

YTL HOSPITALITY REIT

Established in Malaysia

**Interim Financial Report
30 September 2023**

YTL HOSPITALITY REIT

Interim Financial Report 30 September 2023

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YTL HOSPITALITY REIT**INTERIM FINANCIAL REPORT**

Interim financial report on results for the financial period ended 30 September 2023.

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
	30.09.2023	QUARTER	30.09.2023	QUARTER
	RM'000	30.09.2022	RM'000	30.09.2022
		RM'000		RM'000
REALISED REVENUE	131,237	113,329	36,811	36,108
ACCRUED LEASE INCOME - UNBILLED	(323)	(1,069)	(275)	429
TOTAL REVENUE	130,914	112,260	36,536	36,537
PROPERTY OPERATING EXPENSES	(62,637)	(54,119)	(1,918)	(1,858)
NET PROPERTY INCOME	68,277	58,141	34,618	34,679
FINANCE INCOME	1,166	239	23,204	19,542
OTHER INCOME	496	840	53	373
MANAGER'S FEES	(2,634)	(2,407)	(2,634)	(2,407)
TRUSTEE'S FEES	(381)	(373)	(381)	(373)
DEPRECIATION	(15,398)	(15,431)	(1)	(1)
FINANCE COSTS	(28,179)	(19,968)	(28,157)	(19,946)
ADMINISTRATION EXPENSES	(2,518)	(1,210)	(152)	(153)
UNREALISED GAIN/(LOSS) ON FOREIGN EXCHANGE	6,473	2,056	(5,879)	(1,885)
FAIR VALUE CHANGES ON UNBILLED LEASE INCOME	400	1,096	352	(402)
PROFIT BEFORE TAX	27,702	22,983	21,023	29,427

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

CONDENSED INCOME STATEMENTS FOR THE PERIOD – continued

	GROUP		TRUST	
	CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR
	QUARTER	CORRESPONDING QUARTER	QUARTER	CORRESPONDING QUARTER
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
PROFIT BEFORE TAX	27,702	22,983	21,023	29,427
INCOME TAX EXPENSE	(805)	(126)	(330)	(338)
PROFIT FOR THE PERIOD	26,897	22,857	20,693	29,089
DISTRIBUTION ADJUSTMENTS:				
- Accrued lease income - unbilled	323	1,069	275	(429)
- Depreciation	15,398	15,431	1	1
- Fair value changes on unbilled lease income	(400)	(1,096)	(352)	402
- Net income from foreign operations	(9,249)	(5,257)	-	-
- Unrealised foreign translation differences	(6,473)	(2,056)	5,879	1,885
INCOME AVAILABLE FOR DISTRIBUTION / TOTAL DISTRIBUTABLE INCOME	26,496	30,948	26,496	30,948
PROVISION FOR INCOME DISTRIBUTION	-	-	-	-
UNDISTRIBUTED DISTRIBUTABLE INCOME	26,496	30,948	26,496	30,948
DISTRIBUTABLE INCOME PER UNIT (Sen)	1.5546	1.8158	1.5546	1.8158
GROSS DISTRIBUTION PER UNIT (Sen)	-	-	-	-

The Condensed Income Statements should be read in conjunction with the audited annual financial statements for the year ended 30 June 2023 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 30.09.2023 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.09.2022 RM'000	CURRENT YEAR QUARTER 30.09.2023 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.09.2022 RM'000
PROFIT FOR THE PERIOD	26,897	22,857	20,693	29,089
OTHER COMPREHENSIVE LOSS:-				
<i>ITEM THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO INCOME STATEMENT:-</i>				
CURRENCY TRANSLATION DIFFERENCES	(41,892)	(12,405)	-	-
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	(14,995)	10,452	20,693	29,089
PROFIT FOR THE PERIOD IS MADE UP AS FOLLOWS:-				
REALISED PROFIT	35,745	36,205	26,496	30,948
UNREALISED ITEMS	(8,848)	(13,348)	(5,803)	(1,859)
	26,897	22,857	20,693	29,089
Weighted average number of units ('000)	1,704,389	1,704,389	1,704,389	1,704,389
EARNINGS PER UNIT (Sen)	1.58	1.34	1.21	1.71

The Condensed Statements of Comprehensive Income should be read in conjunction with the audited annual financial statements for the year ended 30 June 2023 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 30.09.2023 RM'000	AUDITED AS AT 30.06.2023 RM'000	UNAUDITED AS AT 30.09.2023 RM'000	AUDITED AS AT 30.06.2023 RM'000
ASSETS				
Non-current Assets				
Investment properties	2,777,948	2,792,750	2,275,000	2,275,000
Property, plant and equipment	2,020,676	2,085,578	-	-
Unbilled lease income	22,080	22,004	22,080	22,004
Right-of-use asset	197	198	197	198
Investment in subsidiaries	-	-	540,874	538,714
Amount due from subsidiaries	-	-	1,335,260	1,368,547
Deferred tax assets	3,354	3,096	-	-
	-----	-----	-----	-----
	4,824,255	4,903,626	4,173,411	4,204,463
	-----	-----	-----	-----
Current Assets				
Inventories	626	710	-	-
Trade and other receivables	78,459	39,336	39,898	671
Amount due from subsidiaries	-	-	119,566	120,201
Income tax assets	1	7	-	-
Deposits with licensed financial institutions	210	74,660	210	74,660
Cash at banks	117,842	108,939	5,825	6,249
	-----	-----	-----	-----
	197,138	223,652	165,499	201,781
	-----	-----	-----	-----
TOTAL ASSETS	5,021,393	5,127,278	4,338,910	4,406,244
	=====	=====	=====	=====
UNITHOLDERS' FUNDS				
Unitholders' capital	1,690,806	1,690,806	1,690,806	1,690,806
Undistributed realised income	249,529	213,784	226,890	200,394
Reserves	952,073	1,002,813	348,902	354,705
	-----	-----	-----	-----
Total Unitholders' Funds / Net Asset Value	2,892,408	2,907,403	2,266,598	2,245,905
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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
	30.09.2023	30.06.2023	30.09.2023	30.06.2023
	RM'000	RM'000	RM'000	RM'000
LIABILITIES				
Non-current Liabilities				
Borrowings	2,038,316	1,891,500	1,223,316	1,076,500
Lease liability	205	202	205	202
Other payables	-	1,261	-	-
Amount due to a subsidiary	-	-	815,000	815,000
	-----	-----	-----	-----
	2,038,521	1,892,963	2,038,521	1,891,702
	-----	-----	-----	-----
Current Liabilities				
Borrowings	-	174,481	-	174,481
Trade and other payables	86,836	73,705	33,791	19,447
Income tax liabilities	3,628	4,017	-	-
Provision for income distribution	-	74,709	-	74,709
	-----	-----	-----	-----
	90,464	326,912	33,791	268,637
	-----	-----	-----	-----
TOTAL LIABILITIES	2,128,985	2,219,875	2,072,312	2,160,339
	-----	-----	-----	-----
TOTAL UNITHOLDERS' FUNDS & LIABILITIES	5,021,393	5,127,278	4,338,910	4,406,244
	=====	=====	=====	=====
Net asset value (RM'000)				
- before income distribution	2,892,408	3,034,266	2,266,598	2,372,768
- after income distribution	2,892,408	2,907,403	2,266,598	2,245,905
	=====	=====	=====	=====
Number of units in circulation ('000)	1,704,389	1,704,389	1,704,389	1,704,389
	=====	=====	=====	=====
Net asset value per unit (RM)				
- before income distribution	1.697	1.780	1.330	1.392
- after income distribution	1.697	1.706	1.330	1.318
	=====	=====	=====	=====

The Condensed Statements of Financial Position should be read in conjunction with the audited annual financial statements for the year ended 30 June 2023 and the accompanying explanatory notes attached to the interim financial statements.

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INTERIM FINANCIAL REPORT

**CONDENSED STATEMENTS OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023**

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	
At 1 July 2023	1,690,806	213,784	(201,843)	(148,806)	1,353,462	2,907,403
Operations for the period						
Profit/(Loss) for the period	-	35,745	(8,848)	-	-	26,897
Other comprehensive loss	-	-	-	(10,377)	(31,515)	(41,892)
Increase/(Decrease) in net assets resulting from operations	-	35,745	(8,848)	(10,377)	(31,515)	(14,995)
Unitholders' transactions						
Provision for income distribution	-	-	-	-	-	-
Decrease in net assets resulting from Unitholders' transaction	-	-	-	-	-	-
At 30 September 2023	1,690,806	249,529	(210,691)	(159,183)	1,321,947	2,892,408

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INTERIM FINANCIAL REPORT

**CONDENSED STATEMENTS OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023 - continued**

GROUP	Unitholders' Capital RM'000	Distributable	<-----Non-distributable----->			Total Unitholders' Funds RM'000
		Undistributed Realised Income RM'000	Unrealised Loss RM'000	Currency Translation Reserves RM'000	Revaluation Reserve RM'000	
At 1 July 2022	1,690,806	185,408	(187,825)	(149,554)	1,233,913	2,772,748
Operations for the period						
Profit/(Loss) for the period	-	36,205	(13,348)	-	-	22,857
Other comprehensive loss	-	-	-	(1,594)	(10,811)	(12,405)
Increase/(Decrease) in net assets resulting from operations	-	36,205	(13,348)	(1,594)	(10,811)	10,452
Unitholders' transactions						
Provision for income distribution	-	-	-	-	-	-
Decrease in net assets resulting from Unitholders' transaction	-	-	-	-	-	-
At 30 September 2022	1,690,806	221,613	(201,173)	(151,148)	1,223,102	2,783,200

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**CONDENSED STATEMENTS OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023 - continued**

TRUST	Unitholders' Capital RM'000	Distributable Undistributed Realised Income RM'000	Non-distributable Unrealised Income RM'000	Total Unitholders' Funds RM'000
At 1 July 2023	1,690,806	200,394	354,705	2,245,905
Operations for the period				
Profit/(Loss) for the period	-	26,496	(5,803)	20,693
Other comprehensive income	-	-	-	-
	-----	-----	-----	-----
Increase/(Decrease) in net assets resulting from operations	-	26,496	(5,803)	20,693
Unitholders' transactions				
Provision for income distribution	-	-	-	-
	-----	-----	-----	-----
Decrease in net assets resulting from Unitholders' transaction	-	-	-	-
	-----	-----	-----	-----
At 30 September 2023	<u><u>1,690,806</u></u>	<u><u>226,890</u></u>	<u><u>348,902</u></u>	<u><u>2,266,598</u></u>

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CONDENSED STATEMENTS OF CHANGES IN NET ASSET VALUE FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023 - continued

	Unitholders' Capital RM'000	Distributable Undistributed Realised Income RM'000	Non-distributable Unrealised Income RM'000	Total Unitholders' Funds RM'000
TRUST				
At 1 July 2022	1,690,806	200,394	343,331	2,234,531
Operations for the period				
Profit/(Loss) for the period	-	30,948	(1,859)	29,089
Other comprehensive income	-	-	-	-
	-----	-----	-----	-----
Increase/(Decrease) in net assets resulting from operations	-	30,948	(1,859)	29,089
Unitholders' transactions				
Provision for income distribution	-	-	-	-
	-----	-----	-----	-----
Decrease in net assets resulting from Unitholders' transaction	-	-	-	-
	-----	-----	-----	-----
At 30 September 2022	1,690,806	231,342	341,472	2,263,620
	=====	=====	=====	=====

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 2023 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 2023**

	3 MONTHS ENDED	
	30.09.2023	30.09.2022
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	27,702	22,983
Adjustments for:-		
Amortisation of transaction costs	570	523
Depreciation	15,398	15,431
Fair value changes	(400)	(1,096)
Interest income	(1,166)	(239)
Interest expense	27,555	19,393
Loss on disposal of property, plant and equipment	6	19
Unrealised gain on foreign currency exchange	(6,473)	(2,056)
	-----	-----
Operating profit before changes in working capital	63,192	54,958
Net changes in current assets	(39,707)	(13,558)
Net changes in current liabilities	16,491	20,224
	-----	-----
Cash generated from operations	39,976	61,624
Income tax paid	(1,467)	(1,323)
Income tax refunded	17	-
	-----	-----
Net cash from operating activities	38,526	60,301
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	1,166	239
Acquisition of property, plant and equipment	(2,327)	(1,629)
	-----	-----
Net cash used in investing activities	(1,161)	(1,390)
	-----	-----

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YTL HOSPITALITY REIT**INTERIM FINANCIAL REPORT****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023 - continued**

	3 MONTHS ENDED	
	30.09.2023	30.09.2022
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Distribution paid	(74,709)	(35,230)
Interest paid	(27,553)	(19,390)
Transaction costs paid	(163)	-
Proceed from borrowing	2,161	-
	-----	-----
Net cash used in financing activities	(100,264)	(54,620)
	-----	-----
Net (decrease)/increase in cash and cash equivalents	(62,899)	4,291
Effect on exchange rate changes	(2,648)	(831)
Cash and cash equivalents at beginning of financial period	183,599	83,633
	-----	-----
Cash and cash equivalents at end of financial period (note a)	118,052	87,093
	=====	=====

Note (a)

	As At	As At
	30.09.2023	30.09.2022
	RM'000	RM'000
Cash and cash equivalents comprise:-		
Deposits with licensed financial institutions	210	1,324
Cash at banks	117,842	85,769
	-----	-----
	118,052	87,093
	=====	=====

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited annual financial statements for the year ended 30 June 2023 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 2023.

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.

The explanatory notes contained herein provide an explanation of the events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group and of the Trust since the financial year ended 30 June 2023.

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 annual audited financial statements for the financial year ended 30 June 2023.

The adoption of MFRSs, interpretations and amendments to MFRSs, which were effective for financial year beginning on or after 1 July 2023 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 2023:-

	RM'000
In respect of the six months ended 30 June 2023:-	
A final distribution of 4.3833 sen per unit each paid on 30 August 2023	74,709

A7. Segment Information

The Group's segmental result for the financial period ended 30 September 2023 is as follows:-

	< ---Property rental--->		< --Hotel-- >	
	Malaysia RM'000	Japan RM'000	Australia RM'000	Total RM'000
External revenue	36,536	6,840	87,538	130,914
Operating expenses	(1,918)	(774)	(59,945)	(62,637)
Net property income	34,618	6,066	27,593	68,277
Other income				496
Finance income				1,166
Unrealised gain on foreign exchange				6,473
Changes in fair value				400
Total income				76,812
Trust and administration expenses				(5,533)
Finance costs				(28,179)
Depreciation				(15,398)
Profit before tax				27,702
Total assets	2,343,291	526,874	2,151,228	5,021,393

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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 2022 is as follows:-

	< ---Property rental--->		< --Hotel-- >	Total
	Malaysia	Japan	Australia	
	RM'000	RM'000	RM'000	RM'000
External revenue	36,537	6,823	68,900	112,260
Operating expenses	(1,858)	(772)	(51,489)	(54,119)
Net property income	34,679	6,051	17,411	58,141
Other income				840
Finance income				239
Unrealised gain on foreign exchange				2,056
Changes in fair value				1,096
Total income				62,372
Trust and administration expenses				(3,990)
Finance costs				(19,968)
Depreciation				(15,431)
Profit before tax				22,983
Total assets	2,337,911	508,834	2,040,098	4,886,843

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, save for the following:

The acquisition of The Hotel Stripes Kuala Lumpur, Autograph Collection was completed on 31 October 2023 following the sale and purchase agreement entered into with Hotel 25 Sdn. Bhd. on 6 September 2023 for a cash consideration of RM138 million.

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 2023 and the fund size stood at 1,704,388,889 units.

A10. Changes in Contingent Liabilities

There were no contingent liabilities to be disclosed.

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INTERIM FINANCIAL REPORT

Notes :

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

B1. Review of Performance

	Individual Quarter		Variance %	Cumulative Quarter		Variance %
	30.09.2023 RM'000	30.09.2022 RM'000		30.09.2023 RM'000	30.09.2022 RM'000	
Revenue:						
- Hotel (Management contracts)	87,538	68,900	27.05	87,538	68,900	27.05
- Property rental (Master leases)	43,376	43,360	0.04	43,376	43,360	0.04
	-----	-----		-----	-----	
	130,914	112,260	16.62	130,914	112,260	16.62
	=====	=====		=====	=====	
Net Property Income:						
- Hotel (Management contracts)	27,593	17,411	58.48	27,593	17,411	58.48
- Property rental (Master leases)	40,684	40,730	(0.11)	40,684	40,730	(0.11)
	-----	-----		-----	-----	
	68,277	58,141	17.43	68,277	58,141	17.43
	=====	=====		=====	=====	
Profit Before Tax	27,702	22,983	20.53	27,702	22,983	20.53
Income Available For Distribution	26,496	30,948	(14.39)	26,496	30,948	(14.39)

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INTERIM FINANCIAL REPORT

Notes : - continued

B1. Review of Performance – continued

Current Financial Quarter vs Preceding Year Corresponding Quarter

For the current financial quarter under review, the Group recorded revenue and net property income of RM130.914 million and RM68.277 million, respectively, as compared to RM112.260 million and RM58.141 million, respectively, recorded in the preceding year corresponding quarter. This represented an increase of 16.62% and 17.43%, respectively. The performance of the operating business segments is set out under the “Review of Operating Business Segments”.

The Group recorded a profit before tax of RM27.702 million for the current financial quarter, an increase of 20.53% as compared to profit before tax of RM22.983 million recorded in the preceding year corresponding quarter.

The increase in profit before tax was mainly due to the increase in unrealised foreign currency translation differences. The higher net property income was set off by the increase in finance costs amounting to RM8.211 million due to higher interest rate on borrowings denominated in Australian Dollar as compared to the preceding year corresponding quarter.

Income available for distribution in the current financial quarter of RM26.496 million, represented a decrease of 14.39% as compared to RM30.948 million recorded in the preceding year corresponding quarter due to the increase in finance costs as mentioned above.

Review of Operating Business Segments

Performance of the operating business segments for the current financial quarter as compared to the preceding year corresponding quarter are analysed as follows:-

Hotel

During the current financial quarter under review, improvement in the performance of Australian portfolio was mainly contributed by international events held in Australia which led to higher average daily room rates and occupancy rates whereas in the preceding year corresponding quarter, business activities were lower owing to the uncertain economic condition during COVID-19 recovery period.

Property rental

During the current financial quarter under review, step-up lease rental income of 5% every 5 years from the commencement of lease agreements for certain Malaysian properties increased the realised property rental income. However, due to accounting requirements to recognise property rental income on straight-line basis over the tenure of the lease, revenue and net property income from Malaysian and Japanese Properties approximate to that in the preceding year corresponding quarter.

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Notes : - continued

B2. Comparison with Preceding Quarter

	Current Quarter 30.09.2023 RM'000	Preceding Quarter 30.06.2023 RM'000	Variance % +/-
Revenue:			
- Hotel (Management contracts)	87,538	74,171	18.02
- Property rental (Master leases)	43,376	43,391	(0.03)
	-----	-----	
	130,914	117,562	11.36
	=====	=====	
Net Property Income:			
- Hotel (Management contracts)	27,593	19,420	42.09
- Property rental (Master leases)	40,684	40,516	0.41
	-----	-----	
	68,277	59,936	13.92
	=====	=====	
Profit Before Tax	27,702	71,224	(61.11)
Income Available For Distribution	26,496	42,702	(37.95)

For the current financial quarter, Group revenue and net property income increased by 11.36% and 13.92%, respectively as compared to the preceding financial quarter ended 30 June 2023.

The Group recorded a profit before tax of RM27.702 million for the current financial quarter, a decrease of 61.11% as compared to the preceding financial quarter ended 30 June 2023 mainly due to the absence of the fair value gain of RM60.582 million from the annual valuation carried out in May 2023.

Income available for distribution in the current financial quarter of RM26.496 million represented a decrease of 37.95% as compared to RM42.702 million recorded in the preceding quarter mainly due to the realisation and receipt of first deferred rental in respect of the rental deferral programme.

Review of Operating Business Segments

Performance of the operating business segments for the current financial quarter as compared to the preceding quarter are analysed as follows:-

Hotel

Revenue and net property income from Australian portfolio improved due to the reason mentioned in Note B1 above.

Property rental

Revenue and net property income from Malaysian and Japanese Properties approximated to that in the preceding financial quarter.

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes : - continued

B3. Prospects

With the return to normalcy in the jurisdictions where the Group operates, coupled with softening approach in interest rate hikes, the hospitality industry is expected to maintain a relatively positive outlook amidst risks of geopolitical uncertainty and other economic challenges.

The Group is continuously taking steps to proactively manage the business and take necessary actions to protect its long-term business prospects and deliver sound performance. Notwithstanding the short term challenges, the Manager remains confident of the long term prospects of the hospitality sector.

B4. Audit Report of the preceding financial year ended 30 June 2023

The Auditor's Report on the financial statements of the financial year ended 30 June 2023 did not contain any qualification.

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YTL HOSPITALITY REIT

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B5. Portfolio Composition

As at 30 September 2023, YTL Hospitality REIT's composition of investment portfolio is as follows:-

	Fair Value As At 30.09.2023 RM'000	% of total investment %
<u>Real Estate – Commercial</u>		
<u>Malaysian Properties</u>		
(i) JW Marriott Hotel Kuala Lumpur	527,500	11
(ii) The Majestic Hotel Kuala Lumpur	400,000	8
(iii) The Ritz-Carlton, Kuala Lumpur – Hotel Wing	362,000	8
(iv) The Ritz-Carlton, Kuala Lumpur – Suite Wing	324,000	7
(v) AC Hotel Kuala Lumpur Titiwangsa	147,000	3
(vi) AC Hotel Penang Bukit Jambul	126,000	3
(vii) Pangkor Laut Resort	124,000	3
(viii) Tanjong Jara Resort	107,000	2
(ix) AC Hotel Kuantan City Centre	95,500	2
(x) Cameron Highlands Resort	62,000	1
<u>Japanese Properties</u>		
(xi) Hilton Niseko Village*	305,787	6
(xii) The Green Leaf Niseko Village*	197,161	4
<u>Australian Properties/Portfolio</u>		
(xiii) Sydney Harbour Marriott^	1,510,340	31
(xiv) Brisbane Marriott^	269,932	6
(xv) Melbourne Marriott^	240,404	5
	-----	-----
Total	4,798,624	100
	=====	=====

Note :

* Translated on 29 September 2023 at the exchange rate of JPY100 : RM3.1395

^ Translated on 29 September 2023 at the exchange rate of AUD1 : RM3.0286

B6. Change in Net Asset Value (“NAV”)

The total NAV and NAV per unit of the Group as at 30 September 2023 were RM2,892,408,000 and RM1.6970, respectively. The decrease in total NAV was mainly due to the unrealised loss items recorded in respect of the investments in Japanese and Australian subsidiaries.

	Current Quarter 30.09.2023	Preceding Quarter 30.06.2023
NAV (RM'000)	2,892,408	2,907,403
Number of units in circulations ('000)	1,704,389	1,704,389
NAV per unit (after distribution) (RM)	1.6970	1.7058
NAV per unit (before distribution) (RM)	1.6970	1.7803

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes : - continued

B7. Status of Property Development Activities

There were no property development activities during the current financial quarter.

B8. Profit Forecast

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

B9. Utilisation of Proceeds Raised from Issuance of New Units

There was no issuance of new units during the current financial quarter ended 30 September 2023.

B10. Material Litigation

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

B11. Major Maintenance Costs and Major Capital Expenditure

During the financial period ended 30 September 2023, RM2,327,000 (AUD767,000) was incurred on refurbishment works on the Australian Properties.

B12. Taxation

Taxation comprises the following:-

	Current Quarter 30.09.2023 RM'000
Malaysian income tax	12
Foreign income tax	1,123
Deferred tax	(330)

	805
	=====

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 2023.

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes : - continued

B12. Taxation - continued

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%

B13. Corporate Development

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

On 19 September 2023, Pintar Projek Sdn. Bhd., as the Manager of YTL Hospitality REIT ("Manager") announced that Maybank Trustees Berhad, as the Trustee of YTL Hospitality REIT ("Trustee") has entered into three (3) supplemental lease agreements with the following lessees for a total rental increase of RM2,695,000 per annum in consideration of YTL Hospitality REIT agreeing to pay for the costs of the refurbishment works of the hotel properties:

- (i) Prisma Tulin Sdn. Bhd. in respect of the lease of AC Hotel Kuala Lumpur Titiwangsa;
- (ii) Business & Budget Hotels (Penang) Sdn. Bhd. in respect of the lease of AC Hotel Penang Bukit Jambul; and
- (iii) Business & Budget Hotels (Kuantan) Sdn. Bhd. in respect of the lease of AC Hotel Kuantan City Centre.

In relation thereto, the Manager has entered into three (3) separate contracts with Syarikat Pembinaan Yeoh Tiong Lay Sdn. Bhd. to undertake and complete the refurbishment works for contract sums totalling RM38,500,000 on the same day.

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YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes : - continued

B14. Borrowings and Debt Securities

The Group's borrowings as at 30 September 2023 are as follows:-

	Long term RM'000
Term Loan – secured	1,229,481
Medium Term Notes – secured	815,000

Total borrowings	2,044,481
Capitalised transaction costs	(6,165)

	2,038,316
	=====
Total Assets	5,021,393
	=====
Gearing ratio (%)	40.72
	=====

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

	Foreign currency '000	RM equivalents RM'000
Australian Dollar^	349,539	1,058,614
Japanese Yen*	5,442,500	170,867

		1,229,481
		=====

Note :

^ Translated on 29 September 2023 at the exchange rate of AUD1 : RM3.0286

* Translated on 29 September 2023 at the exchange rate of JPY100 : RM3.1395

During the current financial period, the term loan denominated in Japanese Yen of JPY5,401.250 million was refinanced by the drawing of a new term loan denominated in Japanese Yen.

In order to protect the Group's distributable income from the volatility in interest rates and provide stability to unitholder's returns, the Group issued medium term notes with fixed and floating coupons.

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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.

The interim income distribution is from the following sources:-

	Current Year Quarter 30.09.2023 RM'000	Preceding Year Corresponding Quarter 30.09.2022 RM'000
Net property income	68,277	58,141
Other income	8,535	4,231
Expenses	(49,110)	(39,389)
	-----	-----
Profit before tax	27,702	22,983
Income tax expense	(805)	(126)
	-----	-----
Profit after tax	26,897	22,857
Distribution adjustments	(401)	8,091
	-----	-----
Realised income for the period	26,496	30,948
Total undistributed realised income brought forward	200,394	200,394
	-----	-----
Total realised income available for distribution	226,890	231,342
Less: income distribution	-	-
	-----	-----
Balance undistributed realised income	226,890	231,342
	=====	=====
Distribution per unit (sen)	-	-
	=====	=====

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: 23 November 2023