

YTL HOSPITALITY REIT

Established in Malaysia

**Interim Financial Report
30 September 2022**

YTL HOSPITALITY REIT

Interim Financial Report 30 September 2022

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YTL HOSPITALITY REIT**INTERIM FINANCIAL REPORT**

Interim financial report on results for the financial period ended 30 September 2022.

The figures have not been audited.

CONDENSED INCOME STATEMENTS FOR THE PERIOD

	GROUP		TRUST	
	CURRENT	PRECEDING	CURRENT	PRECEDING
	YEAR	YEAR	YEAR	YEAR
	CORRESPONDING	CORRESPONDING	CORRESPONDING	CORRESPONDING
	QUARTER	QUARTER	QUARTER	QUARTER
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	RM'000	RM'000	RM'000	RM'000
REALISED REVENUE	113,329	69,334	36,108	17,886
ACCRUED LEASE INCOME - UNBILLED	(1,069)	20,840	429	18,625
	-----	-----	-----	-----
TOTAL REVENUE	112,260	90,174	36,537	36,511
PROPERTY OPERATING EXPENSES	(54,119)	(32,015)	(1,858)	(1,817)
	-----	-----	-----	-----
NET PROPERTY INCOME	58,141	58,159	34,679	34,694
FINANCE INCOME	239	28	19,542	20,041
OTHER INCOME	840	518	373	96
MANAGER'S FEES	(2,407)	(2,382)	(2,407)	(2,382)
TRUSTEE'S FEES	(373)	(366)	(373)	(366)
DEPRECIATION	(15,431)	(15,329)	(1)	(1)
FINANCE COSTS	(19,968)	(15,064)	(19,946)	(15,042)
ADMINISTRATION EXPENSES	(1,210)	(1,133)	(153)	(102)
UNREALISED GAIN/(LOSS) ON FOREIGN EXCHANGE	2,056	8,125	(1,885)	(6,386)
FAIR VALUE CHANGES ON UNBILLED LEASE INCOME	1,096	(17,677)	(402)	(15,167)
	-----	-----	-----	-----
PROFIT BEFORE TAX	22,983	14,879	29,427	15,385
	-----	-----	-----	-----

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

CONDENSED INCOME STATEMENTS FOR THE PERIOD – continued

	GROUP		TRUST	
	CURRENT YEAR QUARTER 30.09.2022 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.09.2021 RM'000	CURRENT YEAR QUARTER 30.09.2022 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.09.2021 RM'000
PROFIT BEFORE TAX	22,983	14,879	29,427	15,385
INCOME TAX EXPENSE	(126)	(85)	(338)	(398)
PROFIT FOR THE PERIOD	22,857	14,794	29,089	14,987
DISTRIBUTION ADJUSTMENTS:				
- Accrued lease income - unbilled	1,069	(20,840)	(429)	(18,625)
- Depreciation	15,431	15,329	1	1
- Fair value changes on unbilled lease income	(1,096)	17,677	402	15,167
- Net income from foreign operations	(5,257)	(919)	-	-
- Unrealised foreign translation differences	(2,056)	(8,125)	1,885	6,386
INCOME AVAILABLE FOR DISTRIBUTION / TOTAL DISTRIBUTABLE INCOME	30,948	17,916	30,948	17,916
PROVISION FOR INCOME DISTRIBUTION	-	-	-	-
UNDISTRIBUTED DISTRIBUTABLE INCOME	30,948	17,916	30,948	17,916
DISTRIBUTABLE INCOME PER UNIT (Sen)	1.8158	1.0512	1.8158	1.0512
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 2022 and the accompanying explanatory notes attached to the interim financial statements.

YTL HOSPITALITY REIT

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CONDENSED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD

	GROUP		TRUST	
	CURRENT YEAR QUARTER 30.09.2022 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.09.2021 RM'000	CURRENT YEAR QUARTER 30.09.2022 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.09.2021 RM'000
PROFIT FOR THE PERIOD	22,857	14,794	29,089	14,987
OTHER COMPREHENSIVE LOSS:-				
<i>ITEM THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO INCOME STATEMENT:-</i>				
CURRENCY TRANSLATION DIFFERENCES	(12,405)	(42,127)	-	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	<u>10,452</u>	<u>(27,333)</u>	<u>29,089</u>	<u>14,987</u>
PROFIT FOR THE PERIOD IS MADE UP AS FOLLOWS:-				
REALISED PROFIT	36,205	18,835	30,948	17,916
UNREALISED ITEMS	(13,348)	(4,041)	(1,859)	(2,929)
	<u>22,857</u>	<u>14,794</u>	<u>29,089</u>	<u>14,987</u>
Weighted average number of units ('000)	<u>1,704,389</u>	<u>1,704,389</u>	<u>1,704,389</u>	<u>1,704,389</u>
EARNINGS PER UNIT (Sen)	<u>1.34</u>	<u>0.87</u>	<u>1.71</u>	<u>0.88</u>

The Condensed Statements of Comprehensive Income should be read in conjunction with the audited annual financial statements for the year ended 30 June 2022 and the accompanying explanatory notes attached to the interim financial statements.

YTL HOSPITALITY REIT

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CONDENSED STATEMENTS OF FINANCIAL POSITION

	GROUP		TRUST	
	UNAUDITED AS AT 30.09.2022 RM'000	AUDITED AS AT 30.06.2022 RM'000	UNAUDITED AS AT 30.09.2022 RM'000	AUDITED AS AT 30.06.2022 RM'000
ASSETS				
Non-current Assets				
Investment properties	2,751,465	2,754,328	2,258,000	2,258,000
Property, plant and equipment	1,941,148	1,971,944	-	-
Unbilled lease income	30,198	30,172	30,198	30,172
Right-of-use asset	200	201	200	201
Investment in subsidiaries	-	-	533,522	533,522
Amount due from subsidiaries	-	-	1,334,023	1,345,006
Deferred tax assets	2,502	2,137	-	-
	-----	-----	-----	-----
	4,725,513	4,758,782	4,155,943	4,166,901
	-----	-----	-----	-----
Current Assets				
Inventories	623	524	-	-
Trade and other receivables	73,597	59,294	40,527	29,498
Amount due from subsidiaries	-	-	115,662	121,905
Income tax assets	17	17	-	-
Deposits with licensed financial institutions	1,324	11,151	1,324	1,118
Cash at banks	85,769	72,482	7,564	5,419
	-----	-----	-----	-----
	161,330	143,468	165,077	157,940
	-----	-----	-----	-----
TOTAL ASSETS	4,886,843	4,902,250	4,321,020	4,324,841
	=====	=====	=====	=====
UNITHOLDERS' FUNDS				
Unitholders' capital	1,690,806	1,690,806	1,690,806	1,690,806
Undistributed realised income	221,613	185,408	231,342	200,394
Reserves	870,781	896,534	341,472	343,331
	-----	-----	-----	-----
Total Unitholders' Funds / Net Asset Value	2,783,200	2,772,748	2,263,620	2,234,531
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YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

CONDENSED STATEMENTS OF FINANCIAL POSITION – continued

	GROUP		TRUST	
	UNAUDITED AS AT 30.09.2022 RM'000	AUDITED AS AT 30.06.2022 RM'000	UNAUDITED AS AT 30.09.2022 RM'000	AUDITED AS AT 30.06.2022 RM'000
LIABILITIES				
Non-current Liabilities				
Borrowings	1,235,550	1,415,852	770,550	950,852
Lease liability	205	203	205	203
Other payables	-	1,127	-	-
Amount due to a subsidiary	-	-	465,000	465,000
	-----	-----	-----	-----
	1,235,755	1,417,182	1,235,755	1,416,055
	-----	-----	-----	-----
Current Liabilities				
Borrowings	793,286	622,698	443,286	272,698
Trade and other payables	74,431	53,402	28,389	16,357
Amount due to a subsidiary	-	-	349,970	349,970
Income tax liabilities	171	990	-	-
Provision for income distribution	-	35,230	-	35,230
	-----	-----	-----	-----
	867,888	712,320	821,645	674,255
	-----	-----	-----	-----
TOTAL LIABILITIES	2,103,643	2,129,502	2,057,400	2,090,310
	-----	-----	-----	-----
TOTAL UNITHOLDERS' FUNDS & LIABILITIES	4,886,843	4,902,250	4,321,020	4,324,841
	=====	=====	=====	=====
Net asset value (RM'000)				
- before income distribution	2,783,200	2,840,157	2,263,620	2,301,940
- after income distribution	2,783,200	2,772,748	2,263,620	2,234,531
	=====	=====	=====	=====
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	1.633	1.666	1.328	1.351
- after income distribution	1.633	1.627	1.328	1.311
	=====	=====	=====	=====

The Condensed Statements of Financial Position should be read in conjunction with the audited annual financial statements for the year ended 30 June 2022 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 2022**

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 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

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

**CONDENSED STATEMENTS OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022 - 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 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	<u>1,690,806</u>	<u>231,342</u>	<u>341,472</u>	<u>2,263,620</u>

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INTERIM FINANCIAL REPORT

**CONDENSED STATEMENTS OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021**

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 2021	1,690,806	197,144	(216,024)	(88,598)	1,121,991	2,705,319
Operations for the period						
Profit/(Loss) for the period	-	18,835	(4,041)	-	-	14,794
Other comprehensive loss	-	-	-	(3,210)	(38,917)	(42,127)
Increase/(Decrease) in net assets resulting from operations	-	18,835	(4,041)	(3,210)	(38,917)	(27,333)
Unitholders' transactions						
Provision for income distribution	-	-	-	-	-	-
Decrease in net assets resulting from Unitholders' transaction	-	-	-	-	-	-
At 30 September 2021	1,690,806	215,979	(220,065)	(91,808)	1,083,074	2,677,986

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INTERIM FINANCIAL REPORT

**CONDENSED STATEMENTS OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021 - 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 2021	1,690,806	197,410	341,451	2,229,667
Operations for the period				
Profit/(Loss) for the period	-	17,916	(2,929)	14,987
Other comprehensive income	-	-	-	-
	-----	-----	-----	-----
Increase/(Decrease) in net assets resulting from operations	-	17,916	(2,929)	14,987
Unitholders' transactions				
Provision for income distribution	-	-	-	-
	-----	-----	-----	-----
Decrease in net assets resulting from Unitholders' transaction	-	-	-	-
	-----	-----	-----	-----
At 30 September 2021	<u>1,690,806</u>	<u>215,326</u>	<u>338,522</u>	<u>2,244,654</u>

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 2022 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 2022**

	3 MONTHS ENDED	
	30.09.2022	30.09.2021
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	22,983	14,879
Adjustments for:-		
Amortisation of transaction costs	523	527
Depreciation	15,431	15,329
Fair value changes	(1,096)	17,677
Interest income	(239)	(28)
Interest expense	19,393	14,483
Loss on disposal of property, plant and equipment	19	2
Unrealised gain on foreign currency exchange	(2,056)	(8,125)
	-----	-----
Operating profit before changes in working capital	54,958	54,744
Net changes in current assets	(13,558)	(36,400)
Net changes in current liabilities	20,224	16,244
	-----	-----
Cash generated from operations	61,624	34,588
Income tax paid	(1,323)	(2,093)
Income tax refunded	-	29
	-----	-----
Net cash from operating activities	60,301	32,524
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	239	28
Acquisition of property, plant and equipment	(1,629)	(56)
	-----	-----
Net cash used in investing activities	(1,390)	(28)
	-----	-----

YTL HOSPITALITY REIT**INTERIM FINANCIAL REPORT****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022 - continued**

	3 MONTHS ENDED	
	30.09.2022	30.09.2021
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Distribution paid	(35,230)	(40,106)
Interest paid	(19,390)	(14,480)
Transaction costs paid	-	(17)
	-----	-----
Net cash used in financing activities	(54,620)	(54,603)
	-----	-----
Net increase/(decrease) in cash and cash equivalents	4,291	(22,107)
Effect on exchange rate changes	(831)	(3,578)
Cash and cash equivalents at beginning of financial period	83,633	106,702
	-----	-----
Cash and cash equivalents at end of financial period (note a)	87,093	81,017
	=====	=====

Note (a)

	As At	As At
	30.09.2022	30.09.2021
	RM'000	RM'000
Cash and cash equivalents comprise:-		
Deposits with licensed financial institutions	1,324	9,961
Cash at banks	85,769	71,056
	-----	-----
	87,093	81,017
	=====	=====

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited annual financial statements for the year ended 30 June 2022 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 2022.

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 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 2022.

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 financial year beginning on or after 1 July 2022, 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 2022:-

	RM'000
In respect of the six months ended 30 June 2022:-	
A final distribution of 2.0670 sen per unit each paid on 30 August 2022	35,230
	<u>=====</u>

A7. Segment Information

The Group's segmental result for the financial period ended 30 September 2022 is as follows:-

	< ---Property rental--- >		< --Hotel-- >	
	Malaysia	Japan	Australia	Total
	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)
	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>
Net property income	34,679	6,051	17,411	58,141
	<u>-----</u>	<u>-----</u>	<u>-----</u>	
Other income				840
Finance income				239
Unrealised gain on foreign exchange				2,056
Changes in fair value				1,096
				<u>-----</u>
Total income				62,372
Trust and administration expenses				(3,990)
Finance costs				(19,968)
Depreciation				(15,431)
				<u>-----</u>
Profit before tax				22,983
				<u>=====</u>
Total assets	2,337,911	508,834	2,040,098	4,886,843
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

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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 2021 is as follows:-

	< ---Property rental--->		< --Hotel-- >	
	Malaysia	Japan	Australia	Total
	RM'000	RM'000	RM'000	RM'000
External revenue	36,511	7,267	46,396	90,174
Operating expenses	(1,817)	(844)	(29,354)	(32,015)
Net property income	34,694	6,423	17,042	58,159
Other income				518
Finance income				28
Unrealised gain on foreign exchange				8,125
Total income				66,830
Trust and administration expenses				(3,881)
Finance costs				(15,064)
Depreciation				(15,329)
Changes in fair value				(17,677)
Profit before tax				14,879
Total assets	2,288,921	546,123	1,945,111	4,780,155

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 2022 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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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 %
	30.09.2022 RM'000	30.09.2021 RM'000		30.09.2022 RM'000	30.09.2021 RM'000	
Revenue:						
- Hotel (Management contracts)	68,900	46,396	48.50	68,900	46,396	48.50
- Property rental (Master leases)	43,360	43,778	(0.95)	43,360	43,778	(0.95)
	-----	-----		-----	-----	
	112,260	90,174	24.49	112,260	90,174	24.49
	=====	=====		=====	=====	
Net Property Income:						
- Hotel (Management contracts)	17,411	17,042	2.17	17,411	17,042	2.17
- Property rental (Master leases)	40,730	41,117	(0.94)	40,730	41,117	(0.94)
	-----	-----		-----	-----	
	58,141	58,159	(0.03)	58,141	58,159	(0.03)
	=====	=====		=====	=====	
Profit Before Tax	22,983	14,879	54.47	22,983	14,879	54.47
Income Available For Distribution	30,948	17,916	72.74	30,948	17,916	72.74

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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 RM112.260 million and RM58.141 million, respectively, as compared to RM90.174 million and RM58.159 million, respectively, recorded in the preceding year corresponding quarter. This represented an increase of 24.49% in revenue while net property income approximate that of the preceding year corresponding quarter. The performance of the operating business segments are explained in the “Review of Operating Business Segments” below.

The Group recorded a profit before tax of RM22.983 million for the current financial quarter, an increase of 54.47% as compared to profit before tax of RM14.879 million recorded in the preceding year corresponding quarter due mainly to the following:-

the fair value gain on unbilled lease income of RM1.096 million during the current financial quarter as opposed to the fair value loss on unbilled lease income of RM17.677 million during the preceding year corresponding quarter; which was partially offset by:

- (i) lower unrealised foreign currency translation gain of RM2.056 million on borrowings denominated in foreign currencies as compared to the unrealised foreign currency translation gain of RM8.125 million recognised during the preceding year corresponding quarter; and
- (ii) higher finance costs of RM19.968 million as compared to RM15.064 million recognised during the preceding year corresponding quarter mainly due to higher interest rate on borrowings denominated in Australian Dollar.

Income available for distribution in the current financial quarter of RM30.948 million, represented an increase of 72.74% as compared to RM17.916 million recorded in the preceding year corresponding quarter due to normalization of rental after the end of the rental deferral program on 30 June 2022.

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, the performance of the Australian portfolio improved as a result of the reopening of Australia’s international borders in early 2022. Revenue and net property income increased by 48.50% and 2.17%, respectively. Net property income was impacted by higher operating costs as compared to the preceding year corresponding quarter following exit from the government isolation group business programme.

Property rental

Revenue and net property income from Malaysian and Japanese Properties approximate that of the preceding year corresponding quarter.

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INTERIM FINANCIAL REPORT

Notes : - continued

B2. Comparison with Preceding Quarter

	Current Quarter 30.09.2022 RM'000	Preceding Quarter 30.06.2022 RM'000	Variance % +/-
Revenue:			
- Hotel (Management contracts)	68,900	62,973	9.41
- Property rental (Master leases)	43,360	43,444	(0.19)
	-----	-----	
	112,260	106,417	5.49
	=====	=====	
Net Property Income:			
- Hotel (Management contracts)	17,411	15,967	9.04
- Property rental (Master leases)	40,730	40,793	(0.15)
	-----	-----	
	58,141	56,760	2.43
	=====	=====	
Profit Before Tax	22,983	83,772	(72.56)
Income Available For Distribution	30,948	17,025	81.78

For the current financial quarter, Group revenue and net property income increased by 5.49% and 2.43%, respectively as compared to the preceding financial quarter ended 30 June 2022.

The Group recorded a profit before tax of RM22.983 million for the current financial quarter ended 30 September 2022, a decrease of RM60.789 million or 72.56% as compared to the preceding financial quarter ended 30 June 2022 mainly due to:-

- (i) Absence of the RM65.2 million fair value gain from the annual revaluation carried out in May 2022; and
- (ii) Lower unrealised foreign currency translation gain of RM2.056 million on borrowings denominated in foreign currencies as compared to the unrealised foreign currency translation gain of RM14.879 million recognised in the preceding financial quarter.

which was mitigated by the fair value gain on unbilled lease income of RM1.096 million during the current financial quarter as opposed to the fair value loss on unbilled lease income of RM18.486 million during the preceding financial quarter.

Income available for distribution in the current financial quarter of RM30.948 million represented an increase of 81.78% as compared to RM17.025 million recorded in the preceding quarter due to the reasons as set out in Note B1.

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes : - continued

B2. Comparison with Preceding Quarter - continued

Review of Operating Business Segments

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

Hotel

The increase in revenue and net property income from the Australian portfolio in the current financial quarter were due to the reasons as set out in Note B1 as demand from corporate and leisure markets remained healthy in the current financial quarter.

Property rental

Revenue and net property income from Malaysian and Japanese Properties approximate that of the preceding financial quarter.

B3. Prospects

With the opening of international borders in the jurisdictions where the Group operates, the hospitality industry is expected to stay relatively buoyant amidst risks of higher inflation, interest rate hikes and other economic factors.

The Group is continuously taking steps to proactively manage the business and take necessary actions to ensure that its long-term business prospects remain stable. 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 2022

The Auditor's Report on the financial statements of the financial year ended 30 June 2022 did not contain any qualification.

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YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes : - continued

B5. Portfolio Composition

As at 30 September 2022, YTL Hospitality REIT's composition of investment portfolio is as follows:-

	Fair Value As At 30.09.2022 RM'000	% of total investment %	
<u>Real Estate - Commercial</u>			
<u>Malaysian Properties</u>			
(i)	JW Marriott Hotel Kuala Lumpur	526,500	11
(ii)	The Majestic Hotel Kuala Lumpur	397,500	9
(iii)	The Ritz-Carlton, Kuala Lumpur - Hotel Wing	361,000	8
(iv)	The Ritz-Carlton, Kuala Lumpur - Suite Wing	321,000	7
(v)	AC Hotel Kuala Lumpur Titiwangsa	144,500	3
(vi)	AC Hotel Penang Bukit Jambul	125,000	3
(vii)	Pangkor Laut Resort	122,000	3
(viii)	Tanjong Jara Resort	105,000	2
(ix)	AC Hotel Kuantan City Centre	94,500	2
(x)	Cameron Highlands Resort	61,000	1
<u>Japanese Properties</u>			
(xi)	Hilton Niseko Village*	298,195	6
(xii)	The Green Leaf Niseko Village*	195,270	4
<u>Australian Properties/Portfolio</u>			
(xiii)	Sydney Harbour Marriott^	1,458,834	31
(xiv)	Brisbane Marriott^	252,567	5
(xv)	Melbourne Marriott^	229,747	5
	Total	4,692,613	100

Note :

* Translated on 30 September 2022 at the exchange rate of JPY100 : RM3.2064

^ Translated on 30 September 2022 at the exchange rate of AUD1 : RM3.0095

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YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes : - continued

B6. Change in Net Asset Value (“NAV”)

The total NAV and NAV per unit of the Group as at 30 September 2022 were RM2,783,200,000 and RM1.6330, respectively. The increase in total NAV was mainly derived from realised income of RM30.948 million (no declaration of income distribution for the current financial quarter in view of the half-yearly income distribution frequency), partially reduced by unrealised losses of RM25.753 million in respect of the investments in Australian and Japanese subsidiaries.

	Current Quarter 30.09.2022	Preceding Quarter 30.06.2022
NAV (RM'000)	2,783,200	2,772,748
Number of units in circulations ('000)	1,704,389	1,704,389
NAV per unit (after distribution) (RM)	1.6330	1.6268
NAV per unit (before distribution) (RM)	1.6330	1.6664

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 2022.

B10. Material Litigation

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

B11. Major Maintenance Costs and Major Capital Expenditure

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

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YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes : - continued

B12. Taxation

Taxation comprises the following:-

	Current Quarter 30.09.2022 RM'000
Malaysian income tax	1
Foreign income tax	517
Deferred tax	(392)

	126
	=====

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 2022.

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.

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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 2022 are as follows:-

	Short term RM'000	Long term RM'000	Total RM'000
Term Loan – secured	444,041	773,816	1,217,857
Medium Term Notes - secured	350,000	465,000	815,000
	-----	-----	-----
Total borrowings	794,041	1,238,816	2,032,857
Capitalised transaction costs	(755)	(3,266)	(4,021)
	-----	-----	-----
	<u>793,286</u>	<u>1,235,550</u>	<u>2,028,836</u>
 Total Assets			 <u>4,886,843</u>
 Gearing ratio (%)			 <u>41.60</u>

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

	Foreign currency '000	RM equivalents RM'000
Australian Dollar [^]	347,124	1,044,671
Japanese Yen*	5,401,250	173,186

		<u>1,217,857</u>

Note :

[^] Translated on 30 September 2022 at the exchange rate of AUD1 : RM3.0095

* Translated on 30 September 2022 at the exchange rate of JPY100 : RM3.2064

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.

B15. Income Distribution

There is no income distribution declared for the current financial quarter.

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes : - continued

B15. Income Distribution - continued

The interim income distribution is from the following sources:-

	Current Year Quarter 30.09.2022 RM'000	Preceding Year Corresponding Quarter 30.09.2021 RM'000
Net property income	58,141	58,159
Other income	4,231	8,671
Expenses	(39,389)	(51,951)
	-----	-----
Profit before tax	22,983	14,879
Income tax expense	(126)	(85)
	-----	-----
Profit after tax	22,857	14,794
Distribution adjustments	8,091	3,122
	-----	-----
Realised income for the period	30,948	17,916
Total undistributed realised income brought forward	200,394	197,410
	-----	-----
Total realised income available for distribution	231,342	215,326
Less: income distribution	-	-
	-----	-----
Balance undistributed realised income	231,342	215,326
	=====	=====
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: 24 November 2022