

YTL HOSPITALITY REIT

Established in Malaysia

**Interim Financial Report
31 March 2015**

YTL HOSPITALITY REIT

Interim Financial Report 31 March 2015

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YTL HOSPITALITY REIT**INTERIM FINANCIAL REPORT**

Interim financial report on consolidated results for the financial period ended 31 March 2015.

The figures have not been audited.

CONDENSED INCOME STATEMENTS FOR THE QUARTER

	GROUP		TRUST	
	CURRENT	PRECEDING	CURRENT	PRECEDING
	YEAR	YEAR	YEAR	YEAR
	CORRESPONDING	CORRESPONDING	CORRESPONDING	CORRESPONDING
	QUARTER	QUARTER	QUARTER	QUARTER
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
	RM'000	RM'000	RM'000	RM'000
NET REVENUE	107,895	107,365	24,508	24,487
PROPERTY OPERATING EXPENSES	(53,468)	(54,435)	(1,391)	(1,219)
NET PROPERTY INCOME	54,427	52,930	23,117	23,268
OTHER INCOME	1,009	1,333	23,832	25,044
MANAGER'S FEES	(1,872)	(1,788)	(1,872)	(1,788)
TRUSTEE'S FEES	(236)	(219)	(236)	(219)
ADMINISTRATION EXPENSES	(20,319)	(17,698)	(1,161)	(337)
FINANCE COSTS	(19,817)	(18,123)	(19,817)	(18,123)
INCOME BEFORE UNREALISED ITEM	13,192	16,435	23,863	27,845
UNREALISED ITEM:				
- Unrealised gain/(loss) on foreign exchange	19	127	(4,007)	37,199
PROFIT BEFORE TAX	13,211	16,562	19,856	65,044
INCOME TAX EXPENSE	(1,186)	(767)	(183)	(189)
PROFIT FOR THE QUARTER	12,025	15,795	19,673	64,855

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

CONDENSED INCOME STATEMENTS FOR THE QUARTER - continued

	GROUP		TRUST	
	CURRENT YEAR CORRESPONDING QUARTER 31.03.2015 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.03.2014 RM'000	CURRENT YEAR CORRESPONDING QUARTER 31.03.2015 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.03.2014 RM'000
PROFIT FOR THE QUARTER	12,025	15,795	19,673	64,855
DISTRIBUTION ADJUSTMENTS:				
- Depreciation	17,451	16,277	-	-
- Unrealised foreign translation differences	(19)	(127)	4,007	(37,199)
- Net income receivable	-	-	-	2,957
- Net income not distributed from foreign operations	(5,777)	(1,332)	-	-
	-----	-----	-----	-----
INCOME AVAILABLE FOR DISTRIBUTION / TOTAL DISTRIBUTABLE INCOME	23,680	30,613	23,680	30,613
UNDISTRIBUTED DISTRIBUTABLE INCOME BROUGHT FORWARD	976	4,202	976	4,202
	-----	-----	-----	-----
TOTAL DISTRIBUTABLE INCOME AVAILABLE FOR DISTRIBUTION	24,656	34,815	24,656	34,815
PROVISION FOR INCOME DISTRIBUTION	(24,655)	(27,553)	(24,655)	(27,553)
	-----	-----	-----	-----
UNDISTRIBUTED DISTRIBUTABLE INCOME	1	7,262	1	7,262
	=====	=====	=====	=====
DISTRIBUTABLE INCOME PER UNIT (Sen)	1.7880	2.3115	1.7880	2.3115
	=====	=====	=====	=====
GROSS DISTRIBUTION PER UNIT (Sen)	1.8616	2.0804	1.8616	2.0804
	=====	=====	=====	=====

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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 2014 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**

	GROUP		TRUST	
	CURRENT	PRECEDING	CURRENT	PRECEDING
	YEAR	YEAR	YEAR	YEAR
	CORRESPONDING	CORRESPONDING	CORRESPONDING	CORRESPONDING
	QUARTER	QUARTER	QUARTER	QUARTER
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
	RM'000	RM'000	RM'000	RM'000
PROFIT FOR THE QUARTER	12,025	15,795	19,673	64,855
OTHER COMPREHENSIVE (EXPENSES)/INCOME :				
CURRENCY TRANSLATION DIFFERENCES	(3,179)	43,272	-	-
TOTAL COMPREHENSIVE INCOME FOR THE QUARTER	8,846	59,067	19,673	64,855
PROFIT FOR THE QUARTER IS MADE UP AS FOLLOWS :-				
REALISED PROFIT	29,457	31,945	23,680	27,656
UNREALISED (LOSS)/PROFIT	(17,432)	(16,150)	(4,007)	37,199
	12,025	15,795	19,673	64,855
EARNINGS PER UNIT (Sen)	0.91	1.19	1.49	4.90

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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 2014 and the accompanying explanatory notes attached to the interim financial statements.

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

	GROUP		TRUST	
	9 MONTHS ENDED		9 MONTHS ENDED	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
	RM'000	RM'000	RM'000	RM'000
NET REVENUE	323,433	324,624	73,525	73,462
PROPERTY OPERATING EXPENSES	(164,191)	(166,896)	(4,158)	(3,641)
NET PROPERTY INCOME	159,242	157,728	69,367	69,821
OTHER INCOME	3,396	3,872	73,918	76,839
MANAGER'S FEES	(5,600)	(6,063)	(5,600)	(6,063)
TRUSTEE'S FEES	(725)	(876)	(725)	(876)
ADMINISTRATION EXPENSES	(57,506)	(49,016)	(2,770)	(791)
FINANCE COSTS	(58,842)	(54,898)	(58,842)	(54,898)
INCOME BEFORE UNREALISED ITEM	39,965	50,747	75,348	84,032
UNREALISED ITEM:				
- Unrealised (loss)/gain on foreign exchange	(207)	160	(75,209)	28,183
PROFIT BEFORE TAX	39,758	50,907	139	112,215
INCOME TAX EXPENSE	(2,537)	(1,732)	(535)	(575)
PROFIT/(LOSS) FOR THE PERIOD	37,221	49,175	(396)	111,640

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YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

CONDENSED INCOME STATEMENTS FOR THE PERIOD - continued

	GROUP		TRUST	
	9 MONTHS ENDED		9 MONTHS ENDED	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
	RM'000	RM'000	RM'000	RM'000
PROFIT/(LOSS) FOR THE PERIOD	37,221	49,175	(396)	111,640
DISTRIBUTION ADJUSTMENTS:				
- Depreciation	50,855	44,928	-	-
- Unrealised foreign translation differences	207	(160)	75,209	(28,183)
- Net income receivable	-	-		2,957
- Net income not distributed from foreign operations	(13,470)	(7,529)	-	-
	-----	-----	-----	-----
INCOME AVAILABLE FOR DISTRIBUTION / TOTAL DISTRIBUTABLE INCOME	74,813	86,414	74,813	86,414
DISTRIBUTION PAID	(50,157)	(51,599)	(50,157)	(51,599)
PROVISION FOR INCOME DISTRIBUTION	(24,655)	(27,553)	(24,655)	(27,553)
	-----	-----	-----	-----
UNDISTRIBUTED DISTRIBUTABLE INCOME	1	7,262	1	7,262
	=====	=====	=====	=====
DISTRIBUTABLE INCOME PER UNIT (Sen)	5.6489	6.5248	5.6489	6.5248
	=====	=====	=====	=====
GROSS DISTRIBUTION PER UNIT (Sen)	5.6488	5.9765	5.6488	5.9765
	=====	=====	=====	=====

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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 2014 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	
	9 MONTHS ENDED		9 MONTHS ENDED	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
	RM'000	RM'000	RM'000	RM'000
PROFIT/(LOSS) FOR THE PERIOD	37,221	49,175	(396)	111,640
OTHER COMPREHENSIVE (EXPENSES)/INCOME :				
CURRENCY TRANSLATION DIFFERENCES	(98,240)	32,135	-	-
TOTAL COMPREHENSIVE (EXPENSES)/INCOME FOR THE PERIOD	(61,019)	81,310	(396)	111,640

PROFIT/(LOSS) FOR THE PERIOD IS MADE UP AS FOLLOWS :-

REALISED PROFIT	88,283	93,943	74,813	83,457
UNREALISED (LOSS)/PROFIT	(51,062)	(44,768)	(75,209)	28,183
	37,221	49,175	(396)	111,640
EARNINGS/(LOSS) PER UNIT (Sen)	2.81	3.71	(0.03)	8.43

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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 2014 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 31.03.2015 RM'000	AUDITED AS AT 30.06.2014 RM'000	UNAUDITED AS AT 31.03.2015 RM'000	AUDITED AS AT 30.06.2014 RM'000
ASSETS				
Non-current Assets				
Investment properties	1,720,030	1,725,633	1,500,000	1,500,000
Property, plant and equipment	1,290,410	1,428,255	-	-
Investment in subsidiaries	-	-	344,792	344,792
Amount due from subsidiaries	-	-	1,153,550	1,224,979
Deferred tax assets	2,652	3,701	-	-
	-----	-----	-----	-----
	3,013,092	3,157,589	2,998,342	3,069,771
	-----	-----	-----	-----
Current Assets				
Inventories	686	842	-	-
Trade and other receivables	28,085	17,295	3,247	2,174
Amount due from subsidiaries	-	-	97,029	94,384
Deposits with licensed financial institutions	43,731	79,296	13,292	37,101
Cash at banks	94,010	70,612	230	806
	-----	-----	-----	-----
	166,512	168,045	113,798	134,465
	-----	-----	-----	-----
TOTAL ASSETS	3,179,604	3,325,634	3,112,140	3,204,236
	=====	=====	=====	=====
UNITHOLDERS' FUNDS				
Unitholders' capital	1,291,395	1,291,395	1,291,395	1,291,395
Undistributed income	219,241	256,832	219,513	294,721
Currency translation reserves	(199,400)	(116,137)	-	-
Revaluation reserve	222,599	237,576	-	-
	-----	-----	-----	-----
Net Asset Value	1,533,835	1,669,666	1,510,908	1,586,116
	-----	-----	-----	-----
LIABILITIES				
Non-current Liabilities				
Borrowing	1,568,700	1,576,899	1,568,700	1,576,899
Other payables	-	1,872	-	-
	-----	-----	-----	-----
	1,568,700	1,578,771	1,568,700	1,576,899
	-----	-----	-----	-----
Current Liabilities				
Trade and other payables	51,026	43,200	7,877	8,313
Income tax liabilities	1,388	1,089	-	-
Provision for income distribution	24,655	32,908	24,655	32,908
	-----	-----	-----	-----
	77,069	77,197	32,532	41,221
	-----	-----	-----	-----
TOTAL LIABILITIES	1,645,769	1,655,968	1,601,232	1,618,120
TOTAL UNITHOLDERS' FUNDS & LIABILITIES	3,179,604	3,325,634	3,112,140	3,204,236
	=====	=====	=====	=====

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

	GROUP		TRUST	
	UNAUDITED	AUDITED	UNAUDITED	AUDITED
	AS AT	AS AT	AS AT	AS AT
	31.03.2015	30.06.2014	31.03.2015	30.06.2014
Net asset value (RM'000)	1,533,835	1,669,666	1,510,908	1,586,116
	=====	=====	=====	=====
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	1.2146	1.3453	1.1973	1.2822
- after income distribution	1.1581	1.2607	1.1408	1.1976
	=====	=====	=====	=====

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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 2014 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 MARCH 2015**

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	-	88,283	(51,062)	-	-	37,221
Other comprehensive expenses						
Currency translation differences	-	-	-	(83,263)	(14,977)	(98,240)
Increase/(Decrease) in net assets resulting from operations	-	88,283	(51,062)	(83,263)	(14,977)	(61,019)
Unitholders' transactions						
Distribution paid	-	(50,157)	-	-	-	(50,157)
Provision for income distribution	-	(24,655)	-	-	-	(24,655)
Decrease in net assets resulting from Unitholders' transaction	-	(74,812)	-	-	-	(74,812)
At 31 March 2015	1,291,395	197,813	21,428	(199,400)	222,599	1,533,835

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

**CONDENSED STATEMENTS OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015 - continued**

		Distributable Undistributed	Non distributable	
TRUST	Unitholders' Capital RM'000	Realised Income RM'000	Unrealised Income RM'000	Unitholders' Funds RM'000
At 1 July 2014	1,291,395	184,695	110,026	1,586,116
Operations for the period				
Profit/(Loss) for the period	-	74,813	(75,209)	(396)
Other comprehensive income	-	-	-	-
	-----	-----	-----	-----
Increase/(Decrease) in net assets resulting from operations	-	74,813	(75,209)	(396)
Unitholders' transactions				
Distribution paid	-	(50,157)	-	(50,157)
Provision for income distribution	-	(24,655)	-	(24,655)
	-----	-----	-----	-----
Decrease in net assets resulting from Unitholders' transaction	-	(74,812)	-	(74,812)
	-----	-----	-----	-----
At 31 March 2015	1,291,395	184,696	34,817	1,510,908
	=====	=====	=====	=====

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YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

**CONDENSED STATEMENTS OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014**

GROUP	Unitholders' Capital RM'000	Distributable Undistributed Realised Income RM'000	<--Non distributable--> Unrealised Income/ (Loss) RM'000	Currency Translation Reserves RM'000	Unitholders' Funds RM'000
At 1 July 2013	1,291,395	130,367	43,432	(149,126)	1,316,068
Operations for the period					
Profit/(Loss) for the period	-	93,943	(44,768)	-	49,175
Other comprehensive income					
Currency translation differences	-	-	-	32,135	32,135
	-----	-----	-----	-----	-----
Increase/(Decrease) in net assets resulting from operations	-	93,943	(44,768)	32,135	81,310
Unitholders' transactions					
Distribution paid	-	(51,599)	-	-	(51,599)
Provision for income distribution	-	(27,553)	-	-	(27,553)
	-----	-----	-----	-----	-----
Decrease in net assets resulting from Unitholders' transactions	-	(79,152)	-	-	(79,152)
	-----	-----	-----	-----	-----
At 31 March 2014	1,291,395	145,158	(1,336)	(116,991)	1,318,226
	=====	=====	=====	=====	=====

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YTL HOSPITALITY REIT**INTERIM FINANCIAL REPORT****CONDENSED STATEMENTS OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014 - continued**

TRUST	Unitholders' Capital RM'000	Distributable Undistributed Realised Income RM'000	Non distributable Unrealised Income/ (Loss) RM'000	Unitholders' Funds RM'000
At 1 July 2013	1,291,395	179,613	(76,479)	1,394,529
Operations for the period				
Profit for the period	-	83,457	28,183	111,640
Other comprehensive income	-	-	-	-
	-----	-----	-----	-----
Increase in net assets resulting from operations	-	83,457	28,183	111,640
Unitholders' transactions				
Distribution paid	-	(51,599)	-	(51,599)
Provision for income distribution	-	(27,553)	-	(27,553)
	-----	-----	-----	-----
Decrease in net assets resulting from Unitholders' transactions	-	(79,152)	-	(79,152)
	-----	-----	-----	-----
At 31 March 2014	1,291,395	183,918	(48,296)	1,427,017
	=====	=====	=====	=====

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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 2014 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 MARCH 2015**

	FOR THE 9 MONTHS ENDED	
	31.03.2015	31.03.2014
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	39,758	50,907
Adjustments for :-		
Amortisation of transaction costs	1,700	1,074
Depreciation of property, plant and equipment	50,855	44,928
Interest income	(2,200)	(2,477)
Interest expense	56,765	53,793
Loss on disposal of equipment	889	202
Unrealised loss/(gain) on foreign currency exchange	207	(160)
	-----	-----
Operating profit before changes in working capital	147,974	148,267
Net changes in current assets	(11,602)	(8,680)
Net changes in current liabilities	8,232	(1,687)
	-----	-----
Cash generated from operations	144,604	137,900
Income tax paid	(1,354)	(565)
	-----	-----
Net cash from operating activities	143,250	137,335
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	2,200	2,477
Proceed from disposal of equipment	-	29
Acquisition of property, plant and equipment	(3,033)	(2,562)
	-----	-----
Net cash used in investing activities	(833)	(56)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES		
Finance costs paid	(66,665)	(53,793)
Distribution paid	(83,066)	(101,834)
	-----	-----
Net cash used in financing activities	(149,731)	(155,627)
	-----	-----
Net decrease in cash and cash equivalents	(7,314)	(18,348)
Effect on exchange rate changes	(4,853)	3,609
Cash and cash equivalents at beginning of financial period	149,908	162,885
	-----	-----
Cash and cash equivalents at end of financial period (note a)	137,741	148,146
	=====	=====

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015 - continued**

Note (a)

Cash and cash equivalents

	As At 31.03.2015 RM'000	As At 31.03.2014 RM'000
Deposits with licensed financial institutions	43,731	78,011
Cash at banks	94,010	70,135
	-----	-----
	137,741	148,146
	=====	=====

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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 2014 and the accompanying explanatory notes attached to the interim financial statements.

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes :

Disclosure requirements 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 2014.

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 2014, 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.

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes : continued

A6. Income Distribution

An interim distribution of 1.8697 sen per unit (which is tax exempt at the Trust level under the amended Section 61A, Income Tax Act, 1967), totalling RM24,762,099, in respect of the three months ended 31 December 2014 was paid during the financial quarter.

A7. Segment Information

The Group's segmental result for the financial period ended 31 March 2015 is as follows:-

	<--- Property Rental --->		<-- Hotel-->	
	Malaysia	Japan	Australia	Total
	RM'000	RM'000	RM'000	RM'000
External revenue	73,525	11,617	238,291	323,433
Operating expenses	(4,158)	(1,795)	(158,238)	(164,191)
Net property income	69,367	9,822	80,053	159,242
Other income	589	1	2,806	3,396
Total income	69,956	9,823	82,859	162,638
Trust and administration expenses	(9,302)	(71)	(54,665)	(64,038)
Finance costs	(58,842)	-	-	(58,842)
Profit before tax	1,812	9,752	28,194	39,758
Total assets	1,517,124	233,041	1,429,439	3,179,604

The Group's segmental result for the financial period ended 31 March 2014 is as follows:-

	<--- Property Rental --->		<-- Hotel-->	
	Malaysia	Japan	Australia	Total
	RM'000	RM'000	RM'000	RM'000
External revenue	73,462	11,645	239,517	324,624
Operating expenses	(3,641)	(1,583)	(161,672)	(166,896)
Net property income	69,821	10,062	77,845	157,728
Other income	1,106	1	2,765	3,872
Total income	70,927	10,063	80,610	161,600
Trust and administration expenses	(7,570)	(139)	(48,086)	(55,795)
Finance costs	(54,898)	-	-	(54,898)
Profit before tax	8,459	9,924	32,524	50,907
Total assets	1,406,437	210,827	1,355,306	2,972,570

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 31 March 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

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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 31 March 2015, the revenue and net property income of RM107.895 million and RM54.427 million approximated that of the preceding year corresponding quarter's revenue and net property income of RM107.365 million and RM52.930 million, respectively.

The Group recorded a profit before tax of RM13.211 million for the current financial quarter ended 31 March 2015, a decrease of 20.23%, as compared to RM16.562 million recorded in the preceding year corresponding quarter ended 31 March 2014. The decrease in profit before tax in the current financial quarter was mainly due to the increase in interest expense arising from the interest rate hike in July 2014 and foreign exchange losses due to the weakening in Australian Dollar and Japanese Yen against Ringgit Malaysia.

As a result of the above, the income available for distribution decreased from RM30.613 million recorded in preceding year corresponding quarter to RM23.680 million recorded in current financial quarter, representing a decrease of 22.65%, after adjustment for non-cash items.

Comparison with Preceding Year Corresponding Period

For the current financial period ended 31 March 2015, the revenue and net property income of RM323.433 million and RM159.242 million approximated that of the preceding year corresponding period's revenue and net property income of RM324.624 million and RM157.728 million, respectively.

The Group recorded a profit before tax of RM39.758 million for the current financial period ended 31 March 2015, a decrease of 21.90%, as compared to RM50.907 million recorded in the preceding year corresponding period ended 31 March 2014. Included in the profit before tax for the preceding year corresponding period ended 31 March 2014 was a reversal of overprovision of depreciation charges of RM4.113 million on the Australian Properties. The profit before taxation of RM39.758 million recorded in the current period decreased by 15.04% as compared to the adjusted profit before taxation for the preceding year corresponding period of RM46.794 million (after adjustment for the depreciation charges on the Australian Properties). The decrease in profit before tax in the current financial period was also due to the increase in interest expense arising from the interest rate hike in July 2014 and foreign exchange losses due to the weakening in Australian Dollar and Japanese Yen against Ringgit Malaysia.

As a result of the above, the income available for distribution decreased from RM86.414 million recorded in preceding year corresponding period to RM74.813 million recorded in current financial period, representing a decrease of 13.42%, after adjustment for non-cash items.

YTL HOSPITALITY REIT

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Notes : continued

Comparison with Preceding Quarter

	Current Quarter 31.03.2015 RM'000	Preceding Quarter 31.12.2014 RM'000
Revenue	107,895	113,235
Net Property Income	54,427	57,343
Profit Before Tax	13,211	17,984
Income Available For Distribution	23,680	24,764

The Group revenue and net property income for the current financial quarter ended 31 March 2015 decreased by 4.72% and 5.09%, respectively as compared to the preceding quarter ended 31 December 2014. The Group profit before tax for the current financial quarter ended 31 March 2015 decreased to RM13.211 million from RM17.984 million, representing a decrease of 26.54%. In the preceding financial quarter ended 31 December 2014, the Australian portfolio generated higher revenue and net property income during the festive season.

The income available for distribution decreased to RM23.680 million recorded in current financial quarter from RM24.764 million recorded in preceding financial quarter ended 31 December 2014, representing a decrease of 4.38%, after adjustment for non-cash items.

B2. Audit Report of the preceding financial year ended 30 June 2014

The Auditor's Report on the financial statements of the financial year ended 30 June 2014 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.

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YTL HOSPITALITY REIT

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Notes : continued

B4. Portfolio Composition

As at 31 March 2015, YTL Hospitality REIT's composition of investment portfolio is as follows:

	Fair value as at 31.03.2015 RM'000	% of fair value to NAV as at 31.03.2015 %
<u>Real Estate – Commercial</u>		
(i) JW Marriott Hotel, Kuala Lumpur	383,000	25
(ii) The Residences at The Ritz-Carlton, Kuala Lumpur	239,000	16
(iii) The Ritz-Carlton, Kuala Lumpur	310,000	20
(iv) Vistana Penang Bukit Jambul	109,000	7
(v) Vistana Kuala Lumpur Titiwangsa	111,000	7
(vi) Vistana Kuantan City Centre	81,000	5
(vii) Pangkor Laut Resort	109,000	7
(viii) Tanjong Jara Resort	100,000	7
(ix) Cameron Highlands Resort	58,000	4
(x) Hilton Niseko Village*	220,030	14
(xi) Sydney Harbour Marriott ^	842,991	55
(xii) Brisbane Marriott ^	267,813	17
(xiii) Melbourne Marriott ^	179,606	12

	3,010,440	
Deposits with licensed financial institutions	43,731	3

	3,054,171	
	=====	

Note :

* Translated on 31 March 2015 at the exchange rate of JPY100 : RM3.0903

^ Translated on 31 March 2015 at the exchange rate of AUD1 : RM2.8329

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

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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 31 March 2015 were RM1,533,835,319 and RM1.1581, respectively. The decrease in total NAV and NAV per unit was mainly due to unrealised foreign exchange loss on investments recorded by the Australian subsidiaries.

	Current Quarter 31.03.2015 RM	Preceding Quarter 31.12.2014 RM
NAV	1,533,835,319	1,549,644,677
NAV per unit	1.1581	1.1701

B6. Change in Market Value

On 31 March 2015, YTL Hospitality REIT’s market value closed at RM1.030 per unit, an increase of 3.5% as compared to the closing market value of RM0.995 per unit on 31 December 2014.

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 2015.

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

There was no maintenance costs and major capital expenditure incurred during the financial period.

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 Year Quarter 31.03.2015 RM'000	Current Year To Date 31.03.2015 RM'000
Malaysian income tax	101	183
Foreign income tax	1,009	1,508
Withholding tax	183	535
Deferred tax	(107)	311
	-----	-----
	1,186	2,537
	=====	=====

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 corporate tax at the prevailing rate of 25%
Non-resident companies	25%

YTL HOSPITALITY REIT

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Notes : continued

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.

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 Extension of Time. 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.

YTL HOSPITALITY REIT

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Notes : continued

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 and are pending approval.

B15. Borrowings and Debt Securities

The Group’s borrowings from financial institutions as at 31 March 2015 are set below:

Long term	RM’000
Term Loan – secured	1,581,800
Capitalised transaction costs	(13,100)

	1,568,700
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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 1.8616 sen per unit (all taxable in the hands of unitholders), totaling RM24,654,823 (which is tax exempt at the Trust level under the amended Section 61A of the Income Tax Act 1967), comprising 100% of the total distributable income for the financial quarter ended 31 March 2015 of RM23.680 million and total distributable income brought forward of RM0.976 million from the financial period ended 31 December 2014. The total income distribution paid and declared for the financial period ended 31 March 2015 is 5.6488 sen per unit, totaling RM74,812,079 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 5 and 26 June 2015, respectively.

The interim income distribution is from the following sources:-

	Current Year Quarter 31.03.2015 RM'000	Current Year To Date 31.03.2015 RM'000
Profit after taxation	12,025	37,221
Distribution adjustments:-		
Depreciation	17,451	50,855
Unrealised foreign translation differences	(19)	207
Net profit not distributed from overseas operations	(5,777)	(13,470)
	-----	-----
Income available for distribution/Total distributable income	23,680	74,813
Total distributable income brought forward	976	-
	-----	-----
Total distributable income available for distribution	24,656	74,813
Less: Income distribution	(24,655)	(74,812)
	-----	-----
Undistributed distributable income	1	1
	=====	=====

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YTL HOSPITALITY REIT

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Notes : continued

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

As at 31 March 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 31 March 2015.

B18. Realised and Unrealised Retained Profits/Undistributed Income

The breakdown of the undistributed income of the Group as at 31 March 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 31.03.2015 RM'000	As at 30.06.2014 RM'000
Total undistributed income of the Trust and its subsidiaries		
- Realised	11,015	21,050
- Unrealised	62,706	134,446
	-----	-----
	73,721	155,496
Add: Consolidation adjustments	145,520	101,336
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Total group undistributed income as per consolidated financial statements	219,241	256,832
	=====	=====

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

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 31 March 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: 21 May 2015