

YTL HOSPITALITY REIT

Established in Malaysia

**Interim Financial Report
30 September 2015**

YTL HOSPITALITY REIT

Interim Financial Report 30 September 2015

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YTL HOSPITALITY REIT**INTERIM FINANCIAL REPORT**

Interim financial report on consolidated results for the financial period ended 30 September 2015.

The figures have not been audited.

CONDENSED INCOME STATEMENTS FOR THE PERIOD

	GROUP		TRUST	
	CURRENT	PRECEDING	CURRENT	PRECEDING
	YEAR	YEAR	YEAR	YEAR
	CORRESPONDING	CORRESPONDING	CORRESPONDING	CORRESPONDING
	QUARTER	QUARTER	QUARTER	QUARTER
	30.09.2015	30.09.2014	30.09.2015	30.09.2014
	RM'000	RM'000	RM'000	RM'000
NET REVENUE	97,416	102,303	24,508	24,508
PROPERTY OPERATING EXPENSES	(53,247)	(54,831)	(1,373)	(1,383)
NET PROPERTY INCOME	44,169	47,472	23,135	23,125
OTHER INCOME	1,642	1,237	26,598	25,323
MANAGER'S FEES	(1,756)	(1,770)	(1,756)	(1,770)
TRUSTEE'S FEES	(262)	(246)	(262)	(246)
ADMINISTRATION EXPENSES	(19,642)	(18,463)	(131)	(440)
FINANCE COSTS	(20,158)	(19,442)	(20,158)	(19,442)
INCOME BEFORE UNREALISED ITEM	3,993	8,788	27,426	26,550
UNREALISED ITEM: - Unrealised (loss)/gain on foreign exchange	(55,250)	(225)	54,748	(70,057)
(LOSS)/PROFIT BEFORE TAX	(51,257)	8,563	82,174	(43,507)
INCOME TAX EXPENSE	(410)	(839)	(214)	(181)
(LOSS)/PROFIT FOR THE PERIOD	(51,667)	7,724	81,960	(43,688)

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

CONDENSED INCOME STATEMENTS FOR THE PERIOD - continued

	GROUP		TRUST	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER
	30.09.2015	30.09.2014	30.09.2015	30.09.2014
	RM'000	RM'000	RM'000	RM'000
(LOSS)/PROFIT FOR THE PERIOD	(51,667)	7,724	81,960	(43,688)
DISTRIBUTION ADJUSTMENTS:				
- Depreciation	18,223	16,895	-	-
- Unrealised foreign translation differences	55,250	225	(54,748)	70,057
- Net income not distributed from foreign operations	5,406	1,525	-	-
	-----	-----	-----	-----
INCOME AVAILABLE FOR DISTRIBUTION / TOTAL DISTRIBUTABLE INCOME	27,212	26,369	27,212	26,369
PROVISION FOR INCOME DISTRIBUTION	(25,395)	(25,395)	(25,395)	(25,395)
	-----	-----	-----	-----
UNDISTRIBUTED DISTRIBUTABLE INCOME	1,817	974	1,817	974
	=====	=====	=====	=====
DISTRIBUTABLE INCOME PER UNIT (Sen)	2.0547	1.9910	2.0547	1.9910
	=====	=====	=====	=====
GROSS DISTRIBUTION PER UNIT (Sen)	1.9175	1.9175	1.9175	1.9175
	=====	=====	=====	=====

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The Condensed Income Statements should be read in conjunction with the audited annual financial statements for the year ended 30 June 2015 and the accompanying explanatory notes attached to the interim financial statements.

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

CONDENSED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD

	GROUP		TRUST	
	CURRENT YEAR QUARTER 30.09.2015 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.09.2014 RM'000	CURRENT YEAR QUARTER 30.09.2015 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.09.2014 RM'000
(LOSS)/PROFIT FOR THE PERIOD	(51,667)	7,724	81,960	(43,688)
OTHER COMPREHENSIVE INCOME/(EXPENSE):				
CURRENCY TRANSLATION DIFFERENCES	161,863	(92,401)	-	-
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD	110,196	(84,677)	81,960	(43,688)
(LOSS)/PROFIT FOR THE PERIOD IS MADE UP AS FOLLOWS :-				
REALISED PROFIT	21,806	24,844	27,212	26,369
UNREALISED (LOSS)/PROFIT	(73,473)	(17,120)	54,748	(70,057)
	(51,667)	7,724	81,960	(43,688)
(LOSS)/EARNINGS PER UNIT (Sen)	(3.90)	0.58	6.19	(3.30)

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The Condensed Statements of Comprehensive Income should be read in conjunction with the audited annual financial statements for the year ended 30 June 2015 and the accompanying explanatory notes attached to the interim financial statements.

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

CONDENSED STATEMENTS OF FINANCIAL POSITION

	GROUP		TRUST	
	UNAUDITED AS AT 30.09.2015 RM'000	AUDITED AS AT 30.06.2015 RM'000	UNAUDITED AS AT 30.09.2015 RM'000	AUDITED AS AT 30.06.2015 RM'000
ASSETS				
Non-current Assets				
Investment properties	1,810,872	1,764,714	1,532,000	1,532,000
Property, plant and equipment	1,602,910	1,506,976	-	-
Investment in subsidiaries	-	-	344,792	344,792
Amount due from subsidiaries	-	-	1,284,195	1,179,671
Deferred tax assets	3,743	3,355	-	-
	-----	-----	-----	-----
	3,417,525	3,275,045	3,160,987	3,056,463
	-----	-----	-----	-----
Current Assets				
Inventories	831	850	-	-
Trade and other receivables	31,643	28,008	7,049	2,872
Amount due from subsidiaries	-	-	90,003	99,384
Deposits with licensed financial institutions	46,786	56,391	19,725	14,025
Bank balances	69,543	70,378	114	2,070
	-----	-----	-----	-----
	148,803	155,627	116,891	118,351
	-----	-----	-----	-----
TOTAL ASSETS	3,566,328	3,430,672	3,277,878	3,174,814
	=====	=====	=====	=====
UNITHOLDERS' FUNDS				
Unitholders' capital	1,291,395	1,291,395	1,291,395	1,291,395
Undistributed income	169,147	246,209	334,398	277,833
Currency translation reserves	(36,641)	(168,388)	-	-
Revaluation reserve	443,495	413,379	-	-
	-----	-----	-----	-----
Net Asset Value	1,867,396	1,782,595	1,625,793	1,569,228
	-----	-----	-----	-----
LIABILITIES				
Non-current Liabilities				
Borrowing	1,622,103	1,564,898	1,622,103	1,564,898
Other payables	-	1,967	-	-
	-----	-----	-----	-----
	1,622,103	1,566,865	1,622,103	1,564,898
	-----	-----	-----	-----
Current Liabilities				
Trade and other payables	50,033	49,333	4,587	9,885
Income tax liabilities	1,401	1,076	-	-
Provision for income distribution	25,395	30,803	25,395	30,803
	-----	-----	-----	-----
	76,829	81,212	29,982	40,688
	-----	-----	-----	-----
TOTAL LIABILITIES	1,698,932	1,648,077	1,652,085	1,605,586
	-----	-----	-----	-----
TOTAL UNITHOLDERS' FUNDS & LIABILITIES	3,566,328	3,430,672	3,277,878	3,174,814
	=====	=====	=====	=====

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

	GROUP		TRUST	
	UNAUDITED AS AT 30.09.2015 RM'000	AUDITED AS AT 30.06.2015 RM'000	UNAUDITED AS AT 30.09.2015 RM'000	AUDITED AS AT 30.06.2015 RM'000
Net asset value (RM'000)	1,867,396 =====	1,782,595 =====	1,625,793 =====	1,569,228 =====
Number of units in circulations ('000)	1,324,389 =====	1,324,389 =====	1,324,389 =====	1,324,389 =====
Net asset value per unit (RM)				
- before income distribution	1.429	1.426	1.247	1.265
- after income distribution	1.410 =====	1.346 =====	1.228 =====	1.185 =====

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The Condensed Statements of Financial Position should be read in conjunction with the audited annual financial statements for the year ended 30 June 2015 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 30 SEPTEMBER 2015**

GROUP	Unitholders' Capital RM'000	Distributable Undistributed Realised Income RM'000	<-----Non distributable----->			Total Unitholders' Funds RM'000
			Unrealised Income/(Loss) RM'000	Currency Translation Reserves RM'000	Revaluation Reserve RM'000	
At 1 July 2015	1,291,395	186,525	59,684	(168,388)	413,379	1,782,595
Operations for the period						
Profit/(Loss) for the period	-	21,806	(73,473)	-	-	(51,667)
Other comprehensive income						
Currency translation differences	-	-	-	131,747	30,116	161,863

Increase/(Decrease) in net assets resulting from operations	-	21,806	(73,473)	131,747	30,116	110,196
Unitholders' transactions						
Provision for income distribution	-	(25,395)	-	-	-	(25,395)

Decrease in net assets resulting from Unitholders' transaction	-	(25,395)	-	-	-	(25,395)

At 30 September 2015	1,291,395	182,936	(13,789)	(36,641)	443,495	1,867,396
=====						

YTL HOSPITALITY REIT**INTERIM FINANCIAL REPORT****CONDENSED STATEMENTS OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015 - continued**

		Distributable	Non	
		Undistributed	distributable	
TRUST	Unitholders’ Capital RM’000	Realised Income RM’000	Unrealised Income RM’000	Unitholders’ Funds RM’000
At 1 July 2015	1,291,395	184,696	93,137	1,569,228
Operations for the period				
Profit for the period	-	27,212	54,748	81,960
Other comprehensive income	-	-	-	-
Increase in net assets resulting from operations	-	27,212	54,748	81,960
Unitholders’ transactions				
Provision for income distribution	-	(25,395)	-	(25,395)
Decrease in net assets resulting from Unitholders’ transaction	-	(25,395)	-	(25,395)
At 30 September 2015	1,291,395	186,513	147,885	1,625,793

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YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

**CONDENSED STATEMENTS OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014**

GROUP	Unitholders' Capital RM'000	Distributable Undistributed Realised Income RM'000	<-----Non distributable----->			Total Unitholders' Funds RM'000
			Unrealised Income RM'000	Currency Translation Reserves RM'000	Revaluation Reserve RM'000	
At 1 July 2014	1,291,395	184,342	72,490	(116,137)	237,576	1,669,666
Operations for the period						
Profit/(Loss) for the period	-	24,844	(17,120)	-	-	7,724
Other comprehensive expenses						
Currency translation differences	-	-	-	(79,805)	(12,596)	(92,401)
Increase/(Decrease) in net assets resulting from operations	-	24,844	(17,120)	(79,805)	(12,596)	(84,677)
Unitholders' transactions						
Provision for income distribution	-	(25,395)	-	-	-	(25,395)
Decrease in net assets resulting from Unitholders' transaction	-	(25,395)	-	-	-	(25,395)
At 30 September 2014	1,291,395	183,791	55,370	(195,942)	224,980	1,559,594

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YTL HOSPITALITY REIT**INTERIM FINANCIAL REPORT****CONDENSED STATEMENTS OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014 - continued**

	Unitholders' Capital RM'000	Distributable Undistributed Realised Income RM'000	Non distributable Unrealised Income RM'000	Unitholders' Funds RM'000
TRUST				
At 1 July 2014	1,291,395	184,695	110,026	1,586,116
Operations for the period				
Profit/(Loss) for the period	-	26,369	(70,057)	(43,688)
Other comprehensive income	-	-	-	-
	-----	-----	-----	-----
Increase/(Decrease) in net assets resulting from operations	-	26,369	(70,057)	(43,688)
Unitholders' transactions				
Provision for income distribution	-	(25,395)	-	(25,395)
	-----	-----	-----	-----
Decrease in net assets resulting from Unitholders' transaction	-	(25,395)	-	(25,395)
	-----	-----	-----	-----
At 30 September 2014	1,291,395	185,669	39,969	1,517,033
	=====	=====	=====	=====

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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 2015 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 30 SEPTEMBER 2015**

	THREE MONTHS ENDED	
	30.09.2015	30.09.2014
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before tax	(51,257)	8,563
Adjustments for:-		
Amortisation of transaction costs	1,625	360
Depreciation of property, plant and equipment	18,223	16,895
Interest income	(426)	(826)
Interest expense	18,484	18,745
Loss on disposal of equipment	184	52
Unrealised loss on foreign currency exchange	55,250	225
	-----	-----
Operating profit before changes in working capital	42,083	44,014
Net changes in current assets	(1,694)	(3,140)
Net changes in current liabilities	(4,441)	1,931
	-----	-----
Cash generated from operations	35,948	42,805
Income tax paid	(94)	(289)
	-----	-----
Net cash from operating activities	35,854	42,516
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	213	826
Proceed from disposal of equipment	18	-
Acquisition of property, plant and equipment	(5,351)	(1,001)
	-----	-----
Net cash used in investing activities	(5,120)	(175)
	-----	-----

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YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015 - continued**

	FOR THREE MONTHS ENDED	
	30.09.2015	30.09.2014
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(18,484)	(18,745)
Distribution paid	(30,803)	(32,908)
	-----	-----
Net cash used in financing activities	(49,287)	(51,653)
	-----	-----
Net decrease in cash and cash equivalents	(18,553)	(9,312)
Effect on exchange rate changes	8,113	(5,793)
Cash and cash equivalents at beginning of financial period	126,769	149,908
	-----	-----
Cash and cash equivalents at end of financial period (note a)	116,329	134,803
	=====	=====

Note (a)

Cash and cash equivalents

	As At	As At
	30.09.2015	30.09.2014
	RM'000	RM'000
Deposits with licensed financial institutions	46,786	61,028
Cash at banks	69,543	73,775
	-----	-----
	116,329	134,803
	=====	=====

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The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited annual financial statements for the year ended 30 June 2015 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 consolidated interim financial statements should be read in conjunction with the audited annual financial statements of the Group for the financial year ended 30 June 2015.

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 MFRS and amendments to MFRSs, which were effective for the financial period beginning 1 July 2015, 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

During the current financial quarter, 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

This is not applicable as there were no estimates previously reported.

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. The outstanding debts are disclosed in Note B15.

A6. Income Distribution

A final distribution of 2.3258 sen per unit (which is tax exempt at the Trust level under the amended Section 61A, Income Tax Act, 1967), totalling RM30,802,637, in respect of the three months ended 30 June 2015 was paid during the financial quarter.

YTL HOSPITALITY REIT**INTERIM FINANCIAL REPORT**

Notes : - continued

A7. Segment Information

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

	< ---Property rental--->		< --Hotel-- >	Total
	Malaysia	Japan	Australia	Total
	RM'000	RM'000	RM'000	RM'000
External revenue	24,508	4,045	68,863	97,416
Operating expenses	(1,373)	(650)	(51,224)	(53,247)
Net property income	23,135	3,395	17,639	44,169
Other income				1,642
Total income				45,811
Trust and administration expenses				(76,910)
Finance costs				(20,158)
Loss before tax				(51,257)
Total assets	1,559,387	296,463	1,710,478	3,566,328

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

	< ---Property rental--->		< --Hotel-- >	Total
	Malaysia	Japan	Australia	Total
	RM'000	RM'000	RM'000	RM'000
External revenue	24,508	3,854	73,941	102,303
Operating expenses	(1,383)	(662)	(52,786)	(54,831)
Net property income	23,125	3,192	21,155	47,472
Other income				1,237
Total income				48,709
Trust and administration expenses				(20,704)
Finance costs				(19,442)
Profit before tax				8,563
Total assets	1,524,686	221,671	1,462,214	3,208,571

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes : - continued

A8. Events after the interim period

There was no material event after the end of the current financial quarter.

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 quarter ended 30 September 2015 and the fund size stood at 1,324,388,889.

A10. Changes in Contingent Liabilities

There were no contingent liabilities to be disclosed.

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YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

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

For the current financial quarter ended 30 September 2015, the Group recorded a revenue and net property income of RM97.416 million and RM44.169 million, respectively, representing a decrease of 4.78% and 6.96%, respectively as compared to RM102.303 million and RM47.472 million, respectively recorded in the preceding year corresponding quarter ended 30 September 2014. The on-going refurbishment works carried out at Sydney Harbour Marriott impacted the revenue and net property income in the current financial quarter ended 30 September 2015.

The Group recorded a loss before tax of RM51.257 million for the current financial quarter ended 30 September 2015, a decrease of 698.59%, as compared to a profit before tax of RM8.563 million recorded in the preceding year corresponding quarter ended 30 September 2014. The decrease was due to the unrealised foreign currency translation loss of RM55.579 million of Australian Dollar denominated term loan. Adjusting for the aforesaid unrealised foreign exchange translation loss of RM55.579 million, the Group recorded a profit before tax of RM4.322 million. This would result in a decrease of 49.53% comparing the adjusted profit before tax for the current financial quarter with that recorded in the preceding year corresponding quarter of RM8.563 million for the same reasons set out above.

The income available for distribution increased from RM26.369 million recorded in preceding year corresponding quarter to RM27.212 million recorded in current financial quarter, representing an increase of 3.20%, after adjustment for non-cash items.

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Notes : - continued

Comparison with Preceding Quarter

	Current Quarter 30.09.2015 RM'000	Preceding Quarter 30.06.2015 RM'000
Revenue	97,416	94,236
Net Property Income	44,169	42,306
(Loss)/Profit Before Tax	(51,257)	57,050
Income Available For Distribution	27,212	30,803

The Group's revenue and net property income for the current financial quarter ended 30 September 2015 improved by 3.37% and 4.40%, respectively as compared to the preceding quarter ended 30 June 2015.

The Group's loss before tax for the current financial quarter ended 30 September 2015 decreased 189.85% as compared to its profit before tax for the preceding quarter ended 30 June 2015. Included in the Group's profit before tax for the preceding financial quarter ended 30 June 2015 was the net revaluation surpluses of RM56.668 million recognised in May 2015 while included in the Group's loss before tax for the current financial quarter ended 30 September 2015 was the foreign currency translation of RM55.579 million as set out in Note B1. The Group's adjusted profit before tax for the current financial quarter ended 30 September 2015 of RM4.322 million (after adjustment for the foreign currency translation loss) improved by 1,031.42% as compared to the adjusted profit before tax for the preceding financial quarter ended 30 June 2015 of RM0.382 million (after adjustment for the revaluation surpluses).

The income available for distribution decreased to RM27.212 million recorded in current financial quarter from RM30.803 million recorded in preceding financial quarter ended 30 June 2015, representing a decrease of 11.66%. The decrease in income available for distribution was mainly due to the absence of dividend income in the current quarter as compared to the preceding quarter ended 30 June 2015 which recorded a dividend income. However, this was cushioned by the increase in realised foreign exchange gain from the stronger Australian Dollar and Japanese Yen relative to Ringgit Malaysia recorded in the current quarter.

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INTERIM FINANCIAL REPORT

Notes : - continued

B2. Audit Report of the preceding financial year ended 30 June 2015

The Auditor's Report on the financial statements of the financial year ended 30 June 2015 did not contain any qualification.

B3. Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the Group and the Trust for the quarter under review.

B4. Portfolio Composition

As at 30 September 2015, YTL Hospitality REIT's composition of investment portfolio is as follows:

	Fair Value As At 30.09.2015 RM'000	% Of Fair Value To NAV As At 30.09.2015 %
<u>Real Estate - Commercial</u>		
(i) JW Marriott Hotel Kuala Lumpur	389,000	20.8
(ii) The Residences at The Ritz-Carlton, Kuala Lumpur	240,000	12.9
(iii) The Ritz-Carlton, Kuala Lumpur	313,000	16.8
(iv) Pangkor Laut Resort	113,000	6.1
(v) Tanjong Jara Resort	100,000	5.3
(vi) Vistana Kuala Lumpur Titiwangsa	120,000	6.4
(vii) Vistana Penang Bukit Jambul	114,000	6.1
(viii) Vistana Kuantan City Centre	85,000	4.6
(ix) Cameron Highlands Resort	58,000	3.1
(x) Hilton Niseko Village*	278,872	14.9
(xi) Sydney Harbour Marriott^	1,070,960	57.3
(xii) Brisbane Marriott^	302,716	16.2
(xiii) Melbourne Marriott^	229,234	12.3
	-----	-----
	3,413,782	182.8
Deposits with licensed financial institutions	46,786	2.5
	-----	-----
	3,460,568	185.3
	=====	=====

Note :

* Translated on 30 September 2015 at the exchange rate of JPY100 : RM3.7084

^ Translated on 30 September 2015 at the exchange rate of AUD1 : RM3.1176

There was no change to the portfolio composition of the Group and the Trust for the quarter under review.

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INTERIM FINANCIAL REPORT

Notes : - continued

B5. Change in Net Asset Value (“NAV”)

The total NAV and NAV per unit of the Group as at 30 September 2015 were RM1,867,396,450 and RM1.4100, respectively. The increase in total NAV and NAV per unit was mainly due to the unrealised foreign exchange gain on investments in Japanese and Australian subsidiaries set off by the unrealised foreign exchange loss on the Australian Dollar denominated term loan.

	Current Quarter 30.09.2015 RM	Preceding Quarter 30.06.2015 RM
NAV	1,867,396,450	1,782,596,227
NAV per unit	1.4100	1.3460

B6. Change in Market Value

On 30 September 2015, YTL Hospitality REIT’s market value closed at RM1.03 per unit, an increase of 1.98% as compared to the closing market value of RM1.01 per unit on 30 June 2015.

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 2016.

B8. Utilisation of Proceeds Raised from Issuance of New Units

There was no issuance of new units during the financial quarter.

B9. Circumstances Affecting Interest of Unitholders

There were no unusual circumstances which materially affected any interest of the unitholders.

B10. Material Litigation

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

YTL HOSPITALITY REIT

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Notes : - continued

B11. Maintenance Costs and Major Capital Expenditure

A total of RM5,351,000 was incurred for refurbishment works carried out at Sydney Harbour Marriott during the financial period ended 30 September 2015.

B12. Soft Commission

During the financial period, the Manager did not receive any soft commission (i.e. goods and services) from its broker, by virtue of transactions conducted by the Group or by the Trust.

B13. Taxation

Taxation comprises the following:-

	Current Quarter 30.09.2015 RM'000
Malaysian income tax	78
Foreign income tax	467
Deferred tax	(135)

	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 during the financial quarter.

Unitholders' level

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

Category of unitholders	Withholding tax rate
Resident and non-resident individuals	10%
Resident and non-resident institutions	10%
Resident companies	No withholding tax. Subject to tax at the prevailing corporate tax rate.
Non-resident companies	25%

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B14. Corporate Development

As at the date of this report, there is no corporate proposal announced and pending completion, save for the following:-

On 14 June 2013, the Manager of YTL Hospitality REIT proposed to undertake the following proposals:-

- (i) Proposed placement of new units in YTL Hospitality REIT (“Placement Units”), at a price to be determined later, to raise gross proceeds of up to RM800 million to partially repay YTL Hospitality REIT’s borrowings and reduce its gearing level (“Proposed Placement”);
- (ii) Proposed increase in the existing approved fund size of YTL Hospitality REIT from 1,324,388,889 units up to a 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 Hospitality REIT with the flexibility of funding larger acquisition opportunities through borrowings in the future.

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

On 30 December 2013, Securities Commission Malaysia (“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.

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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.

Further applications were submitted to the SC and Bursa Securities on 20 November 2015 to seek an extension of time of six (6) months from 30 December 2015 to 29 June 2016 to complete the Proposed Placement and Proposed Increase in Fund Size ("Proposed Extension of Time IV") and are pending approval.

B15. Borrowings and Debt Securities

The Group's borrowings from financial institutions as at 30 September 2015 are set below:

Long term	RM'000
Term Loan – secured	1,640,291
Capitalised transaction costs	(18,188)

	1,622,103
	=====

The above includes a term loan denominated in Australian Dollar of AUD262,538,860 (RM818,491,150^).

Note :

^ Translated on 30 September 2015 at the exchange rate of AUD1 : RM3.1176

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YTL HOSPITALITY REIT

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Notes : - continued

B16. Income Distribution

The Board of Pintar Projek Sdn. Bhd. has declared an interim distribution of 1.9175 sen per unit (all taxable in the hands of unitholders), totaling RM25,395,157 (which is tax exempt at the Trust level under the amended Section 61A of the Income Tax Act 1967), representing approximately 93% of the total distributable income for the financial quarter ended 30 September 2015. The book closure and payment dates in respect of the interim distribution will be fixed on 11 and 30 December 2015, respectively.

The interim income distribution is from the following sources:-

	Current Quarter 30.09.2015 RM'000
Loss after taxation	(51,667)
Distribution adjustments:-	
Depreciation	18,223
Unrealised foreign translation differences	55,250
Net income not distributed from foreign operations	5,406

Income available for distribution/Total distributable income	27,212
Less: Income distribution	(25,395)

Undistributed distributable income	1,817
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INTERIM FINANCIAL REPORT

Notes : - continued

B17. Unitholding by the Manager and Parties Related to the Manager

As at 30 September 2015, the Manager did not hold any units in YTL Hospitality REIT. The units held by the parties related to the Manager are as follows:-

	Number Of Units '000	Market Value RM'000
YTL Corporation Berhad	747,464	769,888
YTL Power International Berhad	43,090	44,382
Business & Budget Hotels (Kuantan) Sdn Bhd	18,750	19,313
Megahub Development Sdn Bhd	18,250	18,798
East-West Ventures Sdn Bhd	62,500	64,375
Syarikat Pelanchongan Pangkor Laut Sendirian Berhad	24,250	24,978
Tanjong Jara Beach Hotel Sdn Bhd	21,750	22,403
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping	870	896
Dato' Yeoh Seok Kah	2,000	2,060
Dato' Hj. Mohamed Zainal Abidin Bin Hj. Abdul Kadir	100	103

The market value of the units held by the parties related to the Manager is based on the closing market price of YTL Hospitality REIT at RM1.03 per unit as at 30 September 2015.

B18. Realised and Unrealised Retained Profits/Undistributed Income

The breakdown of the undistributed income of the Group as at 30 September 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:-

	As At 30.09.2015 RM'000	As At 30.06.2015 RM'000
Total undistributed income of the Trust and its subsidiaries		
- Realised	(41,356)	(19,737)
- Unrealised	184,970	130,088
	-----	-----
	143,614	110,351
Add: Consolidation adjustments	25,533	135,858
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Total group undistributed income	169,147	246,209
	=====	=====

YTL HOSPITALITY REIT

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Notes : - continued

B19. Statement by the Directors of the Manager

In the opinion of the Directors of the Manager, this quarterly report has been prepared in accordance with MFRS 134: "Interim Financial Reporting", and Paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad so as to give a true and fair view of the financial position of YTL Hospitality REIT as at 30 September 2015 and of its financial performance and cash flows for the financial period ended on that date.

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

Kuala Lumpur
Dated: 26 November 2015