

YTL HOSPITALITY REIT

Established in Malaysia

**Interim Financial Report
31 March 2023**

YTL HOSPITALITY REIT

Interim Financial Report 31 March 2023

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YTL HOSPITALITY REIT**INTERIM FINANCIAL REPORT**

Interim financial report on results for the financial period ended 31 March 2023.

The figures have not been audited.

CONDENSED INCOME STATEMENTS FOR THE QUARTER

	GROUP		TRUST	
	CURRENT	PRECEDING	CURRENT	PRECEDING
	YEAR	YEAR	YEAR	YEAR
	QUARTER	CORRESPONDING	QUARTER	CORRESPONDING
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	RM'000	RM'000	RM'000	RM'000
REALISED REVENUE	127,223	57,160	36,812	18,296
ACCRUED LEASE INCOME - UNBILLED	(328)	20,342	(275)	18,215
TOTAL REVENUE	126,895	77,502	36,537	36,511
PROPERTY OPERATING EXPENSES	(59,962)	(32,954)	(1,864)	(1,869)
NET PROPERTY INCOME	66,933	44,548	34,673	34,642
FINANCE INCOME	580	33	18,757	19,218
OTHER INCOME	555	491	89	45
MANAGER'S FEES	(2,553)	(2,066)	(2,553)	(2,066)
TRUSTEE'S FEES	(364)	(352)	(364)	(352)
DEPRECIATION	(14,891)	(14,936)	(1)	(1)
FINANCE COSTS	(24,257)	(14,660)	(24,243)	(14,638)
ADMINISTRATION EXPENSES	(1,324)	(927)	(81)	(80)
UNREALISED GAIN/(LOSS) ON FOREIGN EXCHANGE	2,153	(8,707)	(1,256)	279
FAIR VALUE CHANGES ON UNBILLED LEASE INCOME	312	(17,678)	259	(15,168)
PROFIT/(LOSS) BEFORE TAX	27,144	(14,254)	25,280	21,879

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

CONDENSED INCOME STATEMENTS FOR THE QUARTER – continued

	GROUP		TRUST	
	CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR
	QUARTER	CORRESPONDING QUARTER	QUARTER	CORRESPONDING QUARTER
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	RM'000	RM'000	RM'000	RM'000
PROFIT/(LOSS) BEFORE TAX	27,144	(14,254)	25,280	21,879
INCOME TAX EXPENSE	(2,254)	(1,832)	(336)	(359)
PROFIT/(LOSS) FOR THE QUARTER	24,890	(16,086)	24,944	21,520
DISTRIBUTION ADJUSTMENTS:				
- Accrued lease income - unbilled	328	(20,342)	275	(18,215)
- Depreciation	14,891	14,936	1	1
- Fair value changes on unbilled lease income	(312)	17,678	(259)	15,168
- Net income from foreign operations	(11,427)	13,302	-	-
- Unrealised foreign translation differences	(2,153)	8,707	1,256	(279)
INCOME AVAILABLE FOR DISTRIBUTION / TOTAL DISTRIBUTABLE INCOME	26,217	18,195	26,217	18,195
UNDISTRIBUTED DISTRIBUTABLE INCOME BROUGHT FORWARD	5,790	3,557	5,790	3,557
UNDISTRIBUTED DISTRIBUTABLE INCOME AVAILABLE FOR DISTRIBUTION	32,007	21,752	32,007	21,752

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YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

CONDENSED INCOME STATEMENTS FOR THE QUARTER – continued

	GROUP		TRUST	
	CURRENT	PRECEDING	CURRENT	PRECEDING
	YEAR	YEAR	YEAR	YEAR
	CORRESPONDING	CORRESPONDING	CORRESPONDING	CORRESPONDING
	QUARTER	QUARTER	QUARTER	QUARTER
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	RM'000	RM'000	RM'000	RM'000
UNDISTRIBUTED DISTRIBUTABLE INCOME AVAILABLE FOR DISTRIBUTION	32,007	21,752	32,007	21,752
PROVISION FOR INCOME DISTRIBUTION	-	-	-	-
UNDISTRIBUTED DISTRIBUTABLE INCOME	32,007	21,752	32,007	21,752
DISTRIBUTABLE INCOME PER UNIT (Sen)	1.5382	1.0675	1.5382	1.0675
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

INTERIM FINANCIAL REPORT

CONDENSED STATEMENTS OF COMPREHENSIVE INCOME FOR THE QUARTER

	GROUP		TRUST	
	CURRENT YEAR QUARTER 31.03.2023 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.03.2022 RM'000	CURRENT YEAR QUARTER 31.03.2023 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.03.2022 RM'000
PROFIT/(LOSS) FOR THE QUARTER	24,890	(16,086)	24,944	21,520
OTHER COMPREHENSIVE (LOSS)/INCOME:-				
<i>ITEM THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO INCOME STATEMENT:-</i>				
CURRENCY TRANSLATION DIFFERENCES	(10,930)	24,245	-	-
TOTAL COMPREHENSIVE INCOME FOR THE QUARTER	<u>13,960</u>	<u>8,159</u>	<u>24,944</u>	<u>21,520</u>
PROFIT/(LOSS) FOR THE QUARTER IS MADE UP AS FOLLOWS:-				
REALISED PROFIT	37,644	4,893	26,217	18,195
UNREALISED ITEMS	(12,754)	(20,979)	(1,273)	3,325
	<u>24,890</u>	<u>(16,086)</u>	<u>24,944</u>	<u>21,520</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/(LOSS) PER UNIT (Sen)	<u>1.46</u>	<u>(0.94)</u>	<u>1.46</u>	<u>1.26</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**INTERIM FINANCIAL REPORT****CONDENSED INCOME STATEMENTS FOR THE PERIOD**

	GROUP		TRUST	
	9 MONTHS ENDED		9 MONTHS ENDED	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	RM'000	RM'000	RM'000	RM'000
REALISED REVENUE	370,614	195,656	109,365	54,278
ACCRUED LEASE INCOME - UNBILLED	(1,346)	61,784	244	55,255
	-----	-----	-----	-----
TOTAL REVENUE	369,268	257,440	109,609	109,533
PROPERTY OPERATING EXPENSES	(177,933)	(99,382)	(5,579)	(5,518)
	-----	-----	-----	-----
NET PROPERTY INCOME	191,335	158,058	104,030	104,015
FINANCE INCOME	1,174	84	57,477	59,136
OTHER INCOME	1,899	1,405	497	85
MANAGER'S FEES	(7,524)	(6,766)	(7,524)	(6,766)
TRUSTEE'S FEES	(1,109)	(1,081)	(1,109)	(1,081)
DEPRECIATION	(45,295)	(45,482)	(2)	(2)
FINANCE COSTS	(67,595)	(44,735)	(67,537)	(44,668)
ADMINISTRATION EXPENSES	(3,814)	(3,154)	(410)	(399)
UNREALISED GAIN/(LOSS) ON FOREIGN EXCHANGE	4,976	(2,050)	(152)	(8,941)
FAIR VALUE CHANGES ON UNBILLED LEASE INCOME	1,361	(53,031)	(229)	(45,502)
	-----	-----	-----	-----
PROFIT BEFORE TAX	75,408	3,248	85,041	55,877
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YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

CONDENSED INCOME STATEMENTS FOR THE PERIOD – continued

	GROUP		TRUST	
	9 MONTHS ENDED		9 MONTHS ENDED	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	RM'000	RM'000	RM'000	RM'000
PROFIT BEFORE TAX	75,408	3,248	85,041	55,877
INCOME TAX EXPENSE	(2,766)	(2,040)	(1,019)	(1,136)
	-----	-----	-----	-----
PROFIT FOR THE PERIOD	72,642	1,208	84,022	54,741
DISTRIBUTION ADJUSTMENTS:				
- Accrued lease income - unbilled	1,346	(61,784)	(244)	(55,255)
- Depreciation	45,295	45,482	2	2
- Fair value changes on unbilled lease income	(1,361)	53,031	229	45,502
- Net income from foreign operations	(28,785)	13,944	-	-
- Unrealised foreign translation differences	(4,976)	2,050	152	8,941
	-----	-----	-----	-----
INCOME AVAILABLE FOR DISTRIBUTION / TOTAL DISTRIBUTABLE INCOME	84,161	53,931	84,161	53,931
DISTRIBUTION PAID	(52,154)	(32,179)	(52,154)	(32,179)
PROVISION FOR INCOME DISTRIBUTION	-	-	-	-
	-----	-----	-----	-----
UNDISTRIBUTED DISTRIBUTABLE INCOME	32,007	21,752	32,007	21,752
	=====	=====	=====	=====
DISTRIBUTABLE INCOME PER UNIT (Sen)	4.9379	3.1642	4.9379	3.1642
	=====	=====	=====	=====
GROSS DISTRIBUTION PER UNIT (Sen)	3.0600	1.8880	3.0600	1.8880
	=====	=====	=====	=====

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

INTERIM FINANCIAL REPORT

CONDENSED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD

	GROUP		TRUST	
	9 MONTHS ENDED		9 MONTHS ENDED	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	RM'000	RM'000	RM'000	RM'000
PROFIT FOR THE PERIOD	72,642	1,208	84,022	54,741
OTHER COMPREHENSIVE LOSS:-				
<i>ITEM THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO INCOME STATEMENT:-</i>				
CURRENCY TRANSLATION DIFFERENCES	(17,757)	(23,196)	-	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	<u>54,885</u>	<u>(21,988)</u>	<u>84,022</u>	<u>54,741</u>
PROFIT FOR THE PERIOD IS MADE UP AS FOLLOWS:-				
REALISED PROFIT	112,946	39,987	84,161	53,931
UNREALISED ITEMS	(40,304)	(38,779)	(139)	810
	<u>72,642</u>	<u>1,208</u>	<u>84,022</u>	<u>54,741</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>4.26</u>	<u>0.07</u>	<u>4.93</u>	<u>3.21</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

INTERIM FINANCIAL REPORT

CONDENSED STATEMENTS OF FINANCIAL POSITION

	GROUP		TRUST	
	UNAUDITED AS AT 31.03.2023 RM'000	AUDITED AS AT 30.06.2022 RM'000	UNAUDITED AS AT 31.03.2023 RM'000	AUDITED AS AT 30.06.2022 RM'000
ASSETS				
Non-current Assets				
Investment properties	2,769,086	2,754,328	2,258,000	2,258,000
Property, plant and equipment	1,892,112	1,971,944	-	-
Unbilled lease income	30,187	30,172	30,187	30,172
Right-of-use asset	199	201	199	201
Investment in subsidiaries	-	-	538,713	533,522
Amount due from subsidiaries	-	-	1,326,788	1,345,006
Deferred tax assets	2,514	2,137	-	-
	-----	-----	-----	-----
	4,694,098	4,758,782	4,153,887	4,166,901
	-----	-----	-----	-----
Current Assets				
Inventories	612	524	-	-
Trade and other receivables	85,050	59,294	39,093	29,498
Amount due from subsidiaries	-	-	112,672	121,905
Income tax assets	5	17	-	-
Deposits with licensed financial institutions	12,903	11,151	12,903	1,118
Cash at banks	101,951	72,482	3,688	5,419
	-----	-----	-----	-----
	200,521	143,468	168,356	157,940
	-----	-----	-----	-----
TOTAL ASSETS	4,894,619	4,902,250	4,322,243	4,324,841
	=====	=====	=====	=====
UNITHOLDERS' FUNDS				
Unitholders' capital	1,690,806	1,690,806	1,690,806	1,690,806
Undistributed realised income	246,200	185,408	232,401	200,394
Reserves	838,473	896,534	343,192	343,331
	-----	-----	-----	-----
Total Unitholders' Funds / Net Asset Value	2,775,479	2,772,748	2,266,399	2,234,531
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YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

CONDENSED STATEMENTS OF FINANCIAL POSITION – continued

	GROUP		TRUST	
	UNAUDITED AS AT 31.03.2023 RM'000	AUDITED AS AT 30.06.2022 RM'000	UNAUDITED AS AT 31.03.2023 RM'000	AUDITED AS AT 30.06.2022 RM'000
LIABILITIES				
Non-current Liabilities				
Borrowings	1,494,120	1,415,852	764,120	950,852
Lease liability	200	203	200	203
Other payables	-	1,127	-	-
Amount due to a subsidiary	-	-	730,000	465,000
	<u>1,494,320</u>	<u>1,417,182</u>	<u>1,494,320</u>	<u>1,416,055</u>
Current Liabilities				
Borrowings	530,681	622,698	445,681	272,698
Trade and other payables	92,317	53,402	30,863	16,357
Amount due to a subsidiary	-	-	84,980	349,970
Income tax liabilities	1,822	990	-	-
Provision for income distribution	-	35,230	-	35,230
	<u>624,820</u>	<u>712,320</u>	<u>561,524</u>	<u>674,255</u>
TOTAL LIABILITIES	<u>2,119,140</u>	<u>2,129,502</u>	<u>2,055,844</u>	<u>2,090,310</u>
TOTAL UNITHOLDERS' FUNDS & LIABILITIES	<u>4,894,619</u>	<u>4,902,250</u>	<u>4,322,243</u>	<u>4,324,841</u>
Net asset value (RM'000)				
- before income distribution	2,827,633	2,840,157	2,318,553	2,301,940
- after income distribution	<u>2,775,479</u>	<u>2,772,748</u>	<u>2,266,399</u>	<u>2,234,531</u>
Number of units in circulation ('000)	<u>1,704,389</u>	<u>1,704,389</u>	<u>1,704,389</u>	<u>1,704,389</u>
Net asset value per unit (RM)				
- before income distribution	1.659	1.666	1.360	1.351
- after income distribution	<u>1.628</u>	<u>1.627</u>	<u>1.330</u>	<u>1.311</u>

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 31 MARCH 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 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	-	112,946	(40,304)	-	-	72,642
Other comprehensive income/(loss)	-	-	-	12,196	(29,953)	(17,757)
Increase/(Decrease) in net assets resulting from operations	-	112,946	(40,304)	12,196	(29,953)	54,885
Unitholders' transactions						
Distribution paid	-	(52,154)	-	-	-	(52,154)
Provision for income distribution	-	-	-	-	-	-
Decrease in net assets resulting from Unitholders' transaction	-	(52,154)	-	-	-	(52,154)
At 31 March 2023	1,690,806	246,200	(228,129)	(137,358)	1,203,960	2,775,479

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

**CONDENSED STATEMENTS OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023 - 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 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 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 2022	1,690,806	200,394	343,331	2,234,531
Operations for the period				
Profit/(Loss) for the period	-	84,161	(139)	84,022
Other comprehensive income	-	-	-	-
	-----	-----	-----	-----
Increase/(Decrease) in net assets resulting from operations	-	84,161	(139)	84,022
Unitholders' transactions				
Distribution paid	-	(52,154)	-	(52,154)
Provision for income distribution	-	-	-	-
	-----	-----	-----	-----
Decrease in net assets resulting from Unitholders' transaction	-	(52,154)	-	(52,154)
	-----	-----	-----	-----
At 31 March 2023	1,690,806	232,401	343,192	2,266,399
	=====	=====	=====	=====

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

**CONDENSED STATEMENTS OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 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 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	1,690,806	219,162	342,261	2,252,229
	=====	=====	=====	=====

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 31 MARCH 2023**

	9 MONTHS ENDED	
	31.03.2023	31.03.2022
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	75,408	3,248
Adjustments for:-		
Amortisation of transaction costs	1,574	1,573
Depreciation	45,295	45,482
Fair value changes	(1,361)	53,031
Interest income	(1,174)	(84)
Interest expense	65,862	43,000
Loss on disposal of property, plant and equipment	17	2
Unrealised (gain)/loss on foreign currency exchange	(4,976)	2,050
	-----	-----
Operating profit before changes in working capital	180,645	148,302
Net changes in current assets	(24,482)	(78,184)
Net changes in current liabilities	38,494	31,612
	-----	-----
Cash generated from operations	194,657	101,730
Income tax paid	(2,381)	(3,809)
Income tax refunded	-	357
	-----	-----
Net cash from operating activities	192,276	98,278
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	1,174	84
Acquisition of property, plant and equipment	(12,648)	(2,037)
Proceed from disposal of equipment	2	6
	-----	-----
Net cash used in investing activities	(11,472)	(1,947)
	-----	-----

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YTL HOSPITALITY REIT**INTERIM FINANCIAL REPORT****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023 - continued**

	9 MONTHS ENDED	
	31.03.2023	31.03.2022
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Distribution paid	(87,384)	(72,285)
Interest paid	(65,854)	(42,992)
Transaction costs paid	(8)	(17)
Proceeds of borrowings	5,191	2,729
Payment of lease liability	(11)	(11)
	-----	-----
Net cash used in financing activities	(148,066)	(112,576)
	-----	-----
Net increase/(decrease) in cash and cash equivalents	32,738	(16,245)
Effect on exchange rate changes	(1,517)	(769)
Cash and cash equivalents at beginning of financial period	83,633	106,702
	-----	-----
Cash and cash equivalents at end of financial period (note a)	114,854	89,688
	=====	=====

Note (a)

	As At	As At
	31.03.2023	31.03.2022
	RM'000	RM'000
Cash and cash equivalents comprise:-		
Deposits with licensed financial institutions	12,903	13,197
Cash at banks	101,951	76,491
	-----	-----
	114,854	89,688
	=====	=====

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 annual audited financial statements for the financial year ended 30 June 2022.

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

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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 2023:-

	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
In respect of the six months ended 31 December 2022:- An interim distribution of 3.0600 sen per unit each paid on 30 March 2023	52,154

	87,384
	=====

A7. Segment Information

The Group's segmental result for the financial period ended 31 March 2023 is as follows:-

	< ---Property rental--->		< --Hotel-- >	
	Malaysia	Japan	Australia	Total
	RM'000	RM'000	RM'000	RM'000
External revenue	109,609	20,423	239,236	369,268
Operating expenses	(5,579)	(2,602)	(169,752)	(177,933)
	-----	-----	-----	-----
Net property income	104,030	17,821	69,484	191,335
	-----	-----	-----	-----
Other income				1,899
Finance income				1,174
Unrealised gain on foreign exchange				4,976
Changes in fair value				1,361

Total income				200,745
Trust and administration expenses				(12,447)
Finance costs				(67,595)
Depreciation				(45,295)

Profit before tax				75,408
				=====
Total assets	2,344,172	531,338	2,019,109	4,894,619
	=====	=====	=====	=====

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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 31 March 2022 is as follows:-

	< ---Property rental--->		< --Hotel-- >	Total
	Malaysia	Japan	Australia	
	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
Other income				1,405
Finance income				84
Total income				159,547
Trust and administration expenses				(11,001)
Finance costs				(44,735)
Depreciation				(45,482)
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

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 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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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 % +/-
	31.03.2023 RM'000	31.03.2022 RM'000		31.03.2023 RM'000	31.03.2022 RM'000	
Revenue:						
- Hotel (Management contracts)	83,547	33,851	146.81	239,236	126,361	89.33
- Property rental (Master leases)	43,348	43,651	(0.69)	130,032	131,079	(0.80)
	-----	-----		-----	-----	
	126,895	77,502	63.73	369,268	257,440	43.44
	=====	=====		=====	=====	
Net Property Income:						
- Hotel (Management contracts)	26,514	3,605	635.48	69,484	35,057	98.20
- Property rental (Master leases)	40,419	40,943	(1.28)	121,851	123,001	(0.93)
	-----	-----		-----	-----	
	66,933	44,548	50.25	191,335	158,058	21.05
	=====	=====		=====	=====	
Profit/(Loss) Before Tax	27,144	(14,254)	290.43	75,408	3,248	2,221.67
Income Available For Distribution	26,217	18,195	44.09	84,161	53,931	56.05

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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 RM126.895 million and RM66.933 million, respectively, as compared to RM77.502 million and RM44.548 million, respectively, recorded in the preceding year corresponding quarter. This represented an increase of 63.73% and 50.25%, 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 RM27.144 million for the current financial quarter, an increase of 290.43% as compared to a loss before tax of RM14.254 million recorded in the preceding year corresponding quarter mainly due to the following:-

- (i) improved performance from hotel segment due to reasons set out under “Review of Operating Business Segments”;
- (ii) absence of fair value adjustment during the current financial quarter on unbilled lease income under the rental deferral program which ended on 30 June 2022 as compared to a fair value loss of RM17.678 million recognised during the preceding year corresponding quarter; and
- (iii) unrealised foreign currency translation gain of RM2.153 million on borrowings denominated in foreign currencies as compared to a loss of RM8.707 million recognised in the preceding year corresponding quarter;

which was offset by:

- (i) higher finance costs of RM24.257 million as compared to RM14.660 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 RM26.217 million, represented an increase of 44.09% as compared to RM18.195 million recorded in the preceding year corresponding quarter mainly due to normalization of rental after the end of the rental deferral programme on 30 June 2022.

Current Financial Period vs Preceding Year Corresponding Period

For the current financial period under review, the Group recorded revenue and net property income of RM369.268 million and RM191.335 million, respectively, as compared to RM257.440 million and RM158.058 million, respectively, recorded in the preceding year corresponding period. This represented an increase of 43.44% and 21.05%, respectively.

The Group recorded a profit before tax of RM75.408 million for the current financial period ended 31 March 2023, an increase of 2,221.67% as compared to a profit before tax of RM3.248 million recorded in the preceding year corresponding period due to the improved performance from hotel segment which contributed additional net property income of RM34.427 million and absence of fair value adjustment on unbilled lease income during the current financial period as opposed to the fair value loss of RM53.031 million during the preceding year corresponding period.

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes : - continued

B1. Review of Performance – continued

Current Financial Period vs Preceding Year Corresponding Period (continued)

Income available for distribution in the current financial period of RM84.161 million, represented an increase of 56.05% as compared to RM53.931 million recorded in the preceding year corresponding period due to the reasons as mentioned above.

Review of Operating Business Segments

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

Hotel

During the current financial quarter/period under review, the performance of the Australian portfolio improved as a result of the reopening of Australia's international borders in early 2022 which activated the demand from corporate and leisure markets. Both average daily room rates and average occupancy rates increased across the portfolio. Correspondingly, revenue and net property income for the financial quarter increased by 146.81% and 635.48%, respectively, while the increase for the financial period was 89.33% and 98.20%, respectively.

Property rental

The property segment from Malaysian and Japanese Properties normalized the rental from 1 July 2022 after the rental deferral programme ended on 30 June 2022. Revenue and net property income approximated that of the preceding year corresponding quarter/period, except that the revenue for the current financial quarter/period comprised mostly realised rental income.

B2. Comparison with Preceding Quarter

	Current Quarter 31.03.2023 RM'000	Preceding Quarter 31.12.2022 RM'000	Variance % +/-
Revenue:			
- Hotel (Management contracts)	83,547	86,789	(3.74)
- Property rental (Master leases)	43,348	43,324	0.06
	----- 126,895 =====	----- 130,113 =====	(2.47)
Net Property Income:			
- Hotel (Management contracts)	26,514	25,559	3.74
- Property rental (Master leases)	40,419	40,702	(0.70)
	----- 66,933 =====	----- 66,261 =====	1.01
Profit Before Tax	27,144	25,281	7.37
Income Available For Distribution	26,217	26,996	(2.89)

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes : - continued

B2. Comparison with Preceding Quarter – continued

For the current financial quarter, Group revenue decreased by 2.47% while net property income approximated that of the preceding financial quarter ended 31 December 2022.

The Group recorded a profit before tax of RM27.144 million for the current financial quarter ended 31 March 2023, an increase of 7.37% as compared to the preceding financial quarter ended 31 December 2022 mainly due to higher unrealised foreign currency translation gain of RM2.153 million on borrowings denominated in foreign currencies as compared to the gain of RM0.767 million recognised in the preceding financial quarter.

Income available for distribution in the current financial quarter of RM26.217 million represented a decrease of 2.89% as compared to RM26.996 million recorded in the preceding quarter.

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

The revenue of Australian portfolio remains consistent along with the continued efforts in stabilizing the hotel operating costs. The performances approximated that of the preceding quarter.

Property rental

Revenue and net property income from Malaysian and Japanese Properties approximated 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.

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes : - continued

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.

B5. Portfolio Composition

As at 31 March 2023, YTL Hospitality REIT's composition of investment portfolio is as follows:-

	Fair Value As At 31.03.2023 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*	308,843	7
(xii) The Green Leaf Niseko Village*	202,243	4
<u>Australian Properties/Portfolio</u>		
(xiii) Sydney Harbour Marriott^	1,422,422	30
(xiv) Brisbane Marriott^	244,524	5
(xv) Melbourne Marriott^	225,166	5
Total	4,661,198	100

Note :

* Translated on 31 March 2023 at the exchange rate of JPY100 : RM3.3209

^ Translated on 31 March 2023 at the exchange rate of AUD1 : RM2.9624

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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 31 March 2023 were RM2,775,479,000 and RM1.6284, respectively. The increase in total NAV was mainly due to the unrealised gain items in respect of the investment in Australian subsidiaries.

	Current Quarter 31.03.2023	Preceding Quarter 31.12.2022
NAV (RM'000)	2,775,479	2,761,519
Number of units in circulations ('000)	1,704,389	1,704,389
NAV per unit (after distribution) (RM)	1.6284	1.6202
NAV per unit (before distribution) (RM)	1.6590	1.6508

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 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 31 March 2023, RM12,648,000 (AUD4,178,000) was incurred on refurbishment works on the Australian Properties while The Green Leaf Niseko Village incurred RM227,000 (JPY6,950,000) for property repairs and maintenance.

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YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes : - continued

B12. Taxation

Taxation comprises the following:-

	Current Quarter 31.03.2023 RM'000	Year To Date 31.03.2023 RM'000
Malaysian income tax	11	16
Foreign income tax	1,891	3,189
Deferred tax	352	(439)
	-----	-----
	2,254	2,766
	=====	=====

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 2023.

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 31 March 2023 are as follows:-

	Short term RM'000	Long term RM'000	Total RM'000
Term Loan – secured	445,986	766,794	1,212,780
Medium Term Notes – secured	85,000	730,000	815,000
	-----	-----	-----
Total borrowings	530,986	1,496,794	2,027,780
Capitalised transaction costs	(305)	(2,674)	(2,979)
	-----	-----	-----
	530,681	1,494,120	2,024,801
	=====	=====	=====
Total Assets			4,894,619
			=====
Gearing ratio (%)			41.43
			=====

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

	Foreign currency '000	RM equivalents RM'000
Australian Dollar [^]	348,842	1,033,410
Japanese Yen [*]	5,401,250	179,370

		1,212,780
		=====

Note :

[^] Translated on 31 March 2023 at the exchange rate of AUD1 : RM2.9624

^{*} Translated on 31 March 2023 at the exchange rate of JPY100 : RM3.3209

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 31.03.2023 RM'000	Preceding Year Corresponding Quarter 31.03.2022 RM'000	Current Year To Date 31.03.2023 RM'000	Preceding Year To Date 31.03.2022 RM'000
Net property income	66,933	44,548	191,335	158,058
Other income	3,600	524	9,410	1,489
Expenses	(43,389)	(59,326)	(125,337)	(156,299)
	-----	-----	-----	-----
Profit/(Loss) before tax	27,144	(14,254)	75,408	3,248
Income tax expense	(2,254)	(1,832)	(2,766)	(2,040)
	-----	-----	-----	-----
Profit/(Loss) after tax	24,890	(16,086)	72,642	1,208
Distribution adjustments	1,327	34,281	11,519	52,723
	-----	-----	-----	-----
Realised income for the quarter/period	26,217	18,195	84,161	53,931
Total undistributed realised income brought forward	206,184	200,967	200,394	197,410
	-----	-----	-----	-----
Total realised income available for distribution	232,401	219,162	284,555	251,341
Less: income distribution	-	-	(52,154)	(32,179)
	-----	-----	-----	-----
Balance undistributed realised income	232,401	219,162	232,401	219,162
	=====	=====	=====	=====
Distribution per unit (sen)	-	-	3.0600	1.8880
	=====	=====	=====	=====

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: 25 May 2023