

YTL HOSPITALITY REIT

Established in Malaysia

**Interim Financial Report
31 March 2022**

YTL HOSPITALITY REIT

Interim Financial Report 31 March 2022

	Page No.
Condensed Income Statements for the Quarter	1 - 3
Condensed Statements of Comprehensive Income for the Quarter	4
Condensed Income Statements for the Period	5 - 6
Condensed Statements of Comprehensive Income for the Period	7
Condensed Statements of Financial Position	8 - 9
Condensed Statements of Changes in Net Asset Value	10 - 13
Condensed Consolidated Statement of Cash Flows	14 - 15
Notes to the Interim Financial Report	16 - 27

YTL HOSPITALITY REIT**INTERIM FINANCIAL REPORT**

Interim financial report on results for the financial period ended 31 March 2022.

The figures have not been audited.

CONDENSED INCOME STATEMENTS FOR THE QUARTER

	GROUP		TRUST	
	CURRENT	PRECEDING	CURRENT	PRECEDING
	YEAR	YEAR	YEAR	YEAR
	CORRESPONDING	CORRESPONDING	CORRESPONDING	CORRESPONDING
	QUARTER	QUARTER	QUARTER	QUARTER
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	RM'000	RM'000	RM'000	RM'000
REALISED REVENUE	57,160	58,128	18,296	17,784
ACCRUED LEASE INCOME - UNBILLED	20,342	20,918	18,215	18,727
	-----	-----	-----	-----
TOTAL REVENUE	77,502	79,046	36,511	36,511
PROPERTY OPERATING EXPENSES	(32,954)	(30,625)	(1,869)	(1,855)
	-----	-----	-----	-----
NET PROPERTY INCOME	44,548	48,421	34,642	34,656
FINANCE INCOME	33	54	19,218	20,075
OTHER INCOME	491	1,241	45	820
MANAGER'S FEES	(2,066)	(2,145)	(2,066)	(2,145)
TRUSTEE'S FEES	(352)	(354)	(352)	(354)
DEPRECIATION	(14,936)	(14,871)	(1)	(1)
FINANCE COSTS	(14,660)	(14,796)	(14,638)	(14,773)
ADMINISTRATION EXPENSES	(927)	(1,186)	(80)	(160)
UNREALISED (LOSS)/GAIN ON FOREIGN EXCHANGE	(8,707)	(17,833)	279	(879)
FAIR VALUE CHANGES ON UNBILLED LEASE INCOME	(17,678)	-	(15,168)	-
	-----	-----	-----	-----
(LOSS)/PROFIT BEFORE TAX	(14,254)	(1,469)	21,879	37,239
	-----	-----	-----	-----

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

CONDENSED INCOME STATEMENTS FOR THE QUARTER – continued

	GROUP		TRUST	
	CURRENT YEAR QUARTER 31.03.2022 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.03.2021 RM'000	CURRENT YEAR QUARTER 31.03.2022 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.03.2021 RM'000
(LOSS)/PROFIT BEFORE TAX	(14,254)	(1,469)	21,879	37,239
INCOME TAX EXPENSE	(1,832)	(817)	(359)	(386)
(LOSS)/PROFIT FOR THE QUARTER	(16,086)	(2,286)	21,520	36,853
DISTRIBUTION ADJUSTMENTS:				
- Accrued lease income - unbilled	(20,342)	(20,918)	(18,215)	(18,727)
- Depreciation	14,936	14,871	1	1
- Fair value changes on unbilled lease income	17,678	-	15,168	-
- Net income from foreign operations	13,302	9,506	-	-
- Unrealised foreign translation differences	8,707	17,833	(279)	879
INCOME AVAILABLE FOR DISTRIBUTION / TOTAL DISTRIBUTABLE INCOME	18,195	19,006	18,195	19,006
UNDISTRIBUTED DISTRIBUTABLE INCOME BROUGHT FORWARD	3,557	3,429	3,557	3,429
UNDISTRIBUTED DISTRIBUTABLE INCOME AVAILABLE FOR DISTRIBUTION	21,752	22,435	21,752	22,435

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

CONDENSED INCOME STATEMENTS FOR THE QUARTER – continued

	GROUP		TRUST	
	CURRENT YEAR QUARTER 31.03.2022 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.03.2021 RM'000	CURRENT YEAR QUARTER 31.03.2022 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.03.2021 RM'000
UNDISTRIBUTED DISTRIBUTABLE INCOME AVAILABLE FOR DISTRIBUTION	21,752	22,435	21,752	22,435
PROVISION FOR INCOME DISTRIBUTION	-	-	-	-
UNDISTRIBUTED DISTRIBUTABLE INCOME	<u>21,752</u>	<u>22,435</u>	<u>21,752</u>	<u>22,435</u>
DISTRIBUTABLE INCOME PER UNIT (Sen)	<u>1.0675</u>	<u>1.1151</u>	<u>1.0675</u>	<u>1.1151</u>
GROSS DISTRIBUTION PER UNIT (Sen)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The Condensed Income Statements should be read in conjunction with the audited annual financial statements for the year ended 30 June 2021 and the accompanying explanatory notes attached to the interim financial statements.

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

CONDENSED STATEMENTS OF COMPREHENSIVE INCOME FOR THE QUARTER

	GROUP		TRUST	
	CURRENT YEAR QUARTER 31.03.2022 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.03.2021 RM'000	CURRENT YEAR QUARTER 31.03.2022 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.03.2021 RM'000
(LOSS)/PROFIT FOR THE QUARTER	(16,086)	(2,286)	21,520	36,853
OTHER COMPREHENSIVE INCOME:-				
<i>ITEM THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO INCOME STATEMENT:-</i>				
CURRENCY TRANSLATION DIFFERENCES	24,245	25,142	-	-
TOTAL COMPREHENSIVE INCOME FOR THE QUARTER	<u>8,159</u>	<u>22,856</u>	<u>21,520</u>	<u>36,853</u>
(LOSS)/PROFIT FOR THE QUARTER IS MADE UP AS FOLLOWS:-				
REALISED AND DISTRIBUTABLE UNREALISED ITEMS	4,893 (20,979)	9,500 (11,786)	18,195 3,325	19,006 17,847
	<u>(16,086)</u>	<u>(2,286)</u>	<u>21,520</u>	<u>36,853</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>
(LOSS)/EARNINGS PER UNIT (Sen)	<u>(0.94)</u>	<u>(0.13)</u>	<u>1.26</u>	<u>2.16</u>

The Condensed Statements of Comprehensive Income should be read in conjunction with the audited annual financial statements for the year ended 30 June 2021 and the accompanying explanatory notes attached to the interim financial statements.

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

CONDENSED INCOME STATEMENTS FOR THE PERIOD

	GROUP		TRUST	
	9 MONTHS ENDED		9 MONTHS ENDED	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	RM'000	RM'000	RM'000	RM'000
REALISED REVENUE	195,656	174,118	54,278	53,352
ACCRUED LEASE INCOME - UNBILLED	61,784	62,768	55,255	56,181
	-----	-----	-----	-----
TOTAL REVENUE	257,440	236,886	109,533	109,533
PROPERTY OPERATING EXPENSES	(99,382)	(86,334)	(5,518)	(5,555)
	-----	-----	-----	-----
NET PROPERTY INCOME	158,058	150,552	104,015	103,978
FINANCE INCOME	84	204	59,136	59,979
OTHER INCOME	1,405	2,069	85	835
MANAGER'S FEES	(6,766)	(6,556)	(6,766)	(6,556)
TRUSTEE'S FEES	(1,081)	(1,064)	(1,081)	(1,064)
DEPRECIATION	(45,482)	(43,574)	(2)	(2)
FINANCE COSTS	(44,735)	(46,164)	(44,668)	(46,096)
ADMINISTRATION EXPENSES	(3,154)	(2,940)	(399)	(394)
UNREALISED (LOSS)/GAIN ON FOREIGN EXCHANGE	(2,050)	(62,948)	(8,941)	4,347
FAIR VALUE CHANGES ON UNBILLED LEASE INCOME	(53,031)	-	(45,502)	-
	-----	-----	-----	-----
PROFIT/(LOSS) BEFORE TAX	3,248	(10,421)	55,877	115,027
	-----	-----	-----	-----

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

CONDENSED INCOME STATEMENTS FOR THE PERIOD – continued

	GROUP		TRUST	
	9 MONTHS ENDED		9 MONTHS ENDED	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	RM'000	RM'000	RM'000	RM'000
PROFIT/(LOSS) BEFORE TAX	3,248	(10,421)	55,877	115,027
INCOME TAX EXPENSE	(2,040)	(1,680)	(1,136)	(1,208)
PROFIT/(LOSS) FOR THE PERIOD	1,208	(12,101)	54,741	113,819
DISTRIBUTION ADJUSTMENTS:				
- Accrued lease income - unbilled	(61,784)	(62,768)	(55,255)	(56,181)
- Depreciation	45,482	43,574	2	2
- Fair value changes on unbilled lease income	53,031	-	45,502	-
- Net income from foreign operations	13,944	21,640	-	-
- Unrealised foreign translation differences	2,050	62,948	8,941	(4,347)
INCOME AVAILABLE FOR DISTRIBUTION / TOTAL DISTRIBUTABLE INCOME	53,931	53,293	53,931	53,293
DISTRIBUTION PAID	(32,179)	(30,858)	(32,179)	(30,858)
PROVISION FOR INCOME DISTRIBUTION	-	-	-	-
UNDISTRIBUTED DISTRIBUTABLE INCOME	21,752	22,435	21,752	22,435
DISTRIBUTABLE INCOME PER UNIT (Sen)	3.1642	3.1268	3.1642	3.1268
GROSS DISTRIBUTION PER UNIT (Sen)	1.8880	1.8105	1.8880	1.8105

The Condensed Income Statements should be read in conjunction with the audited annual financial statements for the year ended 30 June 2021 and the accompanying explanatory notes attached to the interim financial statements.

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

CONDENSED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD

	GROUP		TRUST	
	9 MONTHS ENDED		9 MONTHS ENDED	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	RM'000	RM'000	RM'000	RM'000
PROFIT/(LOSS) FOR THE PERIOD	1,208	(12,101)	54,741	113,819
OTHER COMPREHENSIVE (EXPENSE)/INCOME:-				
<i>ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO INCOME STATEMENT:-</i>				
CASH FLOW HEDGE	-	-	-	-
CURRENCY TRANSLATION DIFFERENCES	(23,196)	103,322	-	-
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	(21,988)	91,221	54,741	113,819
PROFIT/(LOSS) FOR THE PERIOD IS MADE UP AS FOLLOWS:-				
REALISED PROFIT	39,987	31,653	53,931	53,293
UNREALISED (LOSS) / PROFIT	(38,779)	(43,754)	810	60,526
	1,208	(12,101)	54,741	113,819
Weighted average number of units ('000)	1,704,389	1,704,389	1,704,389	1,704,389
EARNINGS/(LOSS) PER UNIT (Sen)	0.07	(0.71)	3.21	6.68

The Condensed Statements of Comprehensive Income should be read in conjunction with the audited annual financial statements for the year ended 30 June 2021 and the accompanying explanatory notes attached to the interim financial statements.

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

CONDENSED STATEMENTS OF FINANCIAL POSITION

	GROUP		TRUST	
	UNAUDITED AS AT 31.03.2022 RM'000	AUDITED AS AT 30.06.2021 RM'000	UNAUDITED AS AT 31.03.2022 RM'000	AUDITED AS AT 30.06.2021 RM'000
ASSETS				
Non-current Assets				
Investment properties	2,727,078	2,772,788	2,241,500	2,241,500
Property, plant and equipment	1,896,842	1,928,046	-	-
Unbilled lease income	28,292	19,666	27,124	17,371
Right-of-use asset	201	203	201	203
Investment in subsidiaries	-	-	530,264	527,536
Amount due from subsidiaries	-	-	1,402,006	1,420,962
Deferred tax assets	1,905	1,796	-	-
	<u>4,654,318</u>	<u>4,722,499</u>	<u>4,201,095</u>	<u>4,207,572</u>
Current Assets				
Inventories	501	337	-	-
Trade and other receivables	57,396	41,924	23,409	15,743
Amount due from subsidiaries	-	-	128,174	139,393
Income tax assets	17	412	-	-
Deposits with licensed financial institutions	13,197	18,130	2,801	-
Cash at banks	76,491	88,572	2,693	2,956
	<u>147,602</u>	<u>149,375</u>	<u>157,077</u>	<u>158,092</u>
TOTAL ASSETS	<u><u>4,801,920</u></u>	<u><u>4,871,874</u></u>	<u><u>4,358,172</u></u>	<u><u>4,365,664</u></u>
UNITHOLDERS' FUNDS				
Unitholders' capital	1,690,806	1,690,806	1,690,806	1,690,806
Undistributed realised income	204,952	197,144	219,162	197,410
Reserves	755,394	817,369	342,261	341,451
	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>
Total Unitholders' Funds / Net Asset Value	<u>2,651,152</u>	<u>2,705,319</u>	<u>2,252,229</u>	<u>2,229,667</u>

(THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK)

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

CONDENSED STATEMENTS OF FINANCIAL POSITION – continued

	GROUP		TRUST	
	UNAUDITED AS AT 31.03.2022 RM'000	AUDITED AS AT 30.06.2021 RM'000	UNAUDITED AS AT 31.03.2022 RM'000	AUDITED AS AT 30.06.2021 RM'000
LIABILITIES				
Non-current Liabilities				
Borrowings	1,739,801	2,010,260	1,269,801	1,275,260
Lease liability	200	203	200	203
Other payables	-	998	-	-
Amount due to a subsidiary	-	-	470,000	735,000
	-----	-----	-----	-----
	1,740,001	2,011,461	1,740,001	2,010,463
	-----	-----	-----	-----
Current Liabilities				
Borrowings	340,000	75,000	-	-
Trade and other payables	70,767	38,274	25,972	10,458
Amount due to a subsidiary	-	-	339,970	74,970
Income tax liabilities	-	1,714	-	-
Provision for income distribution	-	40,106	-	40,106
	-----	-----	-----	-----
	410,767	155,094	365,942	125,534
	-----	-----	-----	-----
TOTAL LIABILITIES	2,150,768	2,166,555	2,105,943	2,135,997
	-----	-----	-----	-----
TOTAL UNITHOLDERS' FUNDS & LIABILITIES	4,801,920	4,871,874	4,358,172	4,365,664
	=====	=====	=====	=====
Net asset value (RM'000)				
- before income distribution	2,683,331	2,776,283	2,284,408	2,300,631
- after income distribution	2,651,152	2,705,319	2,252,229	2,229,667
	=====	=====	=====	=====
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	1.574	1.629	1.340	1.350
- after income distribution	1.555	1.587	1.321	1.308
	=====	=====	=====	=====

The Condensed Statements of Financial Position should be read in conjunction with the audited annual financial statements for the year ended 30 June 2021 and the accompanying explanatory notes attached to the interim financial statements.

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

**CONDENSED STATEMENTS OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 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 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	-	39,987	(38,779)	-	-	1,208
Other comprehensive (loss)/income	-	-	-	(31,130)	7,934	(23,196)

Increase/(Decrease) in net assets resulting from operations	-	39,987	(38,779)	(31,130)	7,934	(21,988)
Unitholders' transactions						
Distribution paid	-	(32,179)	-	-	-	(32,179)
Provision for income distribution	-	-	-	-	-	-

Decrease in net assets resulting from Unitholders' transaction	-	(32,179)	-	-	-	(32,179)

At 31 March 2022	1,690,806	204,952	(254,803)	(119,728)	1,129,925	2,651,152
=====						

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

**CONDENSED STATEMENTS OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022 - continued**

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 2020	1,690,806	223,583	(254,329)	(64,529)	960,368	2,555,899
Operations for the period						
Profit/(Loss) for the period	-	31,653	(43,754)	-	-	(12,101)
Other comprehensive income	-	-	-	32,504	70,818	103,322
Increase/(Decrease) in net assets resulting from operations	-	31,653	(43,754)	32,504	70,818	91,221
Unitholders' transactions						
Distribution paid	-	(30,858)	-	-	-	(30,858)
Provision for income distribution	-	-	-	-	-	-
Decrease in net assets resulting from Unitholders' transaction	-	(30,858)	-	-	-	(30,858)
At 31 March 2021	1,690,806	224,378	(298,083)	(32,025)	1,031,186	2,616,262

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

**CONDENSED STATEMENTS OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 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 2021	1,690,806	197,410	341,451	2,229,667
Operations for the period				
Profit for the period	-	53,931	810	54,741
Other comprehensive income	-	-	-	-
	-----	-----	-----	-----
Increase in net assets resulting from operations	-	53,931	810	54,741
Unitholders' transactions				
Distribution paid	-	(32,179)	-	(32,179)
Provision for income distribution	-	-	-	-
	-----	-----	-----	-----
Decrease in net assets resulting from Unitholders' transaction	-	(32,179)	-	(32,179)
	-----	-----	-----	-----
At 31 March 2022	<u>1,690,806</u>	<u>219,162</u>	<u>342,261</u>	<u>2,252,229</u>

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

**CONDENSED STATEMENTS OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022 - 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 2020	1,690,806	197,409	298,006	2,186,221
Operations for the period				
Profit for the period	-	53,293	60,526	113,819
Other comprehensive income	-	-	-	-
	-----	-----	-----	-----
Increase in net assets resulting from operations	-	53,293	60,526	113,819
Unitholders' transactions				
Distribution paid	-	(30,858)	-	(30,858)
Provision for income distribution	-	-	-	-
	-----	-----	-----	-----
Decrease in net assets resulting from Unitholders' transaction	-	(30,858)	-	(30,858)
	-----	-----	-----	-----
At 31 March 2021	<u>1,690,806</u>	<u>219,844</u>	<u>358,532</u>	<u>2,269,182</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 2021 and the accompanying explanatory notes attached to the interim financial statements.

YTL HOSPITALITY REIT**INTERIM FINANCIAL REPORT****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022**

	9 MONTHS ENDED	
	31.03.2022	31.03.2021
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	3,248	(10,421)
Adjustments for:-		
Accrued lease income - unbilled	(61,784)	(62,768)
Amortisation of transaction costs	1,573	1,572
Depreciation	45,482	43,574
Fair value changes	53,031	-
Interest income	(84)	(204)
Interest expense	43,000	44,437
Loss on disposal of property, plant and equipment	2	77
Unrealised loss on foreign currency exchange	2,050	62,948
	-----	-----
Operating profit before changes in working capital	86,518	79,215
Net changes in current assets	(16,400)	4,504
Net changes in current liabilities	31,612	(8,673)
	-----	-----
Cash generated from operations	101,730	75,046
Income tax paid	(3,809)	(1,879)
Income tax refunded	357	1,479
	-----	-----
Net cash from operating activities	98,278	74,646
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	84	204
Acquisition of property, plant and equipment	(2,037)	(1,459)
Proceed from disposal of equipment	6	-
	-----	-----
Net cash used in investing activities	(1,947)	(1,255)
	-----	-----

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022 - continued**

	9 MONTHS ENDED	
	31.03.2022	31.03.2021
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Distribution paid	(72,285)	(79,216)
Interest paid	(42,992)	(44,429)
Transaction costs paid	(17)	(3,923)
Proceeds of borrowings	2,729	-
Payment of lease liability	(11)	-
	-----	-----
Net cash used in financing activities	(112,576)	(127,568)
	-----	-----
Net decrease in cash and cash equivalents	(16,245)	(54,177)
Effect on exchange rate changes	(769)	7,004
Cash and cash equivalents at beginning of financial period	106,702	145,908
	-----	-----
Cash and cash equivalents at end of financial period (note a)	89,688	98,735
	=====	=====

Note (a)

	As At	As At
	31.03.2022	31.03.2021
	RM'000	RM'000
Cash and cash equivalents comprise:-		
Deposits with licensed financial institutions	13,197	20,157
Cash at banks	76,491	78,578
	-----	-----
	89,688	98,735
	=====	=====

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited annual financial statements for the year ended 30 June 2021 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 2021.

A1. Accounting Policies and Methods of Computation

The interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134: “Interim Financial Reporting”, and Chapter 9, Part M3 paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The accounting policies and methods of computation adopted by the Group and the Trust in the interim financial report are consistent with those adopted in the latest audited annual financial statements.

The adoption of MFRSs, interpretations and amendments to MFRSs, which were effective for the financial year beginning 1 July 2021, 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.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK)

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 31 March 2022:-

	RM'000
In respect of the six months ended 30 June 2021:- A final distribution of 2.3531 sen per unit each paid on 30 August 2021	40,106
In respect of the six months ended 31 December 2021:- An interim distribution of 1.8880 sen per unit each paid on 31 March 2022	32,179

	72,285
	=====

A7. Segment Information

The Group's segmental result for the financial period ended 31 March 2022 is as follows:-

	< ---Property rental--- >		< --Hotel-- >	
	Malaysia	Japan	Australia	Total
	RM'000	RM'000	RM'000	RM'000
External revenue	109,533	21,546	126,361	257,440
Operating expenses	(5,518)	(2,560)	(91,304)	(99,382)
	-----	-----	-----	-----
Net property income	104,015	18,986	35,057	158,058
	-----	-----	-----	
Finance income				84
Other income				1,405

Total income				159,547
Trust and administration expenses				(11,001)
Depreciation				(45,482)
Finance costs				(44,735)
Changes in fair value				(53,031)
Unrealised loss on foreign exchange				(2,050)

Profit before tax				3,248
				=====
Total assets	2,297,827	506,595	1,997,498	4,801,920
	=====	=====	=====	=====

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK)

YTL HOSPITALITY REIT**INTERIM FINANCIAL REPORT****Notes : - continued****A7. Segment Information - continued**

The Group's segmental result for the financial period ended 31 March 2021 is as follows:-

	< ---Property rental--->		< --Hotel-- >	
	Malaysia	Japan	Australia	Total
	RM'000	RM'000	RM'000	RM'000
External revenue	109,533	21,949	105,404	236,886
Operating expenses	(5,555)	(2,907)	(77,872)	(86,334)
Net property income	103,978	19,042	27,532	150,552
Finance income				204
Other income				2,069
Total income				152,825
Trust and administration expenses				(10,560)
Depreciation				(43,574)
Finance costs				(46,164)
Unrealised loss on foreign exchange				(62,948)
Loss before tax				(10,421)
Total assets	2,295,412	520,635	1,943,986	4,760,033

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 31 March 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.

(THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK)

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 %
	31.03.2022 RM'000	31.03.2021 RM'000		+/-	31.03.2022 RM'000	
Revenue:						
- Hotel (Management contracts)	33,851	35,287	(4.07)	126,361	105,404	19.88
- Property rental (Master leases)	43,651	43,759	(0.25)	131,079	131,482	(0.31)
	-----	-----		-----	-----	
	77,502	79,046	(1.95)	257,440	236,886	8.68
	=====	=====		=====	=====	
Net Property Income:						
- Hotel (Management contracts)	3,605	7,468	(51.73)	35,057	27,532	27.33
- Property rental (Master leases)	40,943	40,953	(0.02)	123,001	123,020	(0.02)
	-----	-----		-----	-----	
	44,548	48,421	(8.00)	158,058	150,552	4.99
	=====	=====		=====	=====	
(Loss)/Profit Before Tax	(14,254)	(1,469)	(870.32)	3,248	(10,421)	131.17
Income Available For Distribution	18,195	19,006	(4.27)	53,931	53,293	1.20

(THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK)

YTL HOSPITALITY REIT

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 RM77.502 million and RM44.548 million, respectively, as compared to RM79.046 million and RM48.421 million, respectively, recorded in the preceding year corresponding quarter. This represented a decrease of 1.95% and 8.00%, respectively.

The Group recorded a loss before tax of RM14.254 million for the current financial quarter ended 31 March 2022, a decrease of 870.32% as compared to loss before tax of RM1.469 million recorded in the preceding year corresponding quarter due to the following factors:-

- (i) lower unrealised foreign currency translation loss of RM8.707 million on borrowings denominated in foreign currencies as compared to a translation loss of RM17.833 million recognised during the preceding year corresponding quarter; which was offset by
- (ii) fair value loss on unbilled lease income of RM17.678 million recognised during the current financial quarter; and
- (iii) lower income generated by the Australian portfolio during the current financial quarter due to reasons set out under the section “Review of Operating Business Segments” below..

The income available for distribution in the current financial quarter of RM18.195 million, represented a decrease of 4.27% as compared to RM19.006 million recorded in the preceding year corresponding quarter.

Current Financial Period vs Preceding Year Corresponding Period

For the current financial period under review, the Group recorded revenue and net property income of RM257.440 million and RM158.058 million, respectively, as compared to RM236.886 million and RM150.552 million, respectively, recorded in the preceding year corresponding period. This represented an increase of 8.68% and 4.99%, respectively.

The Group recorded a profit before tax of RM3.248 million for the current financial period ended 31 March 2022, an increase of 131.17% as compared to a loss before tax of RM10.421 million recorded in the preceding year corresponding period due to the following factors:-

- (i) improved performance from hotel segment during the current financial period; and
- (ii) unrealised foreign currency translation loss of RM2.050 million on borrowings denominated in foreign currencies as compared to a translation loss of RM62.948 million recognised during the preceding year corresponding period; which was offset by
- (iii) fair value loss on unbilled lease income of RM53.031 million recognised during the current financial period.

The income available for distribution in the current financial period of RM53.931 million, represented an increase of 1.20% as compared to RM53.293 million recorded in the preceding year corresponding period.

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes : - continued

B1. Review of Performance – continued

Review of Operating Business Segments

Performance of the respective operating business segments for the financial quarter/period ended 31 March 2022 as compared to the preceding year corresponding quarter/period are analysed as follows:-

Hotel

During the current financial quarter, Australian government announced the reopening of its international borders which ended the government isolation group business programme. As a result of the exit from the said business programme and coupled with the conclusion of government subsidy, the revenue and net property income from the Australian portfolio have been impacted in the current financial quarter.

For the current financial period, revenue and net property income from the Australian portfolio improved in performance from its participation in government isolation group business programme and reduction in costs arising from cost saving efforts as compared to the preceding year corresponding period.

Property rental

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

B2. Comparison with Preceding Quarter

	Current Quarter 31.03.2022 RM'000	Preceding Quarter 31.12.2021 RM'000	Variance % +/-
Revenue:			
- Hotel (Management contracts)	33,851	46,114	(26.59)
- Property rental (Master leases)	43,651	43,650	0.00
	=====	=====	
	77,502	89,764	(13.66)
Net Property Income:			
- Hotel (Management contracts)	3,605	14,410	(74.98)
- Property rental (Master leases)	40,943	40,941	0.00
	=====	=====	
	44,548	55,351	(19.52)
(Loss)/Profit Before Tax	(14,254)	2,623	(643.42)
Income Available For Distribution	18,195	17,820	2.10

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes : - continued

B2. Comparison with Preceding Quarter - continued

The income available for distribution in the current financial quarter recorded at RM18.195 million represented an increase of 2.10% as compared to RM17.820 million recorded in the preceding quarter.

For the current financial quarter, Group revenue and net property income decreased by 13.66% and 19.52%, respectively as compared to the preceding financial quarter ended 31 December 2021.

The Group recorded a loss before tax of RM14.254 million for the current financial quarter ended 31 March 2022, a decrease of 643.42%, as compared to a profit before tax of RM2.623 million for the preceding financial quarter ended 31 December 2021 mainly due to the following factors:-

- (i) lower income generated by the Australian portfolio during the current financial quarter due to the reasons set out under “Review of Operating Business Segments” below; and
- (ii) unrealised foreign currency translation loss of RM8.707 million on borrowings denominated in foreign currencies as compared to a translation loss of RM1.468 million recognised in the preceding financial quarter.

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 decrease in revenue and net property income from the Australian portfolio in the current financial quarter are due to the reasons as set out in Note B1.

Property rental

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

B3. Prospects

The short-term outlook for the hospitality industry remains challenging amidst the COVID-19 pandemic. Some countries where we operate are resetting their expectations and transit from a zero tolerance to a containment approach to the COVID-19 virus amid fresh threats from the variants. The reopening of domestic and international borders with the relaxation of quarantine measures is set to revive tourism and keep economic recovery on track to rebound in year 2022. However, prospects remain cautiously optimistic.

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

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes : - continued

B4. Audit Report of the preceding financial year ended 30 June 2021

The Auditor's Report on the financial statements of the financial year ended 30 June 2021 did not contain any qualification.

B5. Portfolio Composition

As at 31 March 2022, YTL Hospitality REIT's composition of investment portfolio is as follows:-

	Fair Value As At 31.03.2022 RM'000	% of total investment %	
<u>Real Estate - Commercial</u>			
<u>Malaysian Properties</u>			
(i)	JW Marriott Hotel Kuala Lumpur	523,500	11
(ii)	The Majestic Hotel Kuala Lumpur	396,500	9
(iii)	The Ritz-Carlton, Kuala Lumpur - Hotel Wing	360,000	8
(iv)	The Ritz-Carlton, Kuala Lumpur - Suite Wing	316,500	7
(v)	AC Hotel Kuala Lumpur Titiwangsa	142,000	3
(vi)	AC Hotel Penang Bukit Jambul	122,900	3
(vii)	Pangkor Laut Resort	122,000	3
(viii)	Tanjong Jara Resort	104,700	2
(ix)	AC Hotel Kuantan City Centre	92,400	2
(x)	Cameron Highlands Resort	61,000	1
<u>Japanese Properties</u>			
(xi)	Hilton Niseko Village*	276,982	6
(xii)	The Green Leaf Niseko Village*	208,596	4
<u>Australian Properties</u>			
(xiii)	Sydney Harbour Marriott^	1,410,763	30
(xiv)	Brisbane Marriott^	258,659	6
(xv)	Melbourne Marriott^	227,420	5
	Total	4,623,920	100

Note :

* Translated on 31 March 2022 at the exchange rate of JPY100 : RM3.4365

^ Translated on 31 March 2022 at the exchange rate of AUD1 : RM3.1473

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK)

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 31 March 2022 were RM2,651,152,000 and RM1.5555, respectively. The increase in total NAV was mainly due to the unrealised gain recorded in respect of the investment in the Australian subsidiaries.

	Current Quarter 31.03.2022	Preceding Quarter 31.12.2021
NAV (RM'000)	2,651,152	2,642,993
Number of units in circulations ('000)	1,704,389	1,704,389
NAV per unit (after distribution) (RM)	1.5555	1.5507
NAV per unit (before distribution) (RM)	1.5744	1.5696

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 period ended 31 March 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.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK)

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes : - continued

B12. Taxation

Taxation comprises the following:-

	Current Quarter 31.03.2022 RM'000	Year To Date 31.03.2022 RM'000
Malaysian income tax	2	6
Foreign income tax	1,350	2,127
Deferred tax	480	(93)
	-----	-----
	<u>1,832</u>	<u>2,040</u>

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 31 March 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.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK)

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes : - continued

B14. Borrowings and Debt Securities

The Group's borrowings as at 31 March 2022 are as follows:-

	Short term RM'000	Long term RM'000	Total RM'000
Term Loan – secured	-	1,274,868	1,274,868
Medium Term Notes - secured	340,000	470,000	810,000
	-----	-----	-----
Total borrowings	340,000	1,744,868	2,084,868
Capitalised transaction costs	-	(5,067)	(5,067)
	-----	-----	-----
	340,000	1,739,801	2,079,801
	=====	=====	=====
Total Assets			4,801,920
			=====
Gearing ratio (%)			43.42
			=====

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

	Foreign currency '000	RM equivalents RM'000
Australian Dollar [^]	346,092	1,089,254
Japanese Yen [*]	5,401,250	185,614

		1,274,868
		=====

Note :

[^] Translated on 31 March 2022 at the exchange rate of AUD1 : RM3.1473

^{*} Translated on 31 March 2022 at the exchange rate of JPY100 : RM3.4365

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 31.03.2022 RM'000	Preceding Year Corresponding Quarter 31.03.2021 RM'000	Current Year To Date 31.03.2022 RM'000	Preceding Year To Date 31.03.2021 RM'000
Net property income	44,548	48,421	158,058	150,552
Other income	524	1,295	1,489	2,273
Expenses	(59,326)	(51,185)	(156,299)	(163,246)
	-----	-----	-----	-----
(Loss)/Profit before tax	(14,254)	(1,469)	3,248	(10,421)
Income tax expense	(1,832)	(817)	(2,040)	(1,680)
	-----	-----	-----	-----
(Loss)/Profit after tax	(16,086)	(2,286)	1,208	(12,101)
Distribution adjustments	34,281	21,292	52,723	65,394
	-----	-----	-----	-----
Realised income for the quarter/period	18,195	19,006	53,931	53,293
Total undistributed realised income brought forward	200,967	200,838	197,410	197,409
	-----	-----	-----	-----
Total realised income available for distribution	219,162	219,844	251,341	250,702
Less: income distribution	-	-	(32,179)	(30,858)
	-----	-----	-----	-----
Balance undistributed realised income	219,162	219,844	219,162	219,844
	=====	=====	=====	=====
Distribution per unit (sen)	-	-	1.8880	1.8105
	=====	=====	=====	=====

By Order of the Board
 HO SAY KENG
 Secretary
 Pintar Projek Sdn Bhd
 Company No : 199401028328 (314009-W)
 (As the Manager of YTL Hospitality REIT)

Kuala Lumpur
 Dated: 26 May 2022