

YTL HOSPITALITY REIT

Established in Malaysia

**Interim Financial Report
30 September 2014**

YTL HOSPITALITY REIT

Interim Financial Report 30 September 2014

	Page No.
Condensed Income Statements	1 - 2
Condensed Statements of Comprehensive Income	3
Condensed Statements of Financial Position	4 - 5
Condensed Statements of Changes in Net Asset Value	6 - 9
Condensed Consolidated Statement of Cash Flows	10 - 11
Notes to the Interim Financial Report	12 - 23

YTL HOSPITALITY REIT**INTERIM FINANCIAL REPORT**

Interim financial report on consolidated results for the financial period ended 30 September 2014.

The figures have not been audited.

CONDENSED INCOME STATEMENTS FOR THE PERIOD

	GROUP		TRUST	
	PRECEDING		PRECEDING	
	CURRENT	YEAR	CURRENT	YEAR
	YEAR	CORRESPONDING	YEAR	CORRESPONDING
	QUARTER	QUARTER	QUARTER	QUARTER
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
	RM'000	RM'000	RM'000	RM'000
NET REVENUE	102,303	102,581	24,508	24,488
PROPERTY OPERATING EXPENSES	(54,831)	(54,307)	(1,383)	(1,211)
NET PROPERTY INCOME	47,472	48,274	23,125	23,277
OTHER INCOME	1,237	901	25,323	26,145
MANAGER'S FEES	(1,770)	(2,122)	(1,770)	(2,122)
TRUSTEE'S FEES	(246)	(350)	(246)	(350)
ADMINISTRATION EXPENSES	(18,463)	(13,677)	(440)	(148)
FINANCE COSTS	(19,442)	(18,384)	(19,442)	(18,384)
INCOME BEFORE UNREALISED ITEM	8,788	14,642	26,550	28,418
UNREALISED ITEM:				
- Unrealised (loss)/gain on foreign exchange	(225)	188	(70,057)	40,060
PROFIT/(LOSS) BEFORE TAX	8,563	14,830	(43,507)	68,478
INCOME TAX EXPENSE	(839)	(367)	(181)	(201)
PROFIT/(LOSS) FOR THE PERIOD	7,724	14,463	(43,688)	68,277

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

CONDENSED INCOME STATEMENTS FOR THE PERIOD - continued

	GROUP		TRUST	
	CURRENT YEAR CORRESPONDING QUARTER 30.09.2014 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.09.2013 RM'000	CURRENT YEAR CORRESPONDING QUARTER 30.09.2014 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.09.2013 RM'000
PROFIT/(LOSS) FOR THE PERIOD	7,724	14,463	(43,688)	68,277
DISTRIBUTION ADJUSTMENTS:				
- Depreciation	16,895	12,326	-	-
- Unrealised foreign translation differences	225	(188)	70,057	(40,060)
-Net income not distributed from foreign operations	1,525	1,616	-	-
	-----	-----	-----	-----
INCOME AVAILABLE FOR DISTRIBUTION / TOTAL DISTRIBUTABLE INCOME	26,369	28,217	26,369	28,217
PROVISION FOR INCOME DISTRIBUTION	(25,395)	(25,395)	(25,395)	(25,395)
	-----	-----	-----	-----
UNDISTRIBUTED DISTRIBUTABLE INCOME	974	2,822	974	2,822
	=====	=====	=====	=====
DISTRIBUTABLE INCOME PER UNIT (Sen)	1.9910	2.1306	1.9910	2.1306
	=====	=====	=====	=====
GROSS DISTRIBUTION PER UNIT (Sen)	1.9175	1.9175	1.9175	1.9175
	=====	=====	=====	=====

(THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK)

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	
	CURRENT	PRECEDING	CURRENT	PRECEDING
	YEAR	YEAR	YEAR	YEAR
	CORRESPONDING	CORRESPONDING	CORRESPONDING	CORRESPONDING
	QUARTER	QUARTER	QUARTER	QUARTER
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
	RM'000	RM'000	RM'000	RM'000
PROFIT/(LOSS) FOR THE PERIOD	7,724	14,463	(43,688)	68,277
OTHER COMPREHENSIVE (EXPENSES)/INCOME :				
CURRENCY TRANSLATION DIFFERENCES	(92,401)	48,147	-	-
TOTAL COMPREHENSIVE (EXPENSES)/INCOME FOR THE PERIOD	(84,677)	62,610	(43,688)	68,277
	=====	=====	=====	=====
PROFIT/(LOSS) FOR THE PERIOD IS MADE UP AS FOLLOWS :-				
REALISED PROFIT	24,844	26,601	26,369	28,217
UNREALISED (LOSS)/PROFIT	(17,120)	(12,138)	(70,057)	40,060
	-----	-----	-----	-----
	7,724	14,463	(43,688)	68,277
	=====	=====	=====	=====
EARNINGS/(LOSS) PER UNIT (Sen)	0.58	1.09	(3.30)	5.16
	=====	=====	=====	=====

(THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK)

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 30.09.2014 RM'000	AUDITED AS AT 30.06.2014 RM'000	UNAUDITED AS AT 30.09.2014 RM'000	AUDITED AS AT 30.06.2014 RM'000
ASSETS				
Non-current Assets				
Investment properties	1,713,045	1,725,633	1,500,000	1,500,000
Property, plant and equipment	1,337,086	1,428,255	-	-
Investment in subsidiaries	-	-	344,792	344,792
Amount due from subsidiaries	-	-	1,159,613	1,224,979
Deferred tax assets	3,163	3,701	-	-
	-----	-----	-----	-----
	3,053,294	3,157,589	3,004,405	3,069,771
	-----	-----	-----	-----
Current Assets				
Inventories	777	842	-	-
Trade and other receivables	19,697	17,295	2,987	2,174
Amount due from subsidiaries	-	-	98,332	94,384
Deposits with licensed financial institutions	61,028	79,296	21,225	37,101
Cash at banks	73,775	70,612	225	806
	-----	-----	-----	-----
	155,277	168,045	122,769	134,465
	-----	-----	-----	-----
TOTAL ASSETS	3,208,571	3,325,634	3,127,174	3,204,236
	=====	=====	=====	=====
UNITHOLDERS' FUNDS				
Unitholders' capital	1,291,395	1,291,395	1,291,395	1,291,395
Undistributed income	239,161	256,832	225,638	294,721
Currency translation reserves	(195,942)	(116,137)	-	-
Revaluation reserve	224,980	237,576	-	-
	-----	-----	-----	-----
Net Asset Value	1,559,594	1,669,666	1,517,033	1,586,116
	-----	-----	-----	-----
LIABILITIES				
Non-current Liabilities				
Borrowing	1,577,259	1,576,899	1,577,259	1,576,899
Other payables	-	1,872	-	-
	-----	-----	-----	-----
	1,577,259	1,578,771	1,577,259	1,576,899
	-----	-----	-----	-----
Current Liabilities				
Trade and other payables	45,051	43,200	7,487	8,313
Income tax liabilities	1,272	1,089	-	-
Provision for income distribution	25,395	32,908	25,395	32,908
	-----	-----	-----	-----
	71,718	77,197	32,882	41,221
	-----	-----	-----	-----
TOTAL LIABILITIES	1,648,977	1,655,968	1,610,141	1,618,120
TOTAL UNITHOLDERS' FUNDS & LIABILITIES	3,208,571	3,325,634	3,127,174	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
	30.09.2014	30.06.2014	30.09.2014	30.06.2014
Net asset value (RM'000)	1,559,594	1,669,666	1,517,033	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	1.1968	1.3453	1.1646	1.2822
- after income distribution	1.1776	1.2607	1.1455	1.1976
	=====	=====	=====	=====

(THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK)

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 30 SEPTEMBER 2014**

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

YTL HOSPITALITY REIT**INTERIM FINANCIAL REPORT****CONDENSED STATEMENTS OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014 - 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	-	26,369	(70,057)	(43,688)
Other comprehensive income	-	-	-	-
Increase/(Decrease) in net assets resulting from operations	-	26,369	(70,057)	(43,688)
Unitholders' transactions				
Provision for income distribution	-	(25,395)	-	(25,395)
Decrease in net assets resulting from Unitholders' transaction	-	(25,395)	-	(25,395)
At 30 September 2014	1,291,395	185,669	39,969	1,517,033

(THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK)

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

**CONDENSED STATEMENTS OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2013**

GROUP	Unitholders' Capital RM'000	Distributable Undistributed Realised Income RM'000	<--Non distributable--> Unrealised Income 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 for the period	-	26,601	(12,138)	-	14,463
Other comprehensive income					
Currency translation differences	-	-	-	48,147	48,147
Increase in net assets resulting from operations	-	26,601	(12,138)	48,147	62,610
Unitholders' transactions					
Provision for income distribution	-	(25,395)	-	-	(25,395)
Decrease in net assets resulting from Unitholders' transactions	-	(25,395)	-	-	(25,395)
At 30 September 2013	1,291,395	131,573	31,294	(100,979)	1,353,283

(THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK)

YTL HOSPITALITY REIT**INTERIM FINANCIAL REPORT****CONDENSED STATEMENTS OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2013 - 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 2013	1,291,395	179,613	(76,479)	1,394,529
Operations for the period				
Profit for the period	-	28,217	40,060	68,277
Other comprehensive income	-	-	-	-
Increase in net assets resulting from operations	-	28,217	40,060	68,277
Unitholders' transactions				
Provision for income distribution	-	(25,395)	-	(25,395)
Decrease in net assets resulting from Unitholders' transactions	-	(25,395)	-	(25,395)
At 30 September 2013	1,291,395	182,435	(36,419)	1,437,411

(THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK)

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 30 SEPTEMBER 2014**

	FOR THE 3 MONTHS ENDED	
	30.09.2014	30.09.2013
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	8,563	14,830
Adjustments for :-		
Amortisation of transaction costs	360	360
Depreciation of property, plant and equipment	16,895	12,326
Impairment loss on equipment	-	171
Interest income	(826)	(901)
Interest expense	18,745	18,021
Loss on disposal of equipment	52	12
Unrealised loss/(gain) on foreign currency exchange	225	(188)
	-----	-----
Operating profit before changes in working capital	44,014	44,631
Net changes in current assets	(3,140)	(5,174)
Net changes in current liabilities	1,931	(4,183)
	-----	-----
Cash generated from operations	42,805	35,274
Income tax paid	(289)	(204)
	-----	-----
Net cash from operating activities	42,516	35,070
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	826	901
Proceed from disposal of equipment	-	29
Acquisition of property, plant and equipment	(1,001)	(611)
	-----	-----
Net cash (used in)/from investing activities	(175)	319
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(18,745)	(18,021)
Distribution paid	(32,908)	(50,234)
	-----	-----
Net cash used in financing activities	(51,653)	(68,255)
	-----	-----
Net decrease in cash and cash equivalents	(9,312)	(32,866)
Effect on exchange rate changes	(5,793)	2,878
Cash and cash equivalents at beginning of financial period	149,908	162,885
	-----	-----
Cash and cash equivalents at end of financial period (note a)	134,803	132,897
	=====	=====

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014 - continued**

Note (a)

Cash and cash equivalents

	As At 30.09.2014 RM'000	As At 30.09.2013 RM'000
Deposits with licensed financial institutions	61,028	82,169
Cash at banks	73,775	50,728
	-----	-----
	134,803	132,897
	=====	=====

(THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK)

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 requirement pursuant to MFRS 134

The condensed consolidated interim financial statements should be read in conjunction with the audited annual financial statements of the Group for the financial year ended 30 June 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 2.4848 sen per unit (which is tax exempt at the Trust level under the amended Section 61A, Income Tax Act, 1967), totalling RM32,908,415, in respect of the three months ended 30 June 2014 was paid during the financial quarter.

A7. Segment Information

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

	<--- Property Rental --->		<-- Hotel-->	
	Malaysia RM'000	Japan RM'000	Australia RM'000	Total RM'000
External revenue	24,508	3,854	73,941	102,303
Operating expenses	(1,383)	(662)	(52,786)	(54,831)
Net property income	23,125	3,192	21,155	47,472
Other income	258	1	978	1,237
Total income	23,383	3,193	22,133	48,709
Trust and administration expenses	(2,681)	(30)	(17,993)	(20,704)
Finance costs	(19,442)	-	-	(19,442)
Profit before tax	1,260	3,163	4,140	8,563
Total assets	1,524,686	221,671	1,462,214	3,208,571

The Group's segmental result for the financial period ended 30 September 2013 is as follows:-

	<--- Property Rental --->		<-- Hotel-->	
	Malaysia RM'000	Japan RM'000	Australia RM'000	Total RM'000
External revenue	24,488	3,922	74,171	102,581
Operating expenses	(1,211)	(708)	(52,388)	(54,307)
Net property income	23,277	3,214	21,783	48,274
Other income	577	-	324	901
Total income	23,854	3,214	22,107	49,175
Trust and administration expenses	(2,432)	(95)	(13,434)	(15,961)
Finance costs	(18,384)	-	-	(18,384)
Profit before tax	3,038	3,119	8,673	14,830
Total assets	1,389,339	217,180	1,395,175	3,001,694

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes : - continued

A8. Events after the interim period

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

A9. Changes in the Composition of the Group

There was no change in the composition of the Group and of the Trust for the current quarter ended 30 September 2014 and the fund size stood at 1,324,388,889.

A10. Changes in Contingent Liabilities

There were no contingent liabilities to be disclosed.

(THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK)

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

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

B1. Review of Performance

Comparison with Preceding Year Corresponding Quarter

For the current financial quarter ended 30 September 2014, the revenue and net property income of RM102.303 million and RM47.472 million approximated that of the preceding year corresponding revenue of RM102.581 million and RM48.274 million, respectively.

The Group recorded a profit before tax of RM8.563 million for the current financial quarter ended 30 September 2014, a decrease of 42.26%, as compared to RM14.830 million recorded in the preceding year corresponding quarter ended 30 September 2013. Included in the profit before tax for the preceding year corresponding quarter ended 30 September 2013 was a reversal of overprovision of depreciation charges of RM4.113 million on the Australian Properties. The profit before taxation of RM8.563 million recorded in the current quarter decreased by 20.10% as compared to the adjusted profit before taxation for the preceding year corresponding quarter of RM10.717 million (after adjustment for the depreciation charges on the Australian Properties). The decrease in profit before tax in the current financial quarter was also due to the following :-

- increase in depreciation charge on the Australian Properties due to the revaluation on property, plant and equipment in May 2014; and
- increase in interest expense arising from the interest rate hike in July 2014 and a one off loan administration fee.

As a result of the above, the income available for distribution decreased from RM28.217 million recorded in preceding year corresponding quarter to RM26.369 million recorded in current financial quarter, representing a decrease of 6.55%, after adjustment for non-cash items.

Comparison with Preceding Quarter

	Current Quarter 30.09.2014 RM'000	Preceding Quarter 30.06.2014 RM'000
Revenue	102,303	100,490
Net Property Income	47,472	45,139
Profit Before Tax	8,563	145,608
Income Available For Distribution	26,369	30,728

The Group revenue and net property income for the current financial quarter ended 30 September 2014 improved by 1.80% and 5.17%, respectively as compared to the preceding quarter ended 30 June 2014.

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes : - continued

B1. Review of Performance -continued

Included in the Group's profit before tax for the preceding financial quarter ended 30 June 2014 was the net revaluation surpluses of RM135.768 million recognised in May 2014. The Group's profit before tax for the current financial quarter ended 30 September 2014 decreased to RM8.563 million from RM9.840 million (before adjustment for the net revaluation surpluses of RM135.768 million), representing a decrease of 12.98%. The decrease in profit before taxation was due to the same reasons set out as above.

As a result, the income available for distribution decreased to RM26.369 million recorded in current financial quarter from RM30.728 million recorded in preceding financial quarter ended 30 June 2014, representing a decrease of 14.19%.

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.

(THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK)

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes : continued

B4. Portfolio Composition

As at 30 September 2014, YTL Hospitality REIT's composition of investment portfolio is as follows:

	Fair value as at 30.09.2014 RM'000	% of fair value to NAV as at 30.09.2014 %
<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	15
(iii) The Ritz-Carlton, Kuala Lumpur	310,000	20
(iv) Vistana Penang Bukit Jambul	109,000	7
(v) Vistana Kuala Lumpur Titiwangsa	111,000	6
(vi) Vistana Kuantan City Centre	81,000	7
(vii) Pangkor Laut Resort	109,000	7
(viii) Tanjong Jara Resort	100,000	5
(ix) Cameron Highlands Resort	58,000	4
(x) Hilton Niseko Village*	213,045	14
(xi) Sydney Harbour Marriott ^	874,059	56
(xii) Brisbane Marriott ^	277,549	18
(xiii) Melbourne Marriott ^	185,478	12

	3,050,131	
Deposits with licensed financial institutions	61,028	4

	3,111,159	
	=====	

Note :

* Translated on 30 September 2014 at the exchange rate of JPY100 : RM2.9922

^ Translated on 30 September 2014 at the exchange rate of AUD1 : RM2.8632

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

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 2014 were RM1,559,593,654 and RM1.1776, respectively. The decrease in total NAV and NAV per unit was mainly due to the recognition of unrealised foreign exchange loss on investments in Japanese and Australian subsidiaries.

	Current Quarter 30.09.2014 RM	Preceding Quarter 30.06.2014 RM
NAV	1,559,593,654	1,669,665,546
NAV per unit	1.1776	1.2607

B6. Change in Market Value

On 30 September 2014, YTL Hospitality REIT’s market value closed at RM1.01 per unit, an increase of 10.4% as compared to the closing market value of RM0.915 per unit on 30 June 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

INTERIM FINANCIAL REPORT

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 30.09.2014 RM'000
Foreign income tax	306
Withholding tax	181
Deferred tax	352

	839
	=====

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

INTERIM FINANCIAL REPORT

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.

The Proposed Placement and Proposed Increase in Fund Size are currently pending implementation.

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes : continued

B15. Borrowings and Debt Securities

The Group's borrowings from financial institutions as at 30 September 2014 are set below:

Long term	RM'000
Term Loan – secured	1,581,800
Capitalised transaction costs	(4,541)

	1,577,259
	=====

B16. Income Distribution

The Board of Pintar Projek Sdn. Bhd. has declared an interim distribution of 1.9175 sen per unit (all taxable in the hands of unitholders), totaling RM25,395,157 (which is tax exempt at the Trust level under the amended Section 61A of the Income Tax Act 1967), representing approximately 96% of the total distributable income for the financial quarter ended 30 September 2014. The book closure and payment dates in respect of the interim distribution will be fixed on 5 and 24 December 2014, respectively.

The interim income distribution is from the following sources:-

	Current Year Quarter RM'000
Profit after taxation	7,724
Distribution adjustments:-	
Depreciation	16,895
Unrealised foreign translation differences	225
Net profit not distributed from overseas operations	1,525

Income available for distribution/Total distributable income	26,369
Less: Income distribution	(25,395)

Undistributed distributable income	974
	=====

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes : continued

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

As at 30 September 2014, 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	754,939
YTL Power International Berhad	43,090	43,520
Business & Budget Hotels (Kuantan) Sdn Bhd	18,750	18,938
Megahub Development Sdn Bhd	18,250	18,433
East-West Ventures Sdn Bhd	62,500	63,125
Syarikat Pelanchongan Pangkor Laut Sendirian Berhad	24,250	24,493
Tanjong Jara Beach Hotel Sdn Bhd	21,750	21,968
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping	870	879
Dato' Yeoh Seok Kah	2,000	2,020
Dato' Hj. Mohamed Zainal Abidin Bin Hj. Abdul Kadir	100	101

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 RM1.01 per unit as at 30 September 2014.

B18. Realised and Unrealised Retained Profits/Undistributed Income

The breakdown of the undistributed income of the Group as at 30 September 2014, into realised and unrealised profits, pursuant to the directive issued by Bursa Malaysia Securities Berhad ("Bursa Securities") on 25 March 2010 and 20 December 2010 is as follows:-

	As at 30.09.2014 RM'000	As at 30.06.2014 RM'000
Total undistributed income of the Trust and its subsidiaries		
- Realised	11,789	21,050
- Unrealised	68,727	134,446
	-----	-----
	80,516	155,496
Add: Consolidation adjustments	158,645	101,336
	-----	-----
Total group undistributed income as per consolidated financial statements	239,161	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 30 September 2014 and of its financial performance and cash flows for the financial period ended on that date.

(THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK)

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

Kuala Lumpur
Dated: 20 November 2014