

YTL HOSPITALITY REIT

Established in Malaysia

**Interim Financial Report
31 December 2021**

YTL HOSPITALITY REIT

Interim Financial Report 31 December 2021

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YTL HOSPITALITY REIT**INTERIM FINANCIAL REPORT**

Interim financial report on results for the financial period ended 31 December 2021.

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
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
REALISED REVENUE	69,162	57,874	18,096	17,784
ACCRUED LEASE INCOME - UNBILLED	20,602	20,925	18,415	18,727
	-----	-----	-----	-----
TOTAL REVENUE	89,764	78,799	36,511	36,511
PROPERTY OPERATING EXPENSES	(34,413)	(29,671)	(1,832)	(1,847)
	-----	-----	-----	-----
NET PROPERTY INCOME	55,351	49,128	34,679	34,664
FINANCE INCOME	23	46	19,877	19,899
OTHER INCOME	452	439	-	15
MANAGER'S FEES	(2,318)	(2,166)	(2,318)	(2,166)
TRUSTEE'S FEES	(363)	(354)	(363)	(354)
DEPRECIATION	(15,217)	(14,264)	-	-
FINANCE COSTS	(15,011)	(15,392)	(14,988)	(15,370)
ADMINISTRATION EXPENSES	(1,150)	(939)	(273)	(108)
UNREALISED (LOSS)/GAIN ON FOREIGN EXCHANGE	(1,468)	(42,506)	(2,834)	5,286
FAIR VALUE CHANGES ON UNBILLED LEASE INCOME	(17,676)	-	(15,167)	-
	-----	-----	-----	-----
PROFIT/(LOSS) BEFORE TAX	2,623	(26,008)	18,613	41,866
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YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

CONDENSED INCOME STATEMENTS FOR THE QUARTER – continued

	GROUP		TRUST	
	CURRENT YEAR QUARTER 31.12.2021 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2020 RM'000	CURRENT YEAR QUARTER 31.12.2021 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2020 RM'000
PROFIT/(LOSS) BEFORE TAX	2,623	(26,008)	18,613	41,866
INCOME TAX EXPENSE	(123)	(365)	(379)	(409)
PROFIT/(LOSS) FOR THE QUARTER	2,500	(26,373)	18,234	41,457
DISTRIBUTION ADJUSTMENTS:				
- Accrued lease income - unbilled	(20,602)	(20,925)	(18,415)	(18,727)
- Depreciation	15,217	14,264	-	-
- Fair value changes on unbilled lease income	17,676	-	15,167	-
- Net income from foreign operations	1,561	7,972	-	-
- Unrealised foreign translation differences	1,468	42,506	2,834	(5,286)
INCOME AVAILABLE FOR DISTRIBUTION / TOTAL DISTRIBUTABLE INCOME	17,820	17,444	17,820	17,444
UNDISTRIBUTED DISTRIBUTABLE INCOME BROUGHT FORWARD	17,916	16,843	17,916	16,843
UNDISTRIBUTED DISTRIBUTABLE INCOME AVAILABLE FOR DISTRIBUTION	35,736	34,287	35,736	34,287

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

CONDENSED INCOME STATEMENTS FOR THE QUARTER – continued

	GROUP		TRUST	
	CURRENT	PRECEDING	CURRENT	PRECEDING
	YEAR	YEAR	YEAR	YEAR
	QUARTER	CORRESPONDING	QUARTER	CORRESPONDING
	31.12.2021	QUARTER	31.12.2021	QUARTER
	RM'000	31.12.2020	RM'000	31.12.2020
		RM'000		RM'000
UNDISTRIBUTED DISTRIBUTABLE INCOME AVAILABLE FOR DISTRIBUTION	35,736	34,287	35,736	34,287
PROVISION FOR INCOME DISTRIBUTION	(32,179)	(30,858)	(32,179)	(30,858)
	-----	-----	-----	-----
UNDISTRIBUTED DISTRIBUTABLE INCOME	3,557	3,429	3,557	3,429
	=====	=====	=====	=====
DISTRIBUTABLE INCOME PER UNIT (Sen)	1.0455	1.0235	1.0455	1.0235
	=====	=====	=====	=====
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 QUARTER

	GROUP		TRUST	
	CURRENT YEAR QUARTER 31.12.2021 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2020 RM'000	CURRENT YEAR QUARTER 31.12.2021 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2020 RM'000
PROFIT/(LOSS) FOR THE QUARTER	2,500	(26,373)	18,234	41,457
OTHER COMPREHENSIVE (LOSS)/INCOME:-				
<i>ITEM THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO INCOME STATEMENT:-</i>				
CURRENCY TRANSLATION DIFFERENCES	(5,314)	74,132	-	-
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE QUARTER	(2,814)	47,759	18,234	41,457
PROFIT/(LOSS) FOR THE QUARTER IS MADE UP AS FOLLOWS:-				
REALISED AND DISTRIBUTABLE UNREALISED ITEMS	16,259 (13,759)	9,472 (35,845)	17,820 414	17,444 24,013
	2,500	(26,373)	18,234	41,457
Weighted average number of units ('000)	1,704,389	1,704,389	1,704,389	1,704,389
EARNINGS/(LOSS) PER UNIT (Sen)	0.15	(1.55)	1.07	2.43

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	
	6 MONTHS ENDED		6 MONTHS ENDED	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
REALISED REVENUE	138,496	115,990	35,982	35,568
ACCRUED LEASE INCOME - UNBILLED	41,442	41,850	37,040	37,454
	-----	-----	-----	-----
TOTAL REVENUE	179,938	157,840	73,022	73,022
PROPERTY OPERATING EXPENSES	(66,428)	(55,709)	(3,649)	(3,700)
	-----	-----	-----	-----
NET PROPERTY INCOME	113,510	102,131	69,373	69,322
FINANCE INCOME	51	150	39,918	39,904
OTHER INCOME	914	828	40	15
MANAGER'S FEES	(4,700)	(4,411)	(4,700)	(4,411)
TRUSTEE'S FEES	(729)	(710)	(729)	(710)
DEPRECIATION	(30,546)	(28,703)	(1)	(1)
ADMINISTRATION EXPENSES	(2,227)	(1,754)	(319)	(234)
FINANCE COSTS	(30,075)	(31,368)	(30,030)	(31,323)
UNREALISED GAIN/(LOSS) ON FOREIGN EXCHANGE	6,657	(45,115)	(9,220)	5,226
FAIR VALUE CHANGES ON UNBILLED LEASE INCOME	(35,353)	-	(30,334)	-
	-----	-----	-----	-----
PROFIT/(LOSS) BEFORE TAX	17,502	(8,952)	33,998	77,788
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YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

CONDENSED INCOME STATEMENTS FOR THE PERIOD – continued

	GROUP		TRUST	
	6 MONTHS ENDED		6 MONTHS ENDED	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
PROFIT/(LOSS) BEFORE TAX	17,502	(8,952)	33,998	77,788
INCOME TAX EXPENSE	(208)	(863)	(777)	(822)
	-----	-----	-----	-----
PROFIT/(LOSS) FOR THE PERIOD	17,294	(9,815)	33,221	76,966
DISTRIBUTION ADJUSTMENTS:				
- Accrued lease income - unbilled	(41,442)	(41,850)	(37,040)	(37,454)
- Depreciation	30,546	28,703	1	1
- Fair value changes on unbilled lease income	35,353	-	30,334	-
- Net income from foreign operations	642	12,134	-	-
- Unrealised foreign translation differences	(6,657)	45,115	9,220	(5,226)
	-----	-----	-----	-----
INCOME AVAILABLE FOR DISTRIBUTION / TOTAL DISTRIBUTABLE INCOME	35,736	34,287	35,736	34,287
PROVISION FOR INCOME DISTRIBUTION	(32,179)	(30,858)	(32,179)	(30,858)
	-----	-----	-----	-----
UNDISTRIBUTED DISTRIBUTABLE INCOME	3,557	3,429	3,557	3,429
	=====	=====	=====	=====
DISTRIBUTABLE INCOME PER UNIT (Sen)	2.0967	2.0117	2.0967	2.0117
	=====	=====	=====	=====
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	
	6 MONTHS ENDED		6 MONTHS ENDED	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
PROFIT/(LOSS) FOR THE PERIOD	17,294	(9,815)	33,221	76,966
OTHER COMPREHENSIVE (EXPENSE)/INCOME:-				
<i>ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO INCOME STATEMENT:-</i>				
CASH FLOW HEDGE	-	-	-	-
CURRENCY TRANSLATION DIFFERENCES	(47,441)	78,180	-	-
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	(30,147)	68,365	33,221	76,966
PROFIT/(LOSS) FOR THE PERIOD IS MADE UP AS FOLLOWS:-				
REALISED PROFIT	35,094	22,153	35,736	34,287
UNREALISED (LOSS) / PROFIT	(17,800)	(31,968)	(2,515)	42,679
	17,294	(9,815)	33,221	76,966
Weighted average number of units ('000)	1,704,389	1,704,389	1,704,389	1,704,389
EARNINGS/(LOSS) PER UNIT (Sen)	1.01	(0.58)	1.95	4.52

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 31.12.2021 RM'000	AUDITED AS AT 30.06.2021 RM'000	UNAUDITED AS AT 31.12.2021 RM'000	AUDITED AS AT 30.06.2021 RM'000
ASSETS				
Non-current Assets				
Investment properties	2,754,221	2,772,788	2,241,500	2,241,500
Property, plant and equipment	1,839,863	1,928,046	-	-
Unbilled lease income	25,693	19,666	24,076	17,371
Right-of-use asset	202	203	202	203
Investment in subsidiaries	-	-	530,264	527,536
Amount due from subsidiaries	-	-	1,375,890	1,420,962
Deferred tax assets	2,306	1,796	-	-
	-----	-----	-----	-----
	4,622,285	4,722,499	4,171,932	4,207,572
	-----	-----	-----	-----
Current Assets				
Inventories	342	337	-	-
Trade and other receivables	56,745	41,924	27,091	15,743
Amount due from subsidiaries	-	-	125,457	139,393
Income tax assets	372	412	-	-
Deposits with licensed financial institutions	10,002	18,130	-	-
Cash at banks	90,918	88,572	3,830	2,956
	-----	-----	-----	-----
	158,379	149,375	156,378	158,092
	-----	-----	-----	-----
TOTAL ASSETS	4,780,664	4,871,874	4,328,310	4,365,664
	=====	=====	=====	=====
UNITHOLDERS' FUNDS				
Unitholders' capital	1,690,806	1,690,806	1,690,806	1,690,806
Undistributed realised income	200,059	197,144	200,967	197,410
Reserves	752,128	817,369	338,936	341,451
	-----	-----	-----	-----
Total Unitholders' Funds / Net Asset Value	2,642,993	2,705,319	2,230,709	2,229,667
	-----	-----	-----	-----

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YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

CONDENSED STATEMENTS OF FINANCIAL POSITION – continued

	GROUP		TRUST	
	UNAUDITED AS AT 31.12.2021 RM'000	AUDITED AS AT 30.06.2021 RM'000	UNAUDITED AS AT 31.12.2021 RM'000	AUDITED AS AT 30.06.2021 RM'000
LIABILITIES				
Non-current Liabilities				
Borrowings	1,708,677	2,010,260	1,238,677	1,275,260
Lease liability	208	203	208	203
Other payables	-	998	-	-
Amount due to a subsidiary	-	-	470,000	735,000
	<u>1,708,885</u>	<u>2,011,461</u>	<u>1,708,885</u>	<u>2,010,463</u>
Current Liabilities				
Borrowings	340,000	75,000	-	-
Trade and other payables	56,607	38,274	16,567	10,458
Amount due to a subsidiary	-	-	339,970	74,970
Income tax liabilities	-	1,714	-	-
Provision for income distribution	32,179	40,106	32,179	40,106
	<u>428,786</u>	<u>155,094</u>	<u>388,716</u>	<u>125,534</u>
TOTAL LIABILITIES	<u>2,137,671</u>	<u>2,166,555</u>	<u>2,097,601</u>	<u>2,135,997</u>
TOTAL UNITHOLDERS' FUNDS & LIABILITIES	<u>4,780,664</u>	<u>4,871,874</u>	<u>4,328,310</u>	<u>4,365,664</u>
Net asset value (RM'000)				
- before income distribution	2,675,172	2,776,283	2,262,888	2,300,631
- after income distribution	2,642,993	2,705,319	2,230,709	2,229,667
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	1.570	1.629	1.328	1.350
- after income distribution	1.551	1.587	1.309	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 DECEMBER 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	-	35,094	(17,800)	-	-	17,294
Other comprehensive loss	-	-	-	(12,868)	(34,573)	(47,441)

Increase/(Decrease) in net assets resulting from operations	-	35,094	(17,800)	(12,868)	(34,573)	(30,147)
Unitholders' transactions						
Provision for income distribution	-	(32,179)	-	-	-	(32,179)

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

At 31 December 2021	1,690,806	200,059	(233,824)	(101,466)	1,087,418	2,642,993
=====						

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

**CONDENSED STATEMENTS OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021 - continued**

GROUP	Unitholders' Capital RM'000	Distributable	<-----Non-distributable----->			Total Unitholders' Funds RM'000
		Undistributed Realised Income RM'000	Unrealised Loss RM'000	Currency Translation Reserves RM'000	Revaluation Reserve RM'000	
At 1 July 2020	1,690,806	223,583	(254,329)	(64,529)	960,368	2,555,899
Operations for the period						
Profit/(Loss) for the period	-	22,153	(31,968)	-	-	(9,815)
Other comprehensive income	-	-	-	31,196	46,984	78,180

Increase/(Decrease) in net assets resulting from operations	-	22,153	(31,968)	31,196	46,984	68,365
Unitholders' transactions						
Provision for income distribution	-	(30,858)	-	-	-	(30,858)

Decrease in net assets resulting from Unitholders' transaction	-	(30,858)	-	-	-	(30,858)

At 31 December 2020	1,690,806	214,878	(286,297)	(33,333)	1,007,352	2,593,406
=====						

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

**CONDENSED STATEMENTS OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021 - 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/(Loss) for the period	-	35,736	(2,515)	33,221
Other comprehensive income	-	-	-	-
	-----	-----	-----	-----
Increase/(Decrease)in net assets resulting from operations	-	35,736	(2,515)	33,221
Unitholders' transactions				
Provision for income distribution	-	(32,179)	-	(32,179)
	-----	-----	-----	-----
Decrease in net assets resulting from Unitholders' transaction	-	(32,179)	-	(32,179)
	-----	-----	-----	-----
At 31 December 2021	1,690,806	200,967	338,936	2,230,709
	=====	=====	=====	=====

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

**CONDENSED STATEMENTS OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 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 2020	1,690,806	197,409	298,006	2,186,221
Operations for the period				
Profit for the period	-	34,287	42,679	76,966
Other comprehensive income	-	-	-	-
	-----	-----	-----	-----
Increase in net assets resulting from operations	-	34,287	42,679	76,966
Unitholders' transactions				
Provision for income distribution	-	(30,858)	-	(30,858)
	-----	-----	-----	-----
Decrease in net assets resulting from Unitholders' transaction	-	(30,858)	-	(30,858)
	-----	-----	-----	-----
At 31 December 2020	<u>1,690,806</u>	<u>200,838</u>	<u>340,685</u>	<u>2,232,329</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 DECEMBER 2021**

	6 MONTHS ENDED	
	31.12.2021	31.12.2020
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	17,502	(8,952)
Adjustments for:-		
Accrued lease income - unbilled	(41,442)	(41,850)
Amortisation of transaction costs	1,050	1,049
Depreciation	30,546	28,703
Fair value changes	35,353	-
Interest income	(51)	(150)
Interest expense	28,917	30,215
Loss on disposal of property, plant and equipment	4	28
Unrealised (gain)/loss on foreign currency exchange	(6,657)	45,115
	-----	-----
Operating profit before changes in working capital	65,222	54,158
Net changes in current assets	(15,688)	138
Net changes in current liabilities	18,288	(3,914)
	-----	-----
Cash generated from operations	67,822	50,382
Income tax paid	(2,475)	(1,221)
Income tax refunded	29	-
	-----	-----
Net cash from operating activities	65,376	49,161
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	51	150
Acquisition of property, plant and equipment	(1,400)	(1,143)
	-----	-----
Net cash used in investing activities	(1,349)	(993)
	-----	-----

YTL HOSPITALITY REIT**INTERIM FINANCIAL REPORT****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021 - continued**

	6 MONTHS ENDED	
	31.12.2021	31.12.2020
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Distribution paid	(40,106)	(48,358)
Interest paid	(28,911)	(30,210)
Transaction costs paid	(17)	(3,923)
Proceeds of borrowings	2,729	-
	-----	-----
Net cash used in financing activities	(66,305)	(82,491)
	-----	-----
Net decrease in cash and cash equivalents	(2,278)	(34,323)
Effect on exchange rate changes	(3,504)	5,435
Cash and cash equivalents at beginning of financial period	106,702	145,908
	-----	-----
Cash and cash equivalents at end of financial period (note a)	100,920	117,020
	=====	=====

Note (a)

	As At	As At
	31.12.2021	31.12.2020
	RM'000	RM'000
Cash and cash equivalents comprise:-		
Deposits with licensed financial institutions	10,002	37,574
Cash at banks	90,918	79,446
	-----	-----
	100,920	117,020
	=====	=====

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.

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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 December 2021:-

	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 =====

A7. Segment Information

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

	< ---Property rental--->		< --Hotel-- >	
	Malaysia	Japan	Australia	Total
	RM'000	RM'000	RM'000	RM'000
External revenue	73,022	14,406	92,510	179,938
Operating expenses	(3,649)	(1,721)	(61,058)	(66,428)
	-----	-----	-----	-----
Net property income	69,373	12,685	31,452	113,510
	-----	-----	-----	
Finance income				51
Other income				914
Unrealised gain on foreign exchange				6,657

Total income				121,132
Trust and administration expenses				(7,656)
Depreciation				(30,546)
Finance costs				(30,075)
Changes in fair value				(35,353)

Profit before tax				17,502
				=====
Total assets	2,296,793	529,604	1,954,267	4,780,664
	=====	=====	=====	=====

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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 December 2020 is as follows:-

	< ---Property rental--->		< --Hotel-- >	
	Malaysia	Japan	Australia	Total
	RM'000	RM'000	RM'000	RM'000
External revenue	73,022	14,701	70,117	157,840
Operating expenses	(3,700)	(1,956)	(50,053)	(55,709)
Net property income	69,322	12,745	20,064	102,131
Finance income				150
Other income				828
Total income				103,109
Trust and administration expenses				(6,875)
Depreciation				(28,703)
Finance costs				(31,368)
Unrealised loss on foreign exchange				(45,115)
Loss before tax				(8,952)
Total assets	2,273,696	536,587	1,943,350	4,753,633

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 December 2021 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 %
	31.12.2021 RM'000	31.12.2020 RM'000		31.12.2021 RM'000	31.12.2020 RM'000	
Revenue:						
- Hotel (Management contracts)	46,114	34,950	31.94	92,510	70,117	31.94
- Property rental (Master leases)	43,650	43,849	(0.45)	87,428	87,723	(0.34)
	-----	-----		-----	-----	
	89,764	78,799	13.92	179,938	157,840	14.00
	=====	=====		=====	=====	
Net Property Income:						
- Hotel (Management contracts)	14,410	8,100	77.90	31,452	20,064	56.76
- Property rental (Master leases)	40,941	41,028	(0.21)	82,058	82,067	(0.01)
	-----	-----		-----	-----	
	55,351	49,128	12.67	113,510	102,131	11.14
	=====	=====		=====	=====	
Profit/(Loss) Before Tax	2,623	(26,008)	110.09	17,502	(8,952)	295.51
Income Available For Distribution	17,820	17,444	2.16	35,736	34,287	4.23

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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 RM89.764 million and RM55.351 million, respectively, as compared to RM78.799 million and RM49.128 million, respectively, recorded in the preceding year corresponding quarter. This represented an increase of 13.92% and 12.67%, respectively.

The Group recorded a profit before tax of RM2.623 million for the current financial quarter ended 31 December 2021, an increase of 110.09% as compared to a loss before tax of RM26.008 million recorded in the preceding year corresponding quarter due to the following factors:-

- (i) unrealised foreign currency translation loss of RM1.468 million on borrowings denominated in foreign currencies as compared to a translation loss of RM42.506 million recognised during the preceding year corresponding quarter; which was offset by
- (ii) fair value loss on unbilled lease income of RM17.676 million recognised during the current financial quarter.

The income available for distribution in the current financial quarter of RM17.820 million, represented an increase of 2.16% as compared to RM17.444 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 RM179.938 million and RM113.510 million, respectively, as compared to RM157.840 million and RM102.131 million, respectively, recorded in the preceding year corresponding period. This represented an increase of 14.00% and 11.14%, respectively.

The Group recorded a profit before tax of RM17.502 million for the current financial period ended 31 December 2021, an increase of 295.51% as compared to a loss before tax of RM8.952 million recorded in the preceding year corresponding period due to the following factors:-

- (i) unrealised foreign currency translation gain of RM6.657 million on borrowings denominated in foreign currencies as compared to a translation loss of RM45.115 million recognised during the preceding year corresponding period; which was offset by
- (ii) fair value loss on unbilled lease income of RM35.353 million recognised during the current financial period.

The income available for distribution in the current financial period of RM35.736 million, represented an increase of 4.23% as compared to RM34.287 million recorded in the preceding year corresponding period due to the improvements from hotel segment as mentioned below.

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes : - continued

B1. Review of Performance – continued

Performance of the respective operating business segments for the financial quarter/period ended 31 December 2021 as compared to the preceding year corresponding quarter/period are analysed as follows:

Hotel

Revenue and net property income from Australian portfolio improved in performance from its participation in government isolation group business programme and reduction in costs from its internal cost saving efforts as compared to the preceding year corresponding quarter/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 31.12.2021 RM'000	Preceding Quarter 30.09.2021 RM'000	Variance % +/-
Revenue:			
- Hotel (Management contracts)	46,114	46,396	(0.61)
- Property rental (Master leases)	43,650	43,778	(0.29)
	-----	-----	
	89,764	90,174	(0.45)
	=====	=====	
Net Property Income:			
- Hotel (Management contracts)	14,410	17,042	(15.44)
- Property rental (Master leases)	40,941	41,117	(0.43)
	-----	-----	
	55,351	58,159	(4.83)
	=====	=====	
Profit Before Tax	2,623	14,879	(82.37)
Income Available For Distribution	17,820	17,916	(0.54)

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 RM17.820 million represented a slight decrease of 0.54% as compared to RM17.916 million recorded in the preceding quarter.

For the current financial quarter, Group revenue and net property income decreased by 0.45% and 4.83%, respectively as compared to the preceding financial quarter ended 30 September 2021.

The Group recorded a profit before tax of RM2.623 million for the current financial quarter ended 31 December 2021, a decrease of 82.37%, as compared to the preceding financial quarter ended 30 September 2021 mainly due to the unrealised foreign currency translation loss of RM1.468 million on borrowings denominated in foreign currencies as compared to a translation gain of RM8.125 million recognised in the preceding financial quarter.

Performance of the respective operating business segments for the financial quarter ended 31 December 2021 as compared to the preceding quarter are analysed as follows:-

Hotel

Revenue from Australian portfolio approximate that of the preceding financial quarter while additional operating costs from the transition to exit government isolation group business programme had resulted in lower net property income as compared to the preceding financial quarter.

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 the 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 December 2021, YTL Hospitality REIT's composition of investment portfolio is as follows:-

	Fair Value As At 31.12.2021 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*	292,465	6
(xii) The Green Leaf Niseko Village*	220,256	5
<u>Australian Properties</u>		
(xiii) Sydney Harbour Marriott^	1,368,408	30
(xiv) Brisbane Marriott^	251,438	5
(xv) Melbourne Marriott^	220,017	5
Total	----- 4,594,084 =====	----- 100 =====

Note :

* Translated on 31 December 2021 at the exchange rate of JPY100 : RM3.6286

^ Translated on 31 December 2021 at the exchange rate of AUD1 : RM3.0289

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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 December 2021 were RM2,642,993,000 and RM1.5507, respectively. The decrease in total NAV was mainly due to the unrealised loss items recorded in respect of the investments in Japanese and Australian subsidiaries and half yearly distribution declared during the current financial quarter.

	Current Quarter 31.12.2021	Preceding Quarter 30.09.2021
NAV (RM'000)	2,642,993	2,677,986
Number of units in circulations ('000)	1,704,389	1,704,389
NAV per unit (after distribution) (RM)	1.5507	1.5712
NAV per unit (before distribution) (RM)	1.5696	1.5712

B7. Status of property development activities

There were no property development activities during the current financial quarter ended 31 December 2021.

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 December 2021.

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 31.12.2021 RM'000	Year To Date 31.12.2021 RM'000
Malaysian income tax	3	4
Foreign income tax	379	777
Deferred tax	(259)	(573)
	-----	-----
	123	208
	=====	=====

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 December 2021.

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 December 2021 are as follows:-

	Short term RM'000	Long term RM'000	Total RM'000
Term Loan – secured	-	1,244,267	1,244,267
Medium Term Notes - secured	340,000	470,000	810,000
	-----	-----	-----
Total borrowings	340,000	1,714,267	2,054,267
Capitalised transaction costs	-	(5,590)	(5,590)
	-----	-----	-----
	340,000	1,708,677	2,048,677
	=====	=====	=====
Total Assets			4,780,664
			=====
Gearing ratio (%)			42.97
			=====

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

	Foreign currency '000	RM equivalents RM'000
Australian Dollar [^]	346,092	1,048,277
Japanese Yen [*]	5,401,250	195,990

		1,244,267
		=====

Note :

[^] Translated on 31 December 2021 at the exchange rate of AUD1 : RM3.0289

^{*} Translated on 31 December 2021 at the exchange rate of JPY100 : RM3.6286

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 in combination of fixed and floating coupon.

B15. Income Distribution

For the 6 months from 1 July 2021 to 31 December 2021, The Board of Pintar Projek Sdn. Bhd. has declared an interim distribution of 1.8880 sen per unit of which 1.8461 sen is taxable and 0.0419 sen is non-taxable in the hands of unitholders, totalling RM32,178,862 (which is tax exempt at the Trust level under the amended Section 61A of the Income Tax Act 1967), representing approximately 90% of the total distributable income for the financial period ended 31 December 2021. The book closure and payment dates in respect of the interim distribution have been fixed on 10 and 31 March 2022, respectively.

YTL HOSPITALITY REIT**INTERIM FINANCIAL REPORT**

Notes : - continued

B15. Income Distribution - continued

The interim income distribution is from the following sources:-

	Current Year Quarter 31.12.2021 RM'000	Preceding Year Corresponding Quarter 31.12.2020 RM'000	Current Year To Date 31.12.2021 RM'000	Preceding Year To Date 31.12.2020 RM'000
Net property income	55,351	49,128	113,510	102,131
Other income	475	485	7,622	978
Expenses	(53,203)	(75,621)	(103,630)	(112,061)
	-----	-----	-----	-----
Profit/(Loss) before tax	2,623	(26,008)	17,502	(8,952)
Income tax expense	(123)	(365)	(208)	(863)
	-----	-----	-----	-----
Profit/(Loss) after tax	2,500	(26,373)	17,294	(9,815)
Distribution adjustments	15,320	43,817	18,442	44,102
	-----	-----	-----	-----
Realised income for the quarter/period	17,820	17,444	35,736	34,287
Total undistributed realised income brought forward	215,326	214,252	197,410	197,409
	-----	-----	-----	-----
Total realised income available for distribution	233,146	231,696	233,146	231,696
Less: income distribution	(32,179)	(30,858)	(32,179)	(30,858)
	-----	-----	-----	-----
Balance undistributed realised income	200,967	200,838	200,967	200,838
	=====	=====	=====	=====
Distribution per unit (sen)	1.8880	1.8105	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: 24 February 2022