDING YEAR CORRESPONDING QUARTER 31.12.2017 RM'000</b>
PROFIT FOR THE QUARTER	34,460	72,523	32,326	17,136
OTHER COMPREHENSIVE EXPENSE:-				
<i>ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO INCOME STATEMENT:-</i>				
CASH FLOW HEDGE	(510)	(788)	(510)	(788)
CURRENCY TRANSLATION DIFFERENCES	(28,136)	(102,744)	-	-
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE QUARTER	5,814	(31,009)	31,816	16,348
PROFIT FOR THE QUARTER IS MADE UP AS FOLLOWS:-				
REALISED PROFIT	39,717	44,165	33,043	33,945
UNREALISED (LOSS) / PROFIT	(5,257)	28,358	(717)	(16,809)
	34,460	72,523	32,326	17,136
Weighted average number of units ('000)	1,704,389	1,704,389	1,704,389	1,704,389
<b>EARNINGS PER UNIT (Sen)</b>	2.02	4.26	1.90	1.01

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

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

	<b>GROUP</b>		<b>TRUST</b>	
	<b>6 MONTHS ENDED</b>		<b>6 MONTHS ENDED</b>	
	<b>31.12.2018</b>	<b>31.12.2017</b>	<b>31.12.2018</b>	<b>31.12.2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
NET REVENUE	246,333	255,188	67,156	57,608
PROPERTY OPERATING EXPENSES	(120,689)	(132,353)	(3,491)	(3,113)
NET PROPERTY INCOME	125,644	122,835	63,665	54,495
FINANCE INCOME	928	701	53,781	57,011
OTHER INCOME	841	1,917	52	1,013
MANAGER'S FEES	(4,865)	(4,545)	(4,865)	(4,545)
TRUSTEE'S FEES	(706)	(627)	(706)	(627)
DEPRECIATION	(39,215)	(42,545)	-	-
ADMINISTRATION EXPENSES	(6,882)	(2,951)	(2,344)	(564)
FINANCE COSTS	(43,207)	(38,795)	(43,162)	(38,750)
INCOME BEFORE UNREALISED ITEM	32,538	35,990	66,421	68,033
UNREALISED ITEM: - Unrealised gain/(loss) on foreign exchange	15,057	47,757	690	(18,743)
PROFIT BEFORE TAX	47,595	83,747	67,111	49,290
INCOME TAX EXPENSE	(1,410)	(1,120)	(621)	(447)
PROFIT FOR THE PERIOD	46,185	82,627	66,490	48,843

**YTL HOSPITALITY REIT**

**INTERIM FINANCIAL REPORT**

**CONDENSED INCOME STATEMENTS FOR THE PERIOD – continued**

	<b>GROUP</b>		<b>TRUST</b>	
	<b>6 MONTHS ENDED</b>		<b>6 MONTHS ENDED</b>	
	<b>31.12.2018</b>	<b>31.12.2017</b>	<b>31.12.2018</b>	<b>31.12.2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
PROFIT FOR THE PERIOD	46,185	82,627	66,490	48,843
DISTRIBUTION				
ADJUSTMENTS:				
- Depreciation	39,215	42,545	-	-
- Unrealised foreign translation differences	(15,057)	(47,757)	(690)	18,743
- Net income from foreign operations	(4,543)	(9,829)	-	-
	-----	-----	-----	-----
INCOME AVAILABLE FOR DISTRIBUTION / TOTAL DISTRIBUTABLE INCOME	65,800	67,586	65,800	67,586
DISTRIBUTION PAID	(32,757)	(33,640)	(32,757)	(33,640)
PROVISION FOR INCOME DISTRIBUTION	(33,043)	(33,946)	(33,043)	(33,946)
	-----	-----	-----	-----
UNDISTRIBUTED DISTRIBUTABLE INCOME	-	-	-	-
	=====	=====	=====	=====
<b>DISTRIBUTABLE INCOME PER UNIT (Sen)</b>	<b>3.8606</b>	<b>3.9654</b>	<b>3.8606</b>	<b>3.9654</b>
	=====	=====	=====	=====
<b>GROSS DISTRIBUTION PER UNIT (Sen)</b>	<b>3.8606</b>	<b>3.9654</b>	<b>3.8606</b>	<b>3.9654</b>
	=====	=====	=====	=====

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

**YTL HOSPITALITY REIT**

**INTERIM FINANCIAL REPORT**

**CONDENSED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD**

	<b>GROUP</b>		<b>TRUST</b>	
	<b>6 MONTHS ENDED</b>		<b>6 MONTHS ENDED</b>	
	<b>31.12.2018</b>	<b>31.12.2017</b>	<b>31.12.2018</b>	<b>31.12.2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
PROFIT FOR THE PERIOD	46,185	82,627	66,490	48,843
OTHER COMPREHENSIVE INCOME/(EXPENSE):-				
<i>ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO INCOME STATEMENT:-</i>				
CASH FLOW HEDGE	(565)	1,782	(565)	1,782
CURRENCY TRANSLATION DIFFERENCES	(25,723)	(102,903)	-	-
	-----	-----	-----	-----
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	19,897	(18,494)	65,925	50,625
	=====	=====	=====	=====
PROFIT FOR THE PERIOD IS MADE UP AS FOLLOWS:-				
REALISED PROFIT	70,343	77,415	65,800	67,586
UNREALISED (LOSS) / PROFIT	(24,158)	5,212	690	(18,743)
	-----	-----	-----	-----
	46,185	82,627	66,490	48,843
	=====	=====	=====	=====
<b>EARNINGS PER UNIT (Sen)</b>	2.71	4.85	3.90	2.87
	=====	=====	=====	=====

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



**YTL HOSPITALITY REIT****INTERIM FINANCIAL REPORT****CONDENSED STATEMENTS OF FINANCIAL POSITION**

	<b>GROUP</b>		<b>TRUST</b>	
	<b>UNAUDITED AS AT 31.12.2018 RM'000</b>	<b>AUDITED AS AT 30.06.2018 RM'000</b>	<b>UNAUDITED AS AT 31.12.2018 RM'000</b>	<b>AUDITED AS AT 30.06.2018 RM'000</b>
<b>ASSETS</b>				
Non-current Assets				
Investment properties	2,604,604	2,371,618	2,079,000	2,079,000
Property, plant and equipment	1,897,301	1,947,753	-	-
Investment in subsidiaries	-	-	499,331	401,037
Amount due from subsidiaries	-	-	1,348,074	1,232,840
Deferred tax assets	2,872	2,550	-	-
	-----	-----	-----	-----
	4,504,777	4,321,921	3,926,405	3,712,877
	-----	-----	-----	-----
Current Assets				
Inventories	763	707	-	-
Trade and other receivables	48,331	33,570	10,460	7,916
Amount due from subsidiaries	-	-	122,492	126,351
Deposits with licensed financial institutions	44,941	45,754	740	1,350
Cash at banks	85,744	109,703	2,628	135
	-----	-----	-----	-----
	179,779	189,734	136,320	135,752
	-----	-----	-----	-----
<b>TOTAL ASSETS</b>	<b>4,684,556</b>	<b>4,511,655</b>	<b>4,062,725</b>	<b>3,848,629</b>
	=====	=====	=====	=====
<b>UNITHOLDERS' FUNDS</b>				
Unitholders' capital	1,690,806	1,690,806	1,690,806	1,690,806
Undistributed income	83,916	103,531	424,380	423,690
Reserves	897,886	924,174	(10,120)	(9,555)
	-----	-----	-----	-----
<b>Net Asset Value</b>	<b>2,672,608</b>	<b>2,718,511</b>	<b>2,105,066</b>	<b>2,104,941</b>
	-----	-----	-----	-----

(THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK)

**YTL HOSPITALITY REIT**

**INTERIM FINANCIAL REPORT**

**CONDENSED STATEMENTS OF FINANCIAL POSITION – continued**

	<b>GROUP</b>		<b>TRUST</b>	
	<b>UNAUDITED AS AT 31.12.2018 RM'000</b>	<b>AUDITED AS AT 30.06.2018 RM'000</b>	<b>UNAUDITED AS AT 31.12.2018 RM'000</b>	<b>AUDITED AS AT 30.06.2018 RM'000</b>
<b>LIABILITIES</b>				
Non-current Liabilities				
Borrowings	1,892,885	1,678,164	1,177,885	963,164
Other payables	-	963	-	-
Derivative financial instruments	10,120	9,555	10,120	9,555
Amount due to a subsidiary	-	-	715,000	715,000
	<u>1,903,005</u>	<u>1,688,682</u>	<u>1,903,005</u>	<u>1,687,719</u>
Current Liabilities				
Medium Term Notes	9,792	9,530	-	-
Trade and other payables	65,764	60,234	11,641	12,472
Amount due to a subsidiary	-	-	9,970	10,004
Income tax liabilities	344	1,205	-	-
Provision for income distribution	33,043	33,493	33,043	33,493
	<u>108,943</u>	<u>104,462</u>	<u>54,654</u>	<u>55,969</u>
<b>TOTAL LIABILITIES</b>	<u>2,011,948</u>	<u>1,793,144</u>	<u>1,957,659</u>	<u>1,743,688</u>
<b>TOTAL UNITHOLDERS' FUNDS &amp; LIABILITIES</b>	<u>4,684,556</u>	<u>4,511,655</u>	<u>4,062,725</u>	<u>3,848,629</u>
Net asset value (RM'000)				
- before income distribution	2,738,408	2,852,618	2,170,866	2,239,048
- after income distribution	2,672,608	2,718,511	2,105,066	2,104,941
Number of units in circulations ('000)				
	<u>1,704,389</u>	<u>1,704,389</u>	<u>1,704,389</u>	<u>1,704,389</u>
Net asset value per unit (RM)				
- before income distribution	1.607	1.674	1.274	1.314
- after income distribution	1.568	1.595	1.235	1.235

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

**YTL HOSPITALITY REIT**

**INTERIM FINANCIAL REPORT**

**CONDENSED STATEMENTS OF CHANGES IN NET ASSET VALUE  
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2018**

<b>GROUP</b>	<b>Unitholders' Capital RM'000</b>	<b>Distributable Undistributed Realised Income RM'000</b>	<b>&lt;-----Non distributable-----&gt;</b>				<b>Total Unitholders' Funds RM'000</b>
			<b>Unrealised Loss RM'000</b>	<b>Currency Translation Reserves RM'000</b>	<b>Revaluation Reserve RM'000</b>	<b>Cash Flow Hedge Reserve RM'000</b>	
At 1 July 2018	1,690,806	202,828	(99,297)	(97,883)	1,031,612	(9,555)	2,718,511
Operations for the period							
Profit/(Loss) for the period	-	70,343	(24,158)	-	-	-	46,185
Other comprehensive expense	-	-	-	(5,582)	(20,141)	(565)	(26,288)
Increase/(Decrease) in net assets resulting from operations	-	70,343	(24,158)	(5,582)	(20,141)	(565)	19,897
Unitholders' transactions							
Distribution paid	-	(32,757)	-	-	-	-	(32,757)
Provision for income distribution	-	(33,043)	-	-	-	-	(33,043)
Decrease in net assets resulting from Unitholders' transaction	-	(65,800)	-	-	-	-	(65,800)
At 31 December 2018	1,690,806	207,371	(123,455)	(103,465)	1,011,471	(10,120)	2,672,608

**YTL HOSPITALITY REIT**

**INTERIM FINANCIAL REPORT**

**CONDENSED STATEMENTS OF CHANGES IN NET ASSET VALUE  
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2018 - continued**

	Unitholders' Capital RM'000	Distributable	<-----Non distributable----->	Cash Flow Hedge Reserve RM'000	Total Unitholders' Funds RM'000
		Undistributed Realised Income RM'000	Unrealised Income RM'000		
<b>TRUST</b>					
At 1 July 2018	1,690,806	184,699	238,991	(9,555)	2,104,941
Operations for the period					
Profit for the period	-	65,800	690	-	66,490
Other comprehensive expense	-	-	-	(565)	(565)
	-----	-----	-----	-----	-----
Increase/(Decrease) in net assets resulting from operations	-	65,800	690	(565)	65,925
Unitholders' transactions					
Distribution paid	-	(32,757)	-	-	(32,757)
Provision for income distribution	-	(33,043)	-	-	(33,043)
	-----	-----	-----	-----	-----
Decrease in net assets resulting from Unitholders' transaction	-	(65,800)	-	-	(65,800)
	-----	-----	-----	-----	-----
At 31 December 2018	1,690,806	184,699	239,681	(10,120)	2,105,066
	=====	=====	=====	=====	=====

**YTL HOSPITALITY REIT**

**INTERIM FINANCIAL REPORT**

**CONDENSED STATEMENTS OF CHANGES IN NET ASSET VALUE  
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2017**

GROUP	Unitholders' Capital RM'000	Distributable Undistributed Realised Income RM'000	<-----Non distributable----->				Total Unitholders' Funds RM'000
			Unrealised Loss RM'000	Currency Translation Reserves RM'000	Revaluation Reserve RM'000	Cash Flow Hedge Reserve RM'000	
At 1 July 2017	1,690,806	182,215	(181,136)	30,535	822,444	(13,873)	2,530,991
Operations for the period							
Profit for the period	-	77,415	5,212	-	-	-	82,627
Other comprehensive income/(expense)	-	-	-	(67,955)	(34,948)	1,782	(101,121)
Increase/(Decrease) in net assets resulting from operations	-	77,415	5,212	(67,955)	(34,948)	1,782	(18,494)
Unitholders' transactions							
Distribution paid	-	(33,640)	-	-	-	-	(33,640)
Provision for income distribution	-	(33,946)	-	-	-	-	(33,946)
Decrease in net assets resulting from Unitholders' transaction	-	(67,586)	-	-	-	-	(67,586)
At 31 December 2017	1,690,806	192,044	(175,924)	(37,420)	787,496	(12,091)	2,444,911

**YTL HOSPITALITY REIT**

**INTERIM FINANCIAL REPORT**

**CONDENSED STATEMENTS OF CHANGES IN NET ASSET VALUE  
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2017 - continued**

	<b>Unitholders' Capital RM'000</b>	<b>Distributable Undistributed Realised Income RM'000</b>	<b>&lt;-----Non distributable----&gt; Unrealised Income RM'000</b>	<b>Cash Flow Hedge Reserve RM'000</b>	<b>Total Unitholders' Funds RM'000</b>
<b>TRUST</b>					
At 1 July 2017	1,690,806	184,699	236,999	(13,873)	2,098,631
Operations for the period					
Profit/(Loss) for the period	-	67,586	(18,743)	-	48,843
Other comprehensive income	-	-	-	1,782	1,782
	-----	-----	-----	-----	-----
Increase/(Decrease) in net assets resulting from operations	-	67,586	(18,743)	1,782	50,625
Unitholders' transactions					
Distribution paid	-	(33,640)	-	-	(33,640)
Provision for income distribution	-	(33,946)	-	-	(33,946)
	-----	-----	-----	-----	-----
Decrease in net assets resulting from Unitholders' transaction	-	(67,586)	-	-	(67,586)
	-----	-----	-----	-----	-----
At 31 December 2017	1,690,806	184,699	218,256	(12,091)	2,081,670
	=====	=====	=====	=====	=====

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

**YTL HOSPITALITY REIT****INTERIM FINANCIAL REPORT****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2018**

	<b>6 MONTHS ENDED</b>	
	<b>31.12.2018</b>	<b>31.12.2017</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	47,595	83,747
Adjustments for:-		
Amortisation of transaction costs	1,122	3,001
Depreciation of property, plant and equipment	39,215	42,545
Interest income	(928)	(701)
Interest expense	41,707	35,386
Loss on disposal of property, plant and equipment	2,329	104
Unrealised gain on foreign currency exchange	(15,057)	(47,757)
	-----	-----
Operating profit before changes in working capital	115,983	116,325
Net changes in current assets	(15,050)	(31,564)
Net changes in current liabilities	5,475	19,324
	-----	-----
Cash generated from operations	106,408	104,085
Income tax paid	(2,620)	(864)
	-----	-----
Net cash from operating activities	103,788	103,221
	-----	-----
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	928	255
Acquisition of property, plant and equipment	(28,829)	(2,484)
Acquisition of investment property (note a)	(220,190)	(380,000)
Proceed from disposal of equipment	20	45
	-----	-----
Net cash used in investing activities	(248,071)	(382,184)
	-----	-----

**YTL HOSPITALITY REIT**

**INTERIM FINANCIAL REPORT**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2018 - continued**

	<b>6 MONTHS ENDED</b>	
	<b>31.12.2018</b>	<b>31.12.2017</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(41,707)	(35,386)
Distribution paid	(66,250)	(66,545)
Transaction costs paid	(1,656)	(1,360)
Net proceed of borrowings	230,356	383,200
	-----	-----
Net cash from/(used in) financing activities	120,743	279,909
	-----	-----
Net (decrease)/increase in cash and cash equivalents	(23,540)	946
Effect on exchange rate changes	(1,232)	(6,841)
Cash and cash equivalents at beginning of financial period	155,457	142,462
	-----	-----
Cash and cash equivalents at end of financial period (note a)	130,685	136,567
	=====	=====

**Note (a)**

Cash and cash equivalents

	<b>As At</b>	<b>As At</b>
	<b>31.12.2018</b>	<b>31.12.2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Deposits with licensed financial institutions	44,941	20,174
Cash at banks	85,744	116,393
	-----	-----
	130,685	136,567
	=====	=====
Analysis of acquisition of investment property:-		
Cash	24,353	-
Borrowings	195,837	380,000
	-----	-----
	220,190	380,000
	=====	=====

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



## **YTL HOSPITALITY REIT**

### **INTERIM FINANCIAL REPORT**

**Notes :**

#### **Disclosure requirement pursuant to MFRS 134**

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

#### **A1. Accounting Policies and Methods of Computation**

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

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

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

#### **A2. Seasonality or Cyclicity of Operations**

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

#### **A3. Unusual Items**

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

#### **A4. Changes in estimates of amounts reported**

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

#### **A5. Changes in Debt and Equity Securities**

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

# YTL HOSPITALITY REIT

## INTERIM FINANCIAL REPORT

Notes : - continued

### A6. Income Distribution

The following distribution payment (which was tax exempt at the Trust level under the amended Section 61A, Income Tax Act, 1967) was made during the financial period ended 31 December 2018:-

	<b>RM'000</b>
In respect of the three months ended 30 June 2018:- A final distribution of 1.9651 sen per unit each paid on 30 August 2018	33,493
In respect of the three months ended 30 September 2018:- A final distribution of 1.9219 sen per unit each paid on 28 December 2018	32,757
	-----
	66,250
	=====

### A7. Segment Information

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

	<b>&lt; ---Property rental--- &gt;</b>		<b>&lt; --Hotel-- &gt;</b>	
	<b>Malaysia</b>	<b>Japan</b>	<b>Australia</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
External revenue	67,156	11,222	167,955	246,333
Operating expenses	(3,491)	(2,582)	(114,616)	(120,689)
	-----	-----	-----	-----
Net property income	63,665	8,640	53,339	125,644
	-----	-----	-----	
Finance income				928
Other income				841
Unrealised gain on foreign exchange				15,057
				-----
Total income				142,470
Trust and administration expenses				(12,453)
Depreciation				(39,215)
Finance costs				(43,207)
				-----
Profit before tax				47,595
				=====
Total assets	2,092,680	529,535	2,062,341	4,684,556
	=====	=====	=====	=====

# YTL HOSPITALITY REIT

## INTERIM FINANCIAL REPORT

Notes : - continued

### A7. Segment Information - continued

The Group's segmental result for the financial period ended 31 December 2017 is as follows:-

	< ---Property rental--->		< --Hotel-- >	Total
	Malaysia	Japan	Australia	Total
	RM'000	RM'000	RM'000	RM'000
External revenue	57,608	8,160	189,420	255,188
Operating expenses	(3,113)	(2,220)	(127,020)	(132,353)
Net property income	54,495	5,940	62,400	122,835
Finance income				701
Other income				1,917
Unrealised gain on foreign exchange				47,757
Total income				173,210
Trust and administration expenses				(8,123)
Depreciation				(42,545)
Finance costs				(38,795)
Profit before tax				83,747
Total assets	2,084,254	281,644	1,941,082	4,306,980

### A8. Subsequent Events

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

### A9. Changes in the Composition of the Group

There was no change in the composition of the Group and of the Trust for the current financial period ended 31 December 2018 and the fund size stood at 1,704,388,889.

### A10. Changes in Contingent Liabilities

There were no contingent liabilities to be disclosed.

## YTL HOSPITALITY REIT

### INTERIM FINANCIAL REPORT

Notes :

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

#### B1. Review of Performance

##### Comparison with Preceding Year Corresponding Quarter

	<b>Current Quarter 31.12.2018 RM'000</b>	<b>Preceding Year Corresponding Quarter 31.12.2017 RM'000</b>	<b>Changes %</b>
Revenue	132,466	134,673	(1.64)
Net Property Income	69,323	67,717	2.37
Profit Before Tax	35,598	73,139	(51.33)
Income Available For Distribution	33,043	33,945	(2.66)

The income available for distribution in the current financial quarter of RM33.043 million, represented a slight decrease of 2.66% as compared to RM33.945 million recorded in the preceding year corresponding quarter.

For the current financial quarter ended 31 December 2018, Group revenue decreased by 1.64% while net property income increased by 2.37%, respectively as compared to the preceding year corresponding quarter.

Australian Properties contributed 69.38% of total revenue, or RM91.908 million in the current financial quarter. Australian Properties recorded lower revenue and net property income in the current financial quarter due substantially to the refurbishment exercise at Brisbane Marriott in the current financial quarter and also the weakening of Australian Dollar against Ringgit Malaysia which translated the revenue and net property income in Australian Dollar to a lower value in Ringgit Malaysia. As a result, the revenue was 7.72% lower as compared to RM99.601 million recorded in the preceding year corresponding quarter. Net property income contributed by the Australian Properties was RM31.899 million, a decrease of 10.66% as compared to RM35.706 million recorded in the preceding year corresponding quarter due to the refurbishment exercise mentioned above.

Malaysian Properties contributed 25.33% of total revenue, or RM33.547 million in the current financial quarter, 8.24% higher as compared to RM30.994 million recorded in the preceding year corresponding quarter. Net property income for Malaysian Properties was RM31.799 million, an increase of 8.43% from RM29.327 million recorded in the preceding year corresponding quarter. The increase in revenue and net property income was mainly contributed by The Majestic Hotel Kuala Lumpur which was acquired in November 2017. Step-up lease rental income of 5% every five years from the commencement of lease agreement for JW Marriott Hotel Kuala Lumpur also contributed to the increase in revenue and net property income.

## YTL HOSPITALITY REIT

### INTERIM FINANCIAL REPORT

Notes : - continued

#### B1. Review of Performance - continued

Japanese Properties contributed 5.29% of total revenue, or RM7.011 million in the current financial quarter, 71.92% higher as compared to RM 4.078 million recorded in the preceding year corresponding quarter. The increase in revenue was mainly due to the acquisition of The Green Leaf Niseko Village in September 2018. Net property income for the current quarter was RM5.625 million, an increase of 109.58% from RM 2.684 million recorded in the preceding year corresponding quarter due to the said acquisition.

The Group recorded a profit before tax of RM35.598 million for the current financial quarter ended 31 December 2018, a decrease of 51.33%, as compared to a profit before tax of RM73.139 million recorded in the preceding year corresponding quarter. The preceding year corresponding quarter recorded a higher unrealised foreign currency translation gain of RM49.049 million on the Australian Dollar denominated term loan as compared to RM14.507 million gain recorded in the current financial quarter.

#### Comparison with Preceding Year Corresponding Period

	<b>Current Year To Date 31.12.2018 RM'000</b>	<b>Preceding Year Corresponding Period 31.12.2017 RM'000</b>	<b>Changes %</b>
Revenue	246,333	255,188	(3.47)
Net Property Income	125,644	122,835	2.29
Profit Before Tax	47,595	83,747	(43.17)
Income Available For Distribution	65,800	67,586	(2.64)

The income available for distribution in the current financial period of RM65.800 million, represented a slight decrease of 2.64% as compared to RM67.586 million recorded in the preceding year corresponding period.

For the current financial period ended 31 December 2018, Group revenue decreased by 3.47% while net property income increased by 2.29%, respectively as compared to the preceding year corresponding period.

Australian Properties contributed 68.18% of total revenue, or RM167.955 million in the current financial period, 11.33% lower as compared to RM189.420 million recorded in the preceding year corresponding period. Net property income for Australian Properties was RM53.339 million, a decrease of 14.52% as compared to RM62.400 million recorded in the preceding year corresponding period. The decrease in revenue and net property income in the current financial period were due substantially to the reasons set out above.

Malaysian Properties contributed 27.26% of total revenue, or RM67.156 million in the current financial period, 16.57% higher as compared to RM57.608 million recorded in the preceding year corresponding period. Net property income for Malaysian Properties was RM63.665 million, an increase of 16.83% from RM54.495 million recorded in the preceding year corresponding period. The increase in revenue and net property income were mainly due to the reasons set out above.

## YTL HOSPITALITY REIT

### INTERIM FINANCIAL REPORT

Notes : - continued

#### B1. Review of Performance – continued

Hilton Niseko Village contributed 4.56% of total revenue, or RM11.222 million in the current financial period, 37.52% higher than that recorded in the preceding year corresponding period. Net property income for the current period was RM8.640 million, an increase of 45.45% from RM5.940 million recorded in the preceding year corresponding period. The increase in revenue and net property income were mainly due to the reasons set out above.

The Group recorded a profit before tax of RM47.595 million for the current financial period ended 31 December 2018, a decrease of 43.17%, as compared to a profit before tax of RM83.747 million recorded in the preceding year corresponding period. The preceding year corresponding period recorded a higher unrealised foreign currency translation gain of RM47.757 million on the Australian Dollar denominated term loan as compared to RM15.057 million gain recorded in the current financial period.

#### B2. Comparison with Preceding Quarter

	<b>Current Quarter 31.12.2018 RM'000</b>	<b>Preceding Quarter 30.09.2018 RM'000</b>	<b>Changes %</b>
Revenue	132,466	113,867	16.33
Net Property Income	69,323	56,321	23.09
Profit Before Tax	35,598	11,997	196.72
Income Available For Distribution	33,043	32,757	0.87

The income available for distribution in the current financial quarter recorded at RM33.043 million, represented a slight increase of 0.87% as compared to RM32.757 million recorded in the preceding quarter.

For the current financial quarter, Group revenue and net property income increased by 16.33% and 23.09%, respectively as compared to the preceding quarter ended 30 September 2018.

Revenue and net property income from Australian Properties at RM91.908 million and RM31.899 million, respectively in the current financial quarter increased 20.86% and 48.78%, respectively as compared to RM76.047 million and RM21.440 million, respectively recorded in the preceding quarter. The Australian portfolio generated higher revenue and net property income during the festive season in the current financial quarter ended 31 December 2018.

Revenue and net property income from Malaysian Properties at RM33.547 million and RM31.799 million respectively, approximate to that in the preceding quarter of RM33.609 million and RM31.866 million, respectively.

For the current financial quarter, Japanese Properties recorded a revenue of RM7.011 million representing an increase of 66.49% whilst net property income was RM5.625 million, representing an increase of 86.57% as compared to the revenue and net property income recorded in the preceding quarter of RM4.211 million and RM3.015 million, respectively due to the reasons set out in Note B1.

## YTL HOSPITALITY REIT

### INTERIM FINANCIAL REPORT

Notes : - continued

#### B2. Comparison with Preceding Quarter - continued

The Group's profit before tax for the current financial quarter ended 31 December 2018 increased by RM23.601 million as compared to the preceding quarter ended 30 September 2018. The following factors contributed to the increase:

- (i) an unrealised foreign currency translation gain of RM14.507 million on the foreign currencies denominated term loans was recognised in the current quarter;
- (ii) additional net property income of RM13.002 million contributed by the Australian Properties and The Green Leaf Niseko Village in the current quarter; set off by
- (iii) additional financing and incidental costs incurred in the acquisition of The Green Leaf Niseko Village.

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

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

#### B4. Portfolio Composition

As at 31 December 2018, YTL Hospitality REIT's composition of investment portfolio is as follows:-

	<b>Fair Value As At 31.12.2018 RM'000</b>	<b>% of total investment %</b>
<b><u>Real Estate - Commercial</u></b>		
<b><u>Malaysian Properties</u></b>		
(i) JW Marriott Hotel Kuala Lumpur	424,000	9
(ii) The Majestic Hotel Kuala Lumpur	385,000	9
(iii) The Ritz-Carlton, Kuala Lumpur - Hotel Wing	343,000	8
(iv) The Ritz-Carlton, Kuala Lumpur - Suite Wing	306,000	7
(v) Vistana Kuala Lumpur Titiwangsa	136,000	3
(vi) Vistana Penang Bukit Jambul	118,000	3
(vii) Pangkor Laut Resort	117,000	3
(viii) Tanjong Jara Resort	102,000	2
(ix) Vistana Kuantan City Centre	88,000	2
(x) Cameron Highlands Resort	60,000	1
<b><u>Japanese Properties</u></b>		
(xi) Hilton Niseko Village*	300,550	7
(xii) The Green Leaf Niseko Village*	225,054	5
<b><u>Australian Properties</u></b>		
(xiii) Sydney Harbour Marriott^	1,416,197	31
(xiv) Brisbane Marriott^	256,629	5
(xv) Melbourne Marriott^	224,475	5
	-----	-----
Total	4,501,905	100
	=====	=====

Note :

\* Translated on 31 December 2018 at the exchange rate of JPY100 : RM3.7475

^ Translated on 31 December 2018 at the exchange rate of AUD1 : RM2.9228

## YTL HOSPITALITY REIT

### INTERIM FINANCIAL REPORT

Notes : - continued

#### B4. Portfolio Composition - continued

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

#### B5. Change in Net Asset Value (“NAV”)

The total NAV and NAV per unit of the Group as at 31 December 2018 were RM2,672,608,000 and RM1.5681, respectively. The decrease in total NAV was mainly due to the unrealised loss items recorded in respect of the investments in the Japanese and Australian subsidiaries. The unrealised loss items, which are non-distributable, include depreciation and foreign translation differences.

	<b>Current Quarter 31.12.2018</b>	<b>Preceding Quarter 30.09.2018</b>
NAV (RM'000)	2,672,608	2,699,837
Number of units in circulations ('000)	1,704,389	1,704,389
NAV per unit (after distribution) (RM)	1.5681	1.5840
NAV per unit (before distribution) (RM)	1.6067	1.6033

#### B6. Status of property development activities

There were no property development activities during the current financial quarter ended 31 December 2018.

#### B7. Prospects

The Manager, after considering the strength of the real estate portfolio invested, expects the Group to achieve satisfactory performance for the financial year ending 30 June 2019.

#### B8. Profit forecast

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

#### B9. Utilisation of Proceeds Raised from Issuance of New Units

There was no issuance of new units during the current financial period ended 31 December 2018.

#### B10. Material Litigation

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



## YTL HOSPITALITY REIT

### INTERIM FINANCIAL REPORT

Notes : - continued

#### B11. Maintenance Costs and Major Capital Expenditure

During the financial period ended 31 December 2018, the Australian Properties incurred RM28,829,000 (AUD9,623,000) for the refurbishment works.

#### B12. Taxation

Taxation comprises the following:-

	<b>Current Quarter 31.12.2018 RM'000</b>	<b>Year To Date 31.12.2018 RM'000</b>
Malaysian income tax	29	49
Foreign income tax	1,401	1,743
Deferred tax	(292)	(382)
	-----	-----
	1,138	1,410
	=====	=====

#### Trust level

It is the policy of the Trust to distribute at least 90% of the total income to unitholders for each financial year. Income of the Trust shall be exempted from tax if it distributes 90% or more of its taxable income for that year of assessment, in accordance with the amended Section 61A, Income Tax Act, 1967, thus no Malaysian income tax is payable by the Trust for the financial period ended 31 December 2018.

#### Unitholders' level

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

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

(THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK)

## YTL HOSPITALITY REIT

### INTERIM FINANCIAL REPORT

Notes : - continued

#### B13. Corporate Development

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

#### B14. Borrowings and Debt Securities

The Group's borrowings as at 31 December 2018 are as follows:-

	Short term RM'000	Long term RM'000	Total RM'000
Term Loan – secured	-	1,182,555	1,182,555
Medium Term Notes - secured	10,000	715,000	725,000
	-----	-----	-----
Total borrowings	10,000	1,897,555	1,907,555
Capitalised transaction costs	(208)	(4,670)	(4,878)
	-----	-----	-----
	9,792	1,892,885	1,902,677
	=====	=====	=====
Total Assets			4,684,556
			=====
Gearing ratio (%)			40.72
			=====

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

	Foreign currency '000	RM equivalents RM'000
Australian Dollar^	335,344	980,143
Japanese Yen*	5,401,250	202,412
		-----
		1,182,555
		=====

Note :

^ Translated on 31 December 2018 at the exchange rate of AUD1 : RM2.9228

\* Translated on 31 December 2018 at the exchange rate of JPY100 : RM3.7475

During the current financial period, the Group raised a borrowing in Japanese Yen equivalent to RM202.412 million to finance the acquisition of The Green Leaf Niseko Village.

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

## YTL HOSPITALITY REIT

### INTERIM FINANCIAL REPORT

Notes : - continued

#### B15. Derivative Financial Instruments

The Group's outstanding derivatives as at 31 December 2018 were as follows:-

Type of Derivative	Contract/ Notional Value RM'000	Fair Value RM'000
Interest rate swap contracts		
- 1 to 5 years	944,114 <sup>^</sup>	(10,120)
	=====	=====

Note :

<sup>^</sup> Translated on 31 December 2018 at the exchange rate of AUD1 : RM2.9228

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

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

The fair value of interest rate swap recognised in other comprehensive income for the current financial quarter and financial period amounted to losses of RM0.510 million and RM0.565 million, respectively.

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

#### B16. Income Distribution

The Board of Pintar Projek Sdn. Bhd. has declared an interim distribution of 1.9387 sen per unit of which 1.7387 sen is taxable and 0.2000 sen is not taxable in the hands of unitholders, totalling RM33,042,987 (which is tax exempt at the Trust level under the amended Section 61A of the Income Tax Act 1967), representing approximately 100% of the total distributable income for the financial quarter ended 31 December 2018.

The total income distribution paid and declared for the financial period ended 31 December 2018 is 3.8606 sen per unit, totalling RM65,799,637 and representing approximately 100% of the total distributable income. The book closure and payment dates in respect of the interim distribution will be fixed on 13 and 29 March 2019, respectively.

**YTL HOSPITALITY REIT**

**INTERIM FINANCIAL REPORT**

Notes : - continued

**B16. Income Distribution - continued**

The interim income distribution is from the following sources:-

	<b>Current Year Quarter 31.12.2018 RM'000</b>	<b>Preceding Year Corresponding Quarter 31.12.2017 RM'000</b>	<b>Current Year To Date 31.12.2018 RM'000</b>	<b>Preceding Year To Date 31.12.2017 RM'000</b>
Net property income	69,323	67,717	125,644	122,835
Other income	15,336	49,798	16,826	50,375
Expenses	(49,061)	(44,376)	(94,875)	(89,463)
	-----	-----	-----	-----
Profit before tax	35,598	73,139	47,595	83,747
Income tax expense	(1,138)	(616)	(1,410)	(1,120)
	-----	-----	-----	-----
Profit after taxation	34,460	72,523	46,185	82,627
Distribution adjustments	(1,417)	(38,578)	19,615	(15,041)
	-----	-----	-----	-----
Realised income for the quarter	33,043	33,945	65,800	67,586
Total undistributed realised income brought forward	184,699	184,700	184,699	184,699
	-----	-----	-----	-----
Total realised income available for distribution	217,742	218,645	250,499	252,285
Less: Income distribution	(33,043)	(33,946)	(65,800)	(67,586)
	-----	-----	-----	-----
Balance undistributed realised income	184,699	184,699	184,699	184,699
	=====	=====	=====	=====

**YTL HOSPITALITY REIT**  
**INTERIM FINANCIAL REPORT**

Notes : - continued

**B16. Income Distribution - continued**

	<b>Current Year To Date 31.12.2018 RM'000</b>	<b>Preceding Year To Date 31.12.2017 RM'000</b>
Distribution per unit (sen)		
- first interim	1.9219	1.9737
- second interim	1.9387	1.9917
	-----	-----
Total income distribution per unit (sen)	3.8606	3.9654
	=====	=====

(THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK)

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

Kuala Lumpur  
Dated: 27 February 2019