

**YTL HOSPITALITY REIT**

Established in Malaysia

**Interim Financial Report  
30 September 2019**

# **YTL HOSPITALITY REIT**

## **Interim Financial Report 30 September 2019**

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

Interim financial report on results for the financial period ended 30 September 2019.

The figures have not been audited.

**CONDENSED INCOME STATEMENTS FOR THE PERIOD**

	<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>30.09.2019</b>	<b>30.09.2018</b>	<b>30.09.2019</b>	<b>30.09.2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
NET REVENUE	120,718	113,867	35,059	33,609
PROPERTY OPERATING EXPENSES	(57,980)	(57,546)	(1,828)	(1,743)
NET PROPERTY INCOME	62,738	56,321	33,231	31,866
FINANCE INCOME	246	462	26,599	26,149
OTHER INCOME	384	478	-	52
MANAGER'S FEES	(2,469)	(2,285)	(2,469)	(2,285)
TRUSTEE'S FEES	(364)	(347)	(364)	(347)
DEPRECIATION	(18,376)	(19,451)	(1)	-
ADMINISTRATION EXPENSES	(2,826)	(2,593)	(750)	(1,334)
FINANCE COSTS	(22,481)	(21,138)	(22,459)	(21,115)
INCOME BEFORE UNREALISED ITEM	16,852	11,447	33,787	32,986
UNREALISED ITEM: - Unrealised gain/(loss) on foreign exchange	23,480	550	(2,542)	1,407
PROFIT BEFORE TAX	40,332	11,997	31,245	34,393

**YTL HOSPITALITY REIT**

**INTERIM FINANCIAL REPORT**

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

	<b>GROUP</b>		<b>TRUST</b>	
	<b>CURRENT YEAR QUARTER 30.09.2019 RM'000</b>	<b>PRECEDING YEAR CORRESPONDING QUARTER 30.09.2018 RM'000</b>	<b>CURRENT YEAR QUARTER 30.09.2019 RM'000</b>	<b>PRECEDING YEAR CORRESPONDING QUARTER 30.09.2018 RM'000</b>
PROFIT BEFORE TAX	40,332	11,997	31,245	34,393
INCOME TAX EXPENSE	(669)	(272)	(407)	(229)
PROFIT FOR THE PERIOD	39,663	11,725	30,838	34,164
DISTRIBUTION ADJUSTMENTS:				
- Depreciation	18,375	19,451	-	-
- Net income from foreign operations	(1,178)	2,131	-	-
- Unrealised foreign translation differences	(23,480)	(550)	2,542	(1,407)
INCOME AVAILABLE FOR DISTRIBUTION / TOTAL DISTRIBUTABLE INCOME	33,380	32,757	33,380	32,757
PROVISION FOR INCOME DISTRIBUTION	(33,379)	(32,757)	(33,379)	(32,757)
UNDISTRIBUTED DISTRIBUTABLE INCOME	1	-	1	-
<b>DISTRIBUTABLE INCOME PER UNIT (Sen)</b>	1.9585	1.9219	1.9585	1.9219
<b>GROSS DISTRIBUTION PER UNIT (Sen)</b>	1.9584	1.9219	1.9584	1.9219

The Condensed Income Statements should be read in conjunction with the audited annual financial statements for the year ended 30 June 2019 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>CURRENT YEAR QUARTER 30.09.2019 RM'000</b>	<b>PRECEDING YEAR CORRESPONDING QUARTER 30.09.2018 RM'000</b>	<b>CURRENT YEAR QUARTER 30.09.2019 RM'000</b>	<b>PRECEDING YEAR CORRESPONDING QUARTER 30.09.2018 RM'000</b>
PROFIT FOR THE PERIOD	39,663	11,725	30,838	34,164
OTHER COMPREHENSIVE INCOME/(EXPENSE):-				
<i>ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO INCOME STATEMENT:-</i>				
CASH FLOW HEDGE	2,962	(55)	2,962	(55)
CURRENCY TRANSLATION DIFFERENCES	(47,200)	2,413	-	-
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	(4,575)	14,083	33,800	34,109
PROFIT FOR THE PERIOD IS MADE UP AS FOLLOWS:-				
REALISED PROFIT	34,558	30,626	33,380	32,757
UNREALISED PROFIT / (LOSS)	5,105	(18,901)	(2,542)	1,407
	39,663	11,725	30,838	34,164
Weighted average number of units ('000)	1,704,389	1,704,389	1,704,389	1,704,389
<b>EARNINGS PER UNIT (Sen)</b>	<b>2.33</b>	<b>0.69</b>	<b>1.81</b>	<b>2.00</b>

The Condensed Statements of Comprehensive Income should be read in conjunction with the audited annual financial statements for the year ended 30 June 2019 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</b>	<b>AUDITED</b>	<b>UNAUDITED</b>	<b>AUDITED</b>
	<b>AS AT</b>	<b>AS AT</b>	<b>AS AT</b>	<b>AS AT</b>
	<b>30.09.2019</b>	<b>30.06.2019</b>	<b>30.09.2019</b>	<b>30.06.2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>				
Non-current Assets				
Investment properties	2,736,723	2,732,554	2,203,000	2,203,000
Property, plant and equipment	1,881,130	1,946,226	-	-
Right-of-use asset	208	-	208	-
Investment in subsidiaries	-	-	521,056	521,056
Amount due from subsidiaries	-	-	1,325,795	1,349,378
Deferred tax assets	2,837	2,679	-	-
	-----	-----	-----	-----
	4,620,898	4,681,459	4,050,059	4,073,434
	-----	-----	-----	-----
Current Assets				
Inventories	608	664	-	-
Trade and other receivables	38,568	33,682	3,640	6,014
Amount due from subsidiaries	-	-	124,320	123,399
Income tax assets	33	-	-	-
Deposits with licensed financial institutions	42,390	58,935	13,433	10,130
Cash at banks	106,827	90,037	164	317
	-----	-----	-----	-----
	188,426	183,318	141,557	139,860
	-----	-----	-----	-----
<b>TOTAL ASSETS</b>	<b>4,809,324</b>	<b>4,864,777</b>	<b>4,191,616</b>	<b>4,213,294</b>
	=====	=====	=====	=====
<b>UNITHOLDERS' FUNDS</b>				
Unitholders' capital	1,690,806	1,690,806	1,690,806	1,690,806
Undistributed income	80,334	74,050	457,093	459,634
Reserves	928,006	972,244	(11,586)	(14,548)
	-----	-----	-----	-----
<b>Net Asset Value</b>	<b>2,699,146</b>	<b>2,737,100</b>	<b>2,136,313</b>	<b>2,135,892</b>
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**YTL HOSPITALITY REIT**

**INTERIM FINANCIAL REPORT**

**CONDENSED STATEMENTS OF FINANCIAL POSITION – continued**

	<b>GROUP</b>		<b>TRUST</b>	
	<b>UNAUDITED AS AT 30.09.2019 RM'000</b>	<b>AUDITED AS AT 30.06.2019 RM'000</b>	<b>UNAUDITED AS AT 30.09.2019 RM'000</b>	<b>AUDITED AS AT 30.06.2019 RM'000</b>
<b>LIABILITIES</b>				
Non-current Liabilities				
Borrowings	1,018,116	1,016,393	208,116	206,393
Lease liability	206	-	206	-
Other payables	-	963	-	-
Amount due to a subsidiary	-	-	810,000	810,000
	<u>1,018,322</u>	<u>1,017,356</u>	<u>1,018,322</u>	<u>1,016,393</u>
Current Liabilities				
Borrowings	968,353	993,031	968,353	993,031
Derivative financial instruments	11,586	14,548	11,586	14,548
Trade and other payables	78,538	66,948	23,663	17,648
Amount due to a subsidiary	-	-	-	9
Income tax liabilities	-	21	-	-
Provision for income distribution	33,379	35,773	33,379	35,773
	<u>1,091,856</u>	<u>1,110,321</u>	<u>1,036,981</u>	<u>1,061,009</u>
<b>TOTAL LIABILITIES</b>	<u>2,110,178</u>	<u>2,127,677</u>	<u>2,055,303</u>	<u>2,077,402</u>
<b>TOTAL UNITHOLDERS' FUNDS &amp; LIABILITIES</b>	<u>4,809,324</u>	<u>4,864,777</u>	<u>4,191,616</u>	<u>4,213,294</u>
Net asset value (RM'000)				
- before income distribution	2,732,525	2,871,254	2,169,692	2,270,046
- after income distribution	2,699,146	2,737,100	2,136,313	2,135,892
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	1.603	1.685	1.273	1.332
- after income distribution	1.584	1.606	1.253	1.253

The Condensed Statements of Financial Position should be read in conjunction with the audited annual financial statements for the year ended 30 June 2019 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 2019**

<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 2019	1,690,806	210,903	(136,853)	(95,066)	1,081,858	(14,548)	2,737,100
Operations for the period							
Profit for the period	-	34,558	5,105	-	-	-	39,663
Other comprehensive (expense)/income	-	-	-	(19,808)	(27,392)	2,962	(44,238)
Increase/(Decrease) in net assets resulting from operations	-	34,558	5,105	(19,808)	(27,392)	2,962	(4,575)
Unitholders' transactions							
Provision for income distribution	-	(33,379)	-	-	-	-	(33,379)
Decrease in net assets resulting from Unitholders' transaction	-	(33,379)	-	-	-	-	(33,379)
At 30 September 2019	1,690,806	212,082	(131,748)	(114,874)	1,054,466	(11,586)	2,699,146



**YTL HOSPITALITY REIT**

**INTERIM FINANCIAL REPORT**

**CONDENSED STATEMENTS OF CHANGES IN NET ASSET VALUE  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 - 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 2019	1,690,806	184,699	274,935	(14,548)	2,135,892
Operations for the period					
Profit/(Loss) for the period	-	33,380	(2,542)	-	30,838
Other comprehensive income	-	-	-	2,962	2,962
Increase/(Decrease) in net assets resulting from operations	-	33,380	(2,542)	2,962	33,800
Unitholders' transactions					
Provision for income distribution	-	(33,379)	-	-	(33,379)
Decrease in net assets resulting from Unitholders' transaction	-	(33,379)	-	-	(33,379)
At 30 September 2019	1,690,806	184,700	272,393	(11,586)	2,136,313

**YTL HOSPITALITY REIT**

**INTERIM FINANCIAL REPORT**

**CONDENSED STATEMENTS OF CHANGES IN NET ASSET VALUE  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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	-	30,626	(18,901)	-	-	-	11,725
Other comprehensive income/(expense)	-	-	-	129	2,284	(55)	2,358
Increase/(Decrease) in net assets resulting from operations	-	30,626	(18,901)	129	2,284	(55)	14,083
Unitholders' transactions							
Provision for income distribution	-	(32,757)	-	-	-	-	(32,757)
Decrease in net assets resulting from Unitholders' transaction	-	(32,757)	-	-	-	-	(32,757)
At 30 September 2018	1,690,806	200,697	(118,198)	(97,754)	1,033,896	(9,610)	2,699,837

**YTL HOSPITALITY REIT**

**INTERIM FINANCIAL REPORT**

**CONDENSED STATEMENTS OF CHANGES IN NET ASSET VALUE  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018 - 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 2018	1,690,806	184,699	238,991	(9,555)	2,104,941
Operations for the period					
Profit for the period	-	32,757	1,407	-	34,164
Other comprehensive expense	-	-	-	(55)	(55)
	-----	-----	-----	-----	-----
Increase/(Decrease) in net assets resulting from operations	-	32,757	1,407	(55)	34,109
Unitholders' transactions					
Provision for income distribution	-	(32,757)	-	-	(32,757)
	-----	-----	-----	-----	-----
Decrease in net assets resulting from Unitholders' transaction	-	(32,757)	-	-	(32,757)
	-----	-----	-----	-----	-----
At 30 September 2018	1,690,806	184,699	240,398	(9,610)	2,106,293
	=====	=====	=====	=====	=====

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 2019 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 2019**

	<b>3 MONTHS ENDED</b>	
	<b>30.09.2019</b>	<b>30.09.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	40,332	11,997
Adjustments for:-		
Amortisation of transaction costs	604	521
Depreciation of property, plant and equipment	18,376	19,451
Interest income	(246)	(462)
Interest expense	21,824	20,428
Loss/(Gain) on disposal of property, plant and equipment	19	(18)
Unrealised gain on foreign currency exchange	(23,480)	(550)
	-----	-----
Operating profit before changes in working capital	57,429	51,367
Net changes in current assets	(5,830)	(9,885)
Net changes in current liabilities	11,859	17,983
	-----	-----
Cash generated from operations	63,458	59,465
Income tax paid	(949)	(611)
	-----	-----
Net cash from operating activities	62,509	58,854
	-----	-----
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	246	462
Acquisition of property, plant and equipment	(2,467)	(7,475)
Acquisition of investment property (note a)	-	(220,190)
Proceed from disposal of equipment	-	20
	-----	-----
Net cash used in investing activities	(2,221)	(227,183)
	-----	-----

**YTL HOSPITALITY REIT****INTERIM FINANCIAL REPORT****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 - continued**

	<b>3 MONTHS ENDED</b>	
	<b>30.09.2019</b>	<b>30.09.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(21,824)	(20,428)
Distribution paid	(35,773)	(33,493)
Transaction costs paid	-	(1,512)
Proceeds of borrowings	-	205,420
	-----	-----
Net cash (used in)/from financing activities	(57,597)	149,987
	-----	-----
Net increase/(decrease) in cash and cash equivalents	2,691	(18,342)
Effect on exchange rate changes	(2,446)	988
Cash and cash equivalents at beginning of financial period	148,972	155,457
	-----	-----
Cash and cash equivalents at end of financial period (note a)	149,217	138,103
	=====	=====

**Note (a)**

	<b>As At</b>	<b>As At</b>
	<b>30.09.2019</b>	<b>30.09.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash and cash equivalents:-		
Deposits with licensed financial institutions	42,390	42,256
Cash at banks	106,827	95,847
	-----	-----
	149,217	138,103
	=====	=====
Analysis of acquisition of investment property:-		
Cash	-	24,353
Borrowings	-	195,837
	-----	-----
	-	220,190
	=====	=====

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited annual financial statements for the year ended 30 June 2019 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 2019.

#### **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 2019, do not have significant financial impacts on the interim financial report of the Group and of the Trust.

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

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

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

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

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

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

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

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

# YTL HOSPITALITY REIT

## INTERIM FINANCIAL REPORT

Notes : - continued

### A6. Income Distribution

The following distribution payment (which was tax exempt at the Trust level under the amended Section 61A, Income Tax Act 1967) was made during the financial period ended 30 September 2019:-

**RM'000**

In respect of the three months ended 30 June 2019:-

A final distribution of 2.0989 sen per unit each paid on  
30 August 2019

35,773

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### A7. Segment Information

The Group's segmental result for the financial period ended 30 September 2019 is as follows:-

	< ---Property rental--->		< --Hotel-- >	
	Malaysia	Japan	Australia	Total
	RM'000	RM'000	RM'000	RM'000
External revenue	35,059	7,150	78,509	120,718
Operating expenses	(1,828)	(1,088)	(55,064)	(57,980)
	-----	-----	-----	-----
Net property income	33,231	6,062	23,445	62,738
	-----	-----	-----	-----
Finance income				246
Other income				384
Unrealised gain on foreign exchange				23,480
				-----
Total income				86,848
Trust and administration expenses				(5,659)
Depreciation				(18,376)
Finance costs				(22,481)
				-----
Profit before tax				40,332
				=====
Total assets	2,220,509	542,855	2,045,960	4,809,324
	=====	=====	=====	=====

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

Notes : - continued

**A7. Segment Information - continued**

The Group's segmental result for the financial period ended 30 September 2018 is as follows:-

	< ---Property rental--->		< --Hotel-- >	Total
	Malaysia	Japan	Australia	
	RM'000	RM'000	RM'000	RM'000
External revenue	33,609	4,211	76,047	113,867
Operating expenses	(1,743)	(1,196)	(54,607)	(57,546)
Net property income	31,866	3,015	21,440	56,321
Finance income				462
Other income				478
Unrealised gain on foreign exchange				550
Total income				57,811
Trust and administration expenses				(5,225)
Depreciation				(19,451)
Finance costs				(21,138)
Profit before tax				11,997
Total assets	2,102,168	512,802	2,100,793	4,715,763

**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 30 September 2019 and the fund size stood at 1,704,388,889.

**A10. Changes in Contingent Liabilities**

There were no contingent liabilities to be disclosed.



## YTL HOSPITALITY REIT

### INTERIM FINANCIAL REPORT

Notes :

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

#### B1. Review of Performance

##### Comparison with Preceding Year Corresponding Quarter

	<b>Current Quarter 30.09.2019 RM'000</b>	<b>Preceding Year Corresponding Quarter 30.09.2018 RM'000</b>	<b>Changes %</b>
Revenue	120,718	113,867	6.02
Net Property Income	62,738	56,321	11.39
Profit Before Tax	40,332	11,997	236.18
Income Available For Distribution	33,380	32,757	1.90

The income available for distribution in the current financial quarter of RM33.380 million, represented an increase of 1.90% as compared to RM32.757 million recorded in the preceding year corresponding quarter.

For the current financial quarter ended 30 September 2019, Group revenue and net property income increased by 6.02% and 11.39%, respectively as compared to the preceding year corresponding quarter.

Australian Properties contributed 65.04% of total revenue, or RM78.509 million in the current financial quarter. Revenue contributed by Australian Properties was 3.24% higher as compared to RM76.047 million recorded in the preceding year corresponding quarter. Net property income contributed by the Australian Properties was RM23.445 million, an increase of 9.35% as compared to RM21.440 million recorded in the preceding year corresponding quarter. The increase in revenue and net property income in the current financial quarter were due to the continuous improvement in room sales subsequent to the completion of a refurbishment of Brisbane Marriott.

Malaysian Properties contributed 29.04% of total revenue, or RM35.059 million in the current financial quarter. Revenue from Malaysian Properties at RM35.059 million increased by 4.31% as compared to the preceding year corresponding quarter of RM33.609 million. Net property income for Malaysian Properties was RM33.231 million, an increase of 4.28% from RM31.866 million recorded in the preceding year corresponding quarter. The increase in revenue and net property income was mainly due to the additional rentals recorded from JW Marriott Hotel Kuala Lumpur following the recent refurbishment completed in June 2019.

Japanese Properties contributed 5.92% of total revenue, or RM7.150 million in the current financial quarter, which was 69.79% higher as compared to RM4.211 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 financial quarter was RM6.062 million, an increase of 101.06% from RM3.015 million recorded in the preceding year corresponding quarter due to the said acquisition.

## YTL HOSPITALITY REIT

### INTERIM FINANCIAL REPORT

Notes : - continued

#### B1. Review of Performance - continued

The Group recorded a profit before tax of RM40.332 million for the current financial quarter ended 30 September 2019, an increase of 236.18%, as compared to a profit before tax of RM11.997 million recorded in the preceding year corresponding quarter due to the following factors:

- (i) unrealised foreign currency translation gain on borrowings denominated in foreign currencies of RM23.559 million recorded during the current financial quarter as compared to a translation gain of RM1.060 million recognised during the preceding year corresponding quarter; and
- (ii) additional rentals of RM4.541 million from the acquisition of The Green Leaf Niseko Village and the refurbishment of JW Marriott Hotel Kuala Lumpur commencing September 2018 and July 2019 respectively.

#### B2. Comparison with Preceding Quarter

	<b>Current Quarter 30.09.2019 RM'000</b>	<b>Preceding Quarter 30.06.2019 RM'000</b>	<b>Changes %</b>
Revenue	120,718	118,666	1.73
Net Property Income	62,738	60,262	4.11
Profit Before Tax	40,332	23,987	68.14
Income Available For Distribution	33,380	35,772	(6.69)

The income available for distribution in the current financial quarter recorded at RM33.380 million, represented a decrease of 6.69% as compared to RM35.772 million recorded in the preceding quarter due to the absence of dividend income received from the Australian portfolio in the preceding quarter.

For the current financial quarter, Group revenue and net property income increased by 1.73% and 4.11%, respectively as compared to the preceding financial quarter ended 30 June 2019.

Revenue and net property income from Australian Properties at RM78.509 million and RM23.445 million, respectively in the current financial quarter increased by 0.59% and 4.73%, respectively as compared to RM78.049 million and RM22.387 million, respectively recorded in the preceding financial quarter. The Australian portfolio generated higher revenue and net property income in the current financial quarter ended 30 September 2019 due to the winter seasonal factor in the preceding financial quarter ended 30 June 2019.

Revenue and net property income from Malaysian Properties at RM35.059 million and RM33.231 million, respectively in the current financial quarter increased by 4.51% and 4.78%, respectively as compared to RM33.547 million and RM31.716 million, respectively recorded in the preceding financial quarter due to the reasons set out in Note B1.

Revenue and net property income from Japanese Properties at RM7.150 million and RM6.062 million respectively, approximate to that in the preceding financial quarter of RM7.070 million and RM6.159 million, respectively.

## YTL HOSPITALITY REIT

### INTERIM FINANCIAL REPORT

Notes : - continued

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

The Group recorded a profit before tax of RM40.332 million for the current financial quarter ended 30 September 2019, an increase of 68.14%, as compared to the preceding financial quarter ended 30 June 2019 due to the following factors:

- (i) unrealised foreign currency translation gain on borrowings denominated in foreign currencies of RM23.559 million recorded during the current financial quarter as compared to a translation loss of RM12.574 million recognised during the preceding financial quarter; set off by
- (ii) fair value gain on properties of RM23.875 million recorded during the preceding financial quarter.

#### B3. Audit Report of the preceding financial year ended 30 June 2019

The Auditor's Report on the financial statements of the financial year ended 30 June 2019 did not contain any qualification.

#### B4. Portfolio Composition

As at 30 September 2019, YTL Hospitality REIT's composition of investment portfolio is as follows:-

	Fair Value As At 30.09.2019 RM'000	% of total investment %
<b><u>Real Estate - Commercial</u></b>		
<b><u>Malaysian Properties</u></b>		
(i) JW Marriott Hotel Kuala Lumpur	519,000	11
(ii) The Majestic Hotel Kuala Lumpur	388,000	8
(iii) The Ritz-Carlton, Kuala Lumpur - Hotel Wing	357,000	8
(iv) The Ritz-Carlton, Kuala Lumpur - Suite Wing	311,000	7
(v) Vistana Kuala Lumpur Titiwangsa	138,000	3
(vi) Vistana Penang Bukit Jambul	120,000	3
(vii) Pangkor Laut Resort	118,000	3
(viii) Tanjong Jara Resort	103,000	2
(ix) Vistana Kuantan City Centre	89,000	2
(x) Cameron Highlands Resort	60,000	1
<b><u>Japanese Properties</u></b>		
(xi) Hilton Niseko Village*	298,668	6
(xii) The Green Leaf Niseko Village*	235,055	5
<b><u>Australian Properties</u></b>		
(xiii) Sydney Harbour Marriott^	1,398,949	30
(xiv) Brisbane Marriott^	261,459	6
(xv) Melbourne Marriott^	220,722	5
	-----	-----
Total	4,617,853	100
	=====	=====

Note :

\* Translated on 30 September 2019 at the exchange rate of JPY100 : RM3.8788

^ Translated on 30 September 2019 at the exchange rate of AUD1 : RM2.8294

## YTL HOSPITALITY REIT

### INTERIM FINANCIAL REPORT

Notes : - continued

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

The total NAV and NAV per unit of the Group as at 30 September 2019 were RM2,699,146,000 and RM1.5836, 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 30.09.2019</b>	<b>Preceding Quarter 30.06.2019</b>
NAV (RM'000)	2,699,146	2,737,100
Number of units in circulations ('000)	1,704,389	1,704,389
NAV per unit (after distribution) (RM)	1.5836	1.6059
NAV per unit (before distribution) (RM)	1.6032	1.6846

#### B6. Status of property development activities

There were no property development activities during the current financial quarter ended 30 September 2019.

#### B7. Prospects

The Manager, after considering the strength of the real estate portfolio invested, expects the Group to achieve satisfactory performance for the financial year ending 30 June 2020.

#### B8. Profit forecast

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

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

There was no issuance of new units during the current financial period ended 30 September 2019.

#### 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 30 September 2019, RM2,467,000 (AUD866,000) was incurred on refurbishment works on the Australian Properties while Hilton Niseko Village incurred RM155,000 (JPY4,000,000) for property repairs and maintenance.

### B12. Taxation

Taxation comprises the following:-

	<b>Current Quarter 30.09.2019 RM'000</b>
Malaysian income tax	38
Foreign income tax	859
Deferred tax	(228)
	-----
	669
	=====

#### **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 30 September 2019.

#### **Unitholders' level**

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

<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%

## 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 30 September 2019 are as follows:-

	Short term RM'000	Long term RM'000	Total RM'000
Term Loan – secured	969,904	209,504	1,179,408
Medium Term Notes - secured	-	810,000	810,000
	-----	-----	-----
Total borrowings	969,904	1,019,504	1,989,408
Capitalised transaction costs	(1,551)	(1,388)	(2,939)
	-----	-----	-----
	968,353	1,018,116	1,986,469
	=====	=====	=====
Total Assets			4,809,324
			=====
Gearing ratio (%)			41.37
			=====

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

	Foreign currency '000	RM equivalents RM'000
Australian Dollar <sup>^</sup>	342,795	969,904
Japanese Yen <sup>*</sup>	5,401,250	209,504
		-----
		1,179,408
		=====

Note :

<sup>^</sup> Translated on 30 September 2019 at the exchange rate of AUD1 : RM2.8294

<sup>\*</sup> Translated on 30 September 2019 at the exchange rate of JPY100 : RM3.8788

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

## YTL HOSPITALITY REIT

### INTERIM FINANCIAL REPORT

Notes : - continued

#### B15. Derivative Financial Instruments

The Group's outstanding derivatives as at 30 September 2019 were as follows:-

Type of Derivative	Contract/ Notional Value RM'000	Fair Value RM'000
Interest rate swap contracts		
- Less than 1 year	913,944 <sup>^</sup>	(11,586)
	=====	=====

Note :

<sup>^</sup> Translated on 30 September 2019 at the exchange rate of AUD1 : RM2.8294

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 on interest rate swap recognised in other comprehensive income for the current financial quarter amounted to a gain of RM2.962 million.

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 1.9584 sen per unit of which 1.4983 sen is taxable and 0.4601 sen is not taxable in the hands of unitholders, totalling RM33,378,752 (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 30 September 2019. The book closure and payment dates in respect of the interim distribution have been fixed on 10 and 27 December 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 30.09.2019 RM'000</b>	<b>Preceding Year Corresponding Quarter 30.09.2018 RM'000</b>
Net property income	62,738	56,321
Other income	24,110	1,490
Expenses	(46,516)	(45,814)
	-----	-----
Profit before tax	40,332	11,997
Income tax expense	(669)	(272)
	-----	-----
Profit after taxation	39,663	11,725
Distribution adjustments	(6,283)	21,032
	-----	-----
Realised income for the quarter	33,380	32,757
Total undistributed realised income brought forward	184,699	184,699
	-----	-----
Total realised income available for distribution	218,079	217,456
Less: Income distribution	(33,379)	(32,757)
	-----	-----
Balance undistributed realised income	184,700	184,699
	=====	=====
Distribution per unit (sen)	1.9584	1.9219
	=====	=====

By Order of the Board  
HO SAY KENG  
Secretary  
Pintar Projek Sdn Bhd  
Company No : 199401028328(314009-W)  
(As the Manager of YTL Hospitality REIT)

Kuala Lumpur  
Dated: 26 November 2019