

YTL HOSPITALITY REIT

Established in Malaysia

**Interim Financial Report
30 September 2020**

YTL HOSPITALITY REIT

Interim Financial Report 30 September 2020

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YTL HOSPITALITY REIT**INTERIM FINANCIAL REPORT**

Interim financial report on results for the financial period ended 30 September 2020.

The figures have not been audited.

CONDENSED INCOME STATEMENTS FOR THE PERIOD

	GROUP		TRUST	
	CURRENT	PRECEDING	CURRENT	PRECEDING
	YEAR	YEAR	YEAR	YEAR
	QUARTER	CORRESPONDING	QUARTER	CORRESPONDING
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
	RM'000	RM'000	RM'000	RM'000
REALISED REVENUE	58,116	120,718	17,784	35,059
ACCRUED LEASE INCOME	20,925	-	18,727	-
TOTAL REVENUE	79,041	120,718	36,511	35,059
PROPERTY OPERATING EXPENSES	(26,038)	(57,980)	(1,853)	(1,828)
NET PROPERTY INCOME	53,003	62,738	34,658	33,231
FINANCE INCOME	104	246	20,005	26,599
OTHER INCOME	389	384	-	-
MANAGER'S FEES	(2,245)	(2,469)	(2,245)	(2,469)
TRUSTEE'S FEES	(356)	(364)	(356)	(364)
DEPRECIATION	(14,439)	(18,376)	(1)	(1)
ADMINISTRATION EXPENSES	(815)	(2,826)	(126)	(750)
FINANCE COSTS	(15,976)	(22,481)	(15,953)	(22,459)
UNREALISED (LOSS)/GAIN ON FOREIGN EXCHANGE	(2,609)	23,480	(60)	(2,542)
PROFIT BEFORE TAX	17,056	40,332	35,922	31,245

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

CONDENSED INCOME STATEMENTS FOR THE PERIOD – continued

	GROUP		TRUST	
	CURRENT YEAR QUARTER 30.09.2020 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.09.2019 RM'000	CURRENT YEAR QUARTER 30.09.2020 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.09.2019 RM'000
PROFIT BEFORE TAX	17,056	40,332	35,922	31,245
INCOME TAX EXPENSE	(498)	(669)	(413)	(407)
PROFIT FOR THE PERIOD	16,558	39,663	35,509	30,838
DISTRIBUTION ADJUSTMENTS:				
- Accrued lease income	(20,925)	-	(18,727)	-
- Depreciation	14,439	18,375	1	-
- Net income from foreign operations	4,162	(1,178)	-	-
- Unrealised foreign translation differences	2,609	(23,480)	60	2,542
INCOME AVAILABLE FOR DISTRIBUTION / TOTAL DISTRIBUTABLE INCOME	16,843	33,380	16,843	33,380
PROVISION FOR INCOME DISTRIBUTION	-*	(33,379)	-*	(33,379)
UNDISTRIBUTED DISTRIBUTABLE INCOME	16,843	1	16,843	1
DISTRIBUTABLE INCOME PER UNIT (Sen)	0.9882	1.9585	0.9882	1.9585
GROSS DISTRIBUTION PER UNIT (Sen)	-*	1.9584	-*	1.9584

* The income distribution frequency has been changed from quarterly to semi-annually effective from the financial quarter ended 31 March 2020.

The Condensed Income Statements should be read in conjunction with the audited annual financial statements for the year ended 30 June 2020 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD

	GROUP		TRUST	
	CURRENT YEAR QUARTER 30.09.2020	PRECEDING YEAR CORRESPONDING QUARTER 30.09.2019	CURRENT YEAR QUARTER 30.09.2020	PRECEDING YEAR CORRESPONDING QUARTER 30.09.2019
	RM'000	RM'000	RM'000	RM'000
PROFIT FOR THE PERIOD	16,558	39,663	35,509	30,838
OTHER COMPREHENSIVE INCOME/(LOSS):-				
<i>ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO INCOME STATEMENT:-</i>				
CASH FLOW HEDGE	-	2,962	-	2,962
CURRENCY TRANSLATION DIFFERENCES	4,048	(47,200)	-	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	20,606	(4,575)	35,509	33,800
PROFIT FOR THE PERIOD IS MADE UP AS FOLLOWS:-				
REALISED PROFIT	12,681	34,558	16,843	33,380
UNREALISED PROFIT/(LOSS)	3,877	5,105	18,666	(2,542)
	16,558	39,663	35,509	30,838
Weighted average number of units ('000)	1,704,389	1,704,389	1,704,389	1,704,389
EARNINGS PER UNIT (Sen)	0.97	2.33	2.08	1.81

The Condensed Statements of Comprehensive Income should be read in conjunction with the audited annual financial statements for the year ended 30 June 2020 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED STATEMENTS OF FINANCIAL POSITION

	GROUP		TRUST	
	UNAUDITED AS AT 30.09.2020 RM'000	AUDITED AS AT 30.06.2020 RM'000	UNAUDITED AS AT 30.09.2020 RM'000	AUDITED AS AT 30.06.2020 RM'000
ASSETS				
Non-current Assets				
Investment properties	2,742,515	2,747,190	2,218,000	2,218,000
Property, plant and equipment	1,744,399	1,750,176	-	-
Accrued lease income	20,909	-	18,727	-
Right-of-use asset	206	206	206	206
Investment in subsidiaries	-	-	527,536	527,536
Amount due from subsidiaries	-	-	1,376,549	1,374,807
Deferred tax assets	1,617	1,671	-	-
	-----	-----	-----	-----
	4,509,646	4,499,243	4,141,018	4,120,549
	-----	-----	-----	-----
Current Assets				
Inventories	348	400	-	-
Trade and other receivables	45,384	46,521	9,303	12,949
Income tax assets	1,607	1,464	-	-
Amount due from subsidiaries	-	-	119,611	135,150
Deposits with licensed financial institutions	36,711	40,124	6,242	9,794
Cash at banks	76,400	105,784	3,580	2,507
	-----	-----	-----	-----
	160,450	194,293	138,736	160,400
	-----	-----	-----	-----
TOTAL ASSETS	4,670,096	4,693,536	4,279,754	4,280,949
	=====	=====	=====	=====
UNITHOLDERS' FUNDS				
Unitholders' capital (Accumulated losses) / Undistributed income	1,690,806	1,690,806	1,690,806	1,690,806
Reserves	(14,188)	(30,746)	530,924	495,415
	899,887	895,839	-	-
	-----	-----	-----	-----
Net Asset Value	2,576,505	2,555,899	2,221,730	2,186,221
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INTERIM FINANCIAL REPORT

CONDENSED STATEMENTS OF FINANCIAL POSITION – continued

	GROUP		TRUST	
	UNAUDITED AS AT 30.09.2020 RM'000	AUDITED AS AT 30.06.2020 RM'000	UNAUDITED AS AT 30.09.2020 RM'000	AUDITED AS AT 30.06.2020 RM'000
LIABILITIES				
Non-current Liabilities				
Borrowings	2,036,996	2,036,559	1,226,996	1,226,559
Lease liability	206	203	206	203
Other payables	-	702	-	-
Amount due to a subsidiary	-	-	810,000	810,000
	-----	-----	-----	-----
	2,037,202	2,037,464	2,037,202	2,036,762
	-----	-----	-----	-----
Current Liabilities				
Trade and other payables	56,389	51,815	20,822	9,608
Provision for income distribution	-	48,358	-	48,358
	-----	-----	-----	-----
	56,389	100,173	20,822	57,966
	-----	-----	-----	-----
TOTAL LIABILITIES	2,093,591	2,137,637	2,058,024	2,094,728
	-----	-----	-----	-----
TOTAL UNITHOLDERS' FUNDS & LIABILITIES	4,670,096	4,693,536	4,279,754	4,280,949
	=====	=====	=====	=====
Net asset value (RM'000)				
- before income distribution	2,576,505	2,670,289	2,221,730	2,300,611
- after income distribution	2,576,505	2,555,899	2,221,730	2,186,221
	=====	=====	=====	=====
Number of units in circulations ('000)				
	1,704,389	1,704,389	1,704,389	1,704,389
	=====	=====	=====	=====
Net asset value per unit (RM)				
- before income distribution	1.512	1.567	1.304	1.350
- after income distribution	1.512	1.500	1.304	1.283
	=====	=====	=====	=====

The Condensed Statements of Financial Position should be read in conjunction with the audited annual financial statements for the year ended 30 June 2020 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 2020**

GROUP	Unitholders' Capital RM'000	Distributable Undistributed Realised Income RM'000	<-----Non-distributable----->				Cash Flow Hedge Reserve RM'000	Total Unitholders' Funds RM'000
			Unrealised Loss RM'000	Currency Translation Reserves RM'000	Revaluation Reserve RM'000			
At 1 July 2020	1,690,806	223,583	(254,329)	(64,529)	960,368	-	2,555,899	
Operations for the period								
Profit for the period	-	12,681	3,877	-	-	-	16,558	
Other comprehensive (loss)/income	-	-	-	(224)	4,272	-	4,048	

Increase/(Decrease) in net assets resulting from operations	-	12,681	3,877	(224)	4,272	-	20,606	
Unitholders' transactions								
Provision for income distribution*	-	-	-	-	-	-	-	

Decrease in net assets resulting from Unitholders' transaction	-	-	-	-	-	-	-	

At 30 September 2020	1,690,806	236,264	(250,452)	(64,753)	964,640	-	2,576,505	
=====								

* The income distribution frequency has been changed from quarterly to semi-annually effective from the financial quarter ended 31 March 2020.

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INTERIM FINANCIAL REPORT

**CONDENSED STATEMENTS OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020 - continued**

	Unitholders' Capital RM'000	Distributable Undistributed Realised Income RM'000	<-----Non-distributable----> Unrealised Income RM'000	Cash Flow Hedge Reserve RM'000	Total Unitholders' Funds RM'000
TRUST					
At 1 July 2020	1,690,806	197,409	298,006	-	2,186,221
Operations for the period					
Profit for the period	-	16,843	18,666	-	35,509
Other comprehensive income	-	-	-	-	-
	-----	-----	-----	-----	-----
Increase in net assets resulting from operations	-	16,843	18,666	-	35,509
Unitholders' transactions					
Provision for income distribution*	-	-	-	-	-
	-----	-----	-----	-----	-----
Decrease in net assets resulting from Unitholders' transaction	-	-	-	-	-
	-----	-----	-----	-----	-----
At 30 September 2020	1,690,806	214,252	316,672	-	2,221,730
	=====	=====	=====	=====	=====

* The income distribution frequency has been changed from quarterly to semi-annually effective from the financial quarter ended 31 March 2020.

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INTERIM FINANCIAL REPORT

**CONDENSED STATEMENTS OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

GROUP	Unitholders' Capital RM'000	Distributable Undistributed Realised Income RM'000	<-----Non-distributable----->				Total Unitholders' Funds RM'000
			Unrealised Loss RM'000	Currency Translation Reserves RM'000	Revaluation Reserve RM'000	Cash Flow Hedge Reserve RM'000	
At 1 July 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 (loss)/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

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**CONDENSED STATEMENTS OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 - continued**

	Unitholders' Capital RM'000	Distributable Undistributed Realised Income RM'000	<-----Non-distributable----> Unrealised Income RM'000	Cash Flow Hedge Reserve RM'000	Total Unitholders' Funds RM'000
TRUST					
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
	=====	=====	=====	=====	=====

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 2020 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 2020**

	3 MONTHS ENDED	
	30.09.2020	30.09.2019
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	17,056	40,332
Adjustments for:-		
Accrued lease income	(20,925)	-
Amortisation of transaction costs	452	604
Depreciation	14,439	18,376
Interest income	(104)	(246)
Interest expense	15,472	21,824
Loss on disposal of property, plant and equipment	6	19
Unrealised loss/(gain) on foreign currency exchange	2,609	(23,480)
	-----	-----
Operating profit before changes in working capital	29,005	57,429
Net changes in current assets	1,186	(5,830)
Net changes in current liabilities	3,732	11,859
	-----	-----
Cash generated from operations	33,923	63,458
Income tax paid	(579)	(949)
	-----	-----
Net cash from operating activities	33,344	62,509
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	104	246
Acquisition of property, plant and equipment	(632)	(2,467)
	-----	-----
Net cash used in investing activities	(528)	(2,221)
	-----	-----

YTL HOSPITALITY REIT**INTERIM FINANCIAL REPORT****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020 - continued**

	3 MONTHS ENDED	
	30.09.2020	30.09.2019
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(15,469)	(21,824)
Distribution paid	(48,358)	(35,773)
Transaction costs paid	(2,641)	-
	-----	-----
Net cash used in financing activities	(66,468)	(57,597)
	-----	-----
Net (decrease)/increase in cash and cash equivalents	(33,652)	2,691
Effect on exchange rate changes	855	(2,446)
Cash and cash equivalents at beginning of financial period	145,908	148,972
	-----	-----
Cash and cash equivalents at end of financial period (note a)	113,111	149,217
	=====	=====

Note (a)

	As At	As At
	30.09.2020	30.09.2019
	RM'000	RM'000
Cash and cash equivalents:-		
Deposits with licensed financial institutions	36,711	42,390
Cash at banks	76,400	106,827
	-----	-----
	113,111	149,217
	=====	=====

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited annual financial statements for the year ended 30 June 2020 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 2020.

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 2020, 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 2020:-

	RM'000
In respect of the six months ended 30 June 2020:-	
A final distribution of 2.8373 sen per unit each paid on 28 August 2020	48,358
	=====

A7. Segment Information

The Group's segmental result for the financial period ended 30 September 2020 is as follows:-

	< ---Property rental--- >		< --Hotel-- >	
	Malaysia RM'000	Japan RM'000	Australia RM'000	Total RM'000
External revenue	36,511	7,363	35,167	79,041
Operating expenses	(1,853)	(982)	(23,203)	(26,038)
	-----	-----	-----	-----
Net property income	34,658	6,381	11,964	53,003
	-----	-----	-----	
Finance income				104
Other income				389

Total income				53,496
Trust and administration expenses				(3,416)
Depreciation				(14,439)
Finance costs				(15,976)
Unrealised loss on foreign exchange				(2,609)

Profit before tax				17,056
				=====
Total assets	2,256,133	540,848	1,873,115	4,670,096
	=====	=====	=====	=====

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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 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

A8. Subsequent Events

There was no item, transaction or event of a material and 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 2020 and the fund size stood at 1,704,388,889.

A10. Changes in Contingent Liabilities

There were no contingent liabilities to be disclosed.

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YTL HOSPITALITY REIT**INTERIM FINANCIAL REPORT**

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

	Individual Quarter		Variance	Cumulative Quarter		Variance
	30.09.2020	30.09.2019	%	30.09.2020	30.09.2019	%
	RM'000	RM'000	+/-	RM'000	RM'000	+/-
Revenue:						
- Hotel (Management contracts)	35,167	78,509	-55.21	35,167	78,509	-55.21
- Property rental (Master leases)	43,874	42,209	3.94	43,874	42,209	3.94
	-----	-----		-----	-----	
	79,041	120,718	-34.52	79,041	120,718	-34.52
	=====	=====		=====	=====	
Net Property Income:						
- Hotel (Management contracts)	11,964	23,445	-48.97	11,964	23,445	-48.97
- Property rental (Master leases)	41,039	39,293	4.44	41,039	39,293	4.44
	-----	-----		-----	-----	
	53,003	62,738	-15.52	53,003	62,738	-15.52
	=====	=====		=====	=====	
Profit Before Tax	17,056	40,332	-57.71	17,056	40,332	-57.71
Income Available For Distribution	16,843	33,380	-49.54	16,843	33,380	-49.54

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YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes : - continued

B1. Review of Performance - continued

For the current financial quarter under review, the Group recorded revenue and net property income of RM79.041 million and RM53.003 million, respectively, as compared to RM120.718 million and RM62.738 million, respectively, recorded in the preceding year corresponding quarter. This represented a decrease of 34.52% and 15.52%, respectively.

The Group recorded a profit before tax of RM17.056 million for the current financial quarter ended 30 September 2020, a decrease of 57.71% as compared to a profit before tax of RM40.332 million recorded in the preceding year corresponding quarter due to the unrealised foreign currency translation loss on borrowings denominated in foreign currencies of RM2.626 million recorded during the current financial quarter as compared to a translation gain of RM23.559 million recognised during the preceding year corresponding quarter. The loss is mitigated by the reduction in finance costs following the refinancing of AUD loan in June 2020 at lower interest rate and the drop in interest rates for loan denominated in Ringgit Malaysia.

The income available for distribution in the current financial quarter of RM16.843 million, represented a decrease of 49.54% as compared to RM33.380 million recorded in the preceding year corresponding quarter mainly due to lower performance from Australian hotel portfolio arising from the COVID-19 pandemic and rental variations approved for the Malaysian and Japanese properties (except The Green Leaf Niseko Village) which reduced the lease rentals by 50% for twenty-four months commencing 1 July 2020 until 30 June 2022 (“Rental Variations”).

Performance of the respective operating business segments for the financial quarter ended 30 September 2020 as compared to the preceding year corresponding quarter are analysed as follows:

Hotel

Revenue and net property income from Australian Properties have been impacted by the COVID-19 pandemic since February 2020 and the implementation of stricter social distancing measures by the Australian government to contain the spread in late March 2020. Since then, the hotel portfolio performance has been continuously impacted by the restrictions.

Property rental

The Rental Variations mentioned above was set off by the recognition of lease income on a straight-line basis over the tenure of the lease due to the variation in the terms.

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INTERIM FINANCIAL REPORT

Notes : - continued

B2. Comparison with Preceding Quarter

	Current Quarter 30.09.2020 RM'000	Preceding Quarter 30.06.2020 RM'000	Variance % +/-
Revenue:			
- Hotel (Management contracts)	35,167	27,254	29.03
- Property rental (Master leases)	43,874	42,519	3.19
	-----	-----	
	79,041	69,773	13.28
	=====	=====	
Net Property Income:			
- Hotel (Management contracts)	11,964	4,616	159.19
- Property rental (Master leases)	41,039	39,665	3.46
	-----	-----	
	53,003	44,281	19.70
	=====	=====	
Profit/(Loss) Before Tax	17,056	(122,023)	113.98
Income Available For Distribution	16,843	27,035	-37.70

For the current financial quarter, Group revenue and net property income increased by 13.28% and 19.70%, respectively as compared to the preceding financial quarter ended 30 June 2020.

The Group recorded a profit before tax of RM17.056 million for the current financial quarter ended 30 September 2020, an increase of 113.98%, as compared to the preceding financial quarter ended 30 June 2020 due to the following factors:-

- (i) unrealised foreign currency translation loss on borrowings denominated in foreign currencies of RM2.626 million recorded during the current financial quarter as compared to a loss of RM99.801 million recognised during the preceding financial quarter; and
- (ii) fair value loss on properties of RM28.120 million recorded during the preceding financial quarter.

The income available for distribution in the current financial quarter recorded at RM16.843 million, represented a decrease of 37.70% as compared to RM27.035 million recorded in the preceding quarter due to Rental Variations.

Performance of the respective operating business segments for the financial quarter ended 30 September 2020 as compared to the preceding quarter are analysed as follows:-

Hotel

Revenue and net property income from Australian Properties have improved as a result of the participation in government isolation group business and subsidy from the jobseeker programme.

Property rental

The increase in revenue and net property income from Malaysian and Japanese Properties are due to the reasons set out in Note B1.

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes : - continued

B3. Audit Report of the preceding financial year ended 30 June 2020

The Auditor's Report on the financial statements of the financial year ended 30 June 2020 did not contain any qualification.

B4. Portfolio Composition

As at 30 September 2020, YTL Hospitality REIT's composition of investment portfolio is as follows:-

	Fair Value As At 30.09.2020 RM'000	% of total investment %
<u>Real Estate - Commercial</u>		
<u>Malaysian Properties</u>		
(i) JW Marriott Hotel Kuala Lumpur	523,000	12
(ii) The Majestic Hotel Kuala Lumpur	390,000	9
(iii) The Ritz-Carlton, Kuala Lumpur - Hotel Wing	360,000	8
(iv) The Ritz-Carlton, Kuala Lumpur - Suite Wing	313,000	7
(v) AC Hotel Kuala Lumpur Titiwangsa	139,000	3
(vi) AC Hotel Penang Bukit Jambul	121,000	3
(vii) Pangkor Laut Resort	119,000	3
(viii) Tanjong Jara Resort	103,000	2
(ix) AC Hotel Kuantan City Centre	90,000	2
(x) Cameron Highlands Resort	60,000	1
<u>Japanese Properties</u>		
(xi) Hilton Niseko Village*	285,491	6
(xii) The Green Leaf Niseko Village*	239,024	5
<u>Australian Properties</u>		
(xiii) Sydney Harbour Marriott^	1,301,367	29
(xiv) Brisbane Marriott^	232,817	5
(xv) Melbourne Marriott^	210,215	5
	-----	-----
Total	4,486,914	100
	=====	=====

Note :

* Translated on 30 September 2020 at the exchange rate of JPY100 : RM3.9378

^ Translated on 30 September 2020 at the exchange rate of AUD1 : RM2.9586

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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 30 September 2020 were RM2,576,505,000 and RM1.5117, respectively. The increase in total NAV was mainly due to no declaration of income distribution for the current financial quarter in view of the change in income distribution frequency.

	Current Quarter 30.09.2020	Preceding Quarter 30.06.2020
NAV (RM'000)	2,576,505	2,555,899
Number of units in circulations ('000)	1,704,389	1,704,389
NAV per unit (after distribution) (RM)	1.5117	1.4996
NAV per unit (before distribution) (RM)	1.5117	1.5667

B6. Status of property development activities

There were no property development activities during the current financial quarter ended 30 September 2020.

B7. Prospects

The World Health Organization declared the COVID-19 outbreak a global pandemic while the International Monetary Fund in the World Economic Outlook update in October 2020, anticipated the global economy to climb out from the depths to which it had plummeted during the lockdown in April 2020. But with the COVID-19 pandemic continuing to spread, many countries have slowed reopening and some are reinstating partial lockdowns to protect susceptible populations. While the recovery in China has been faster than expected, the global economy's long ascent back to pre-pandemic levels of activity remains prone to setbacks. *(Source: International Monetary Fund, World Economic Outlook Update, October 2020 – A Long and Difficult Ascent, 7 October 2020).*

The unprecedented pandemic has adversely impacted the tourism, travel and hospitality industries worldwide and business recovery is expected to take a longer period in view of the uncertainties and challenges that are ahead. With the recovery in China's economy boosted by containment of the virus and strong local spending, it is expected the spillover effect upon its neighboring countries particularly on tourism market once the international borders reopen.

The Group is taking steps to proactively manage the business and take the necessary actions to ensure that the Group's long-term business prospects remain stable. Notwithstanding the short term challenges, the Manager remains confident of the long term prospects of hospitality sector.

B8. Profit forecast

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

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes : - continued

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 2020.

B10. Material Litigation

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

B11. Maintenance Costs and Major Capital Expenditure

During the financial period ended 30 September 2020, RM632,000 (AUD210,000) was incurred on refurbishment works on the Australian Properties.

B12. Taxation

Taxation comprises the following:-

	Current Quarter 30.09.2020 RM'000
Malaysian income tax	22
Foreign income tax	413
Deferred tax	63

	498
	=====

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 2020.

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	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 2020 are as follows:-

	RM'000
Non-current	
Term Loan – secured	1,233,978
Medium Term Notes - secured	810,000

Total borrowings	2,043,978
Capitalised transaction costs	(6,982)

	2,036,996
	=====
Total Assets	4,670,096
	=====
Gearing ratio (%)	43.77
	=====

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

	Foreign currency '000	RM equivalents RM'000
Australian Dollar^	345,193	1,021,288
Japanese Yen*	5,401,250	212,690

		1,233,978
		=====

Note :

^ Translated on 30 September 2020 at the exchange rate of AUD1 : RM2.9586

* Translated on 30 September 2020 at the exchange rate of JPY100 : RM3.9378

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 in combination of fixed and floating coupon.

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YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes : - continued

B15. Income Distribution

There is no income distribution declared for the current financial quarter, following YTL Hospitality REIT's change of its income distribution frequency from quarterly to semi-annually distributions effective from the financial quarter ended 31 March 2020.

The interim income distribution is from the following sources:-

	Current Year Quarter 30.09.2020 RM'000	Preceding Year Corresponding Quarter 30.09.2019 RM'000
Net property income	53,003	62,738
Other income	493	24,110
Expenses	(36,440)	(46,516)
	-----	-----
Profit before tax	17,056	40,332
Income tax expense	(498)	(669)
	-----	-----
Profit after taxation	16,558	39,663
Distribution adjustments	285	(6,283)
	-----	-----
Realised income for the quarter	16,843	33,380
Total undistributed realised income brought forward	197,409	184,699
	-----	-----
Total realised income available for distribution	214,252	218,079
Less: income distribution	-	(33,379)
	-----	-----
Balance undistributed realised income	214,252	184,700
	=====	=====
Distribution per unit (sen)	-	1.9584
	=====	=====

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 2020