

YTL HOSPITALITY REIT

Established in Malaysia

**Interim Financial Report
30 September 2021**

YTL HOSPITALITY REIT

Interim Financial Report 30 September 2021

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YTL HOSPITALITY REIT**INTERIM FINANCIAL REPORT**

Interim financial report on results for the financial period ended 30 September 2021.

The figures have not been audited.

CONDENSED INCOME STATEMENTS FOR THE PERIOD

	GROUP		TRUST	
	CURRENT	PRECEDING	CURRENT	PRECEDING
	YEAR	YEAR	YEAR	YEAR
	QUARTER	CORRESPONDING	QUARTER	CORRESPONDING
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	RM'000	RM'000	RM'000	RM'000
REALISED REVENUE	69,334	58,116	17,886	17,784
ACCRUED LEASE INCOME - UNBILLED	20,840	20,925	18,625	18,727
	-----	-----	-----	-----
TOTAL REVENUE	90,174	79,041	36,511	36,511
PROPERTY OPERATING EXPENSES	(32,015)	(26,038)	(1,817)	(1,853)
	-----	-----	-----	-----
NET PROPERTY INCOME	58,159	53,003	34,694	34,658
FINANCE INCOME	28	104	20,041	20,005
OTHER INCOME	518	389	96	-
MANAGER'S FEES	(2,382)	(2,245)	(2,382)	(2,245)
TRUSTEE'S FEES	(366)	(356)	(366)	(356)
DEPRECIATION	(15,329)	(14,439)	(1)	(1)
FINANCE COSTS	(15,064)	(15,976)	(15,042)	(15,953)
ADMINISTRATION EXPENSES	(1,133)	(815)	(102)	(126)
UNREALISED GAIN/(LOSS) ON FOREIGN EXCHANGE	8,125	(2,609)	(6,386)	(60)
FAIR VALUE CHANGES ON UNBILLED LEASE INCOME	(17,677)	-	(15,167)	-
	-----	-----	-----	-----
PROFIT BEFORE TAX	14,879	17,056	15,385	35,922
	-----	-----	-----	-----

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

CONDENSED INCOME STATEMENTS FOR THE PERIOD – continued

	GROUP		TRUST	
	CURRENT YEAR QUARTER 30.09.2021 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.09.2020 RM'000	CURRENT YEAR QUARTER 30.09.2021 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.09.2020 RM'000
PROFIT BEFORE TAX	14,879	17,056	15,385	35,922
INCOME TAX EXPENSE	(85)	(498)	(398)	(413)
PROFIT FOR THE PERIOD	14,794	16,558	14,987	35,509
DISTRIBUTION ADJUSTMENTS:				
- Accrued lease income - unbilled	(20,840)	(20,925)	(18,625)	(18,727)
- Depreciation	15,329	14,439	1	1
- Fair value changes on unbilled lease income	17,677	-	15,167	-
- Net income from foreign operations	(919)	4,162	-	-
- Unrealised foreign translation differences	(8,125)	2,609	6,386	60
INCOME AVAILABLE FOR DISTRIBUTION / TOTAL DISTRIBUTABLE INCOME	17,916	16,843	17,916	16,843
PROVISION FOR INCOME DISTRIBUTION	-	-	-	-
UNDISTRIBUTED DISTRIBUTABLE INCOME	17,916	16,843	17,916	16,843
DISTRIBUTABLE INCOME PER UNIT (Sen)	1.0512	0.9882	1.0512	0.9882
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 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	
	CURRENT YEAR QUARTER 30.09.2021 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.09.2020 RM'000	CURRENT YEAR QUARTER 30.09.2021 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.09.2020 RM'000
PROFIT FOR THE PERIOD	14,794	16,558	14,987	35,509
OTHER COMPREHENSIVE (LOSS)/INCOME:-				
<i>ITEM THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO INCOME STATEMENT:-</i>				
CURRENCY TRANSLATION DIFFERENCES	(42,127)	4,048	-	-
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	<u>(27,333)</u>	<u>20,606</u>	<u>14,987</u>	<u>35,509</u>
PROFIT FOR THE PERIOD IS MADE UP AS FOLLOWS:-				
REALISED AND DISTRIBUTABLE	18,835	12,681	17,916	16,843
UNREALISED ITEMS	(4,041)	3,877	(2,929)	18,666
	<u>14,794</u>	<u>16,558</u>	<u>14,987</u>	<u>35,509</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>0.87</u>	<u>0.97</u>	<u>0.88</u>	<u>2.08</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

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CONDENSED STATEMENTS OF FINANCIAL POSITION

	GROUP		TRUST	
	UNAUDITED AS AT 30.09.2021 RM'000	AUDITED AS AT 30.06.2021 RM'000	UNAUDITED AS AT 30.09.2021 RM'000	AUDITED AS AT 30.06.2021 RM'000
ASSETS				
Non-current Assets				
Investment properties	2,770,287	2,772,788	2,241,500	2,241,500
Property, plant and equipment	1,846,209	1,928,046	-	-
Unbilled lease income	22,822	19,666	20,828	17,371
Right-of-use asset	203	203	203	203
Investment in subsidiaries	-	-	527,536	527,536
Amount due from subsidiaries	-	-	1,381,013	1,420,962
Deferred tax assets	2,042	1,796	-	-
	<u>4,641,563</u>	<u>4,722,499</u>	<u>4,171,080</u>	<u>4,207,572</u>
Current Assets				
Inventories	308	337	-	-
Trade and other receivables	56,896	41,924	23,503	15,743
Amount due from subsidiaries	-	-	114,612	139,393
Income tax assets	371	412	-	-
Deposits with licensed financial institutions	9,961	18,130	-	-
Cash at banks	71,056	88,572	2,800	2,956
	<u>138,592</u>	<u>149,375</u>	<u>140,915</u>	<u>158,092</u>
TOTAL ASSETS	<u><u>4,780,155</u></u>	<u><u>4,871,874</u></u>	<u><u>4,311,995</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	215,979	197,144	215,326	197,410
Reserves	771,201	817,369	338,522	341,451
	<u>2,677,986</u>	<u>2,705,319</u>	<u>2,244,654</u>	<u>2,229,667</u>
Total Unitholders' Funds / Net Asset Value	<u>2,677,986</u>	<u>2,705,319</u>	<u>2,244,654</u>	<u>2,229,667</u>

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INTERIM FINANCIAL REPORT

CONDENSED STATEMENTS OF FINANCIAL POSITION – continued

	GROUP		TRUST	
	UNAUDITED AS AT 30.09.2021 RM'000	AUDITED AS AT 30.06.2021 RM'000	UNAUDITED AS AT 30.09.2021 RM'000	AUDITED AS AT 30.06.2021 RM'000
LIABILITIES				
Non-current Liabilities				
Borrowings	1,972,395	2,010,260	1,237,395	1,275,260
Lease liability	206	203	206	203
Other payables	-	998	-	-
Amount due to a subsidiary	-	-	735,000	735,000
	-----	-----	-----	-----
	1,972,601	2,011,461	1,972,601	2,010,463
	-----	-----	-----	-----
Current Liabilities				
Borrowings	75,000	75,000	-	-
Trade and other payables	54,568	38,274	19,770	10,458
Amount due to a subsidiary	-	-	74,970	74,970
Income tax liabilities	-	1,714	-	-
Provision for income distribution	-	40,106	-	40,106
	-----	-----	-----	-----
	129,568	155,094	94,740	125,534
	-----	-----	-----	-----
TOTAL LIABILITIES	2,102,169	2,166,555	2,067,341	2,135,997
	-----	-----	-----	-----
TOTAL UNITHOLDERS' FUNDS & LIABILITIES	4,780,155	4,871,874	4,311,995	4,365,664
	=====	=====	=====	=====
Net asset value (RM'000)				
- before income distribution	2,677,986	2,776,283	2,244,654	2,300,631
- after income distribution	2,677,986	2,705,319	2,244,654	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	1.571	1.629	1.317	1.350
- after income distribution	1.571	1.587	1.317	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 30 SEPTEMBER 2021**

GROUP	Unitholders' Capital RM'000	Distributable Undistributed Realised Income RM'000	<-----Non-distributable----->			Total Unitholders' Funds RM'000
			Unrealised Loss RM'000	Currency Translation Reserves RM'000	Revaluation Reserve RM'000	
At 1 July 2021	1,690,806	197,144	(216,024)	(88,598)	1,121,991	2,705,319
Operations for the period						
Profit/(Loss) for the period	-	18,835	(4,041)	-	-	14,794
Other comprehensive loss	-	-	-	(3,210)	(38,917)	(42,127)
Increase/(Decrease) in net assets resulting from operations	-	18,835	(4,041)	(3,210)	(38,917)	(27,333)
Unitholders' transactions						
Provision for income distribution	-	-	-	-	-	-
Decrease in net assets resulting from Unitholders' transaction	-	-	-	-	-	-
At 30 September 2021	1,690,806	215,979	(220,065)	(91,808)	1,083,074	2,677,986

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INTERIM FINANCIAL REPORT

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

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	-	17,916	(2,929)	14,987
Other comprehensive income	-	-	-	-
	-----	-----	-----	-----
Increase/(Decrease)in net assets resulting from operations	-	17,916	(2,929)	14,987
Unitholders' transactions				
Provision for income distribution	-	-	-	-
	-----	-----	-----	-----
Decrease in net assets resulting from Unitholders' transaction	-	-	-	-
	-----	-----	-----	-----
At 30 September 2021	<u>1,690,806</u>	<u>215,326</u>	<u>338,522</u>	<u>2,244,654</u>

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INTERIM FINANCIAL REPORT

**CONDENSED STATEMENTS OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020**

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 for the period	-	12,681	3,877	-	-	16,558
Other comprehensive (loss)/income	-	-	-	(224)	4,272	4,048
Increase/(Decrease) in net assets resulting from operations	-	12,681	3,877	(224)	4,272	20,606
Unitholders' transactions						
Provision for income distribution	-	-	-	-	-	-
Decrease in net assets resulting from Unitholders' transaction	-	-	-	-	-	-
At 30 September 2020	1,690,806	236,264	(250,452)	(64,753)	964,640	2,576,505

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INTERIM FINANCIAL REPORT

**CONDENSED STATEMENTS OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020 - 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	-	16,843	18,666	35,509
Other comprehensive income	-	-	-	-
	-----	-----	-----	-----
Increase in net assets resulting from operations	-	16,843	18,666	35,509
Unitholders' transactions				
Provision for income distribution	-	-	-	-
	-----	-----	-----	-----
Decrease in net assets resulting from Unitholders' transaction	-	-	-	-
	-----	-----	-----	-----
At 30 September 2020	<u>1,690,806</u>	<u>214,252</u>	<u>316,672</u>	<u>2,221,730</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 30 SEPTEMBER 2021**

	3 MONTHS ENDED	
	30.09.2021	30.09.2020
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	14,879	17,056
Adjustments for:-		
Accrued lease income - unbilled	(20,840)	(20,925)
Amortisation of transaction costs	527	452
Depreciation	15,329	14,439
Fair value changes	17,677	-
Interest income	(28)	(104)
Interest expense	14,483	15,472
Loss on disposal of property, plant and equipment	2	6
Unrealised (gain)/loss on foreign currency exchange	(8,125)	2,609
	-----	-----
Operating profit before changes in working capital	33,904	29,005
Net changes in current assets	(15,560)	1,186
Net changes in current liabilities	16,244	3,732
	-----	-----
Cash generated from operations	34,588	33,923
Income tax paid	(2,093)	(579)
Income tax refunded	29	-
	-----	-----
Net cash from operating activities	32,524	33,344
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	28	104
Acquisition of property, plant and equipment	(56)	(632)
	-----	-----
Net cash used in investing activities	(28)	(528)
	-----	-----

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021 - continued**

	3 MONTHS ENDED	
	30.09.2021	30.09.2020
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Distribution paid	(40,106)	(48,358)
Interest paid	(14,480)	(15,469)
Transaction costs paid	(17)	(2,641)
	-----	-----
Net cash used in financing activities	(54,603)	(66,468)
	-----	-----
Net decrease in cash and cash equivalents	(22,107)	(33,652)
Effect on exchange rate changes	(3,578)	855
Cash and cash equivalents at beginning of financial period	106,702	145,908
	-----	-----
Cash and cash equivalents at end of financial period (note a)	81,017	113,111
	=====	=====

Note (a)

	As At	As At
	30.09.2021	30.09.2020
	RM'000	RM'000
Cash and cash equivalents comprise:-		
Deposits with licensed financial institutions	9,961	36,711
Cash at banks	71,056	76,400
	-----	-----
	81,017	113,111
	=====	=====

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 30 September 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 30 September 2021 is as follows:-

	< ---Property rental--->		< --Hotel-- >	
	Malaysia	Japan	Australia	Total
	RM'000	RM'000	RM'000	RM'000
External revenue	36,511	7,267	46,396	90,174
Operating expenses	(1,817)	(844)	(29,354)	(32,015)
	-----	-----	-----	-----
Net property income	34,694	6,423	17,042	58,159
	-----	-----	-----	-----
Finance income				124
Other income				422
Unrealised gain on foreign exchange				8,125

Total income				66,830
Trust and administration expenses				(3,881)
Depreciation				(15,329)
Finance costs				(15,064)
Changes in fair value				(17,677)

Profit before tax				14,879
				=====
Total assets	2,288,921	546,123	1,945,111	4,780,155
	=====	=====	=====	=====

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

The Group's segmental result for the financial period ended 30 September 2020 is as follows:-

	< ---Property rental--->		< --Hotel-- >	
	Malaysia	Japan	Australia	Total
	RM'000	RM'000	RM'000	RM'000
External revenue	36,511	7,363	35,167	79,041
Operating expenses	(1,853)	(982)	(23,203)	(26,038)
Net property income	34,658	6,381	11,964	53,003
Finance income				104
Other income				389
Total income				53,496
Trust and administration expenses				(3,416)
Depreciation				(14,439)
Finance costs				(15,976)
Unrealised loss on foreign exchange				(2,609)
Profit before tax				17,056
Total assets	2,256,133	540,848	1,873,115	4,670,096

A8. Subsequent Events

There was no item, transaction or event of a material and unusual in nature during the period from the end of the quarter under review to the date of this report.

A9. Changes in the Composition of the Group

There was no change in the composition of the Group and of the Trust for the current financial period ended 30 September 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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INTERIM FINANCIAL REPORT

Notes :

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

B1. Review of Performance

	Individual Quarter		Variance %	Cumulative Quarter		Variance %
	30.09.2021 RM'000	30.09.2020 RM'000		30.09.2021 RM'000	30.09.2020 RM'000	
Revenue:						
- Hotel (Management contracts)	46,396	35,167	31.93	46,396	35,167	31.93
- Property rental (Master leases)	43,778	43,874	(0.22)	43,778	43,874	(0.22)
	-----	-----		-----	-----	
	90,174	79,041	14.09	90,174	79,041	14.09
	=====	=====		=====	=====	
Net Property Income:						
- Hotel (Management contracts)	17,042	11,964	42.44	17,042	11,964	42.44
- Property rental (Master leases)	41,117	41,039	0.19	41,117	41,039	0.19
	-----	-----		-----	-----	
	58,159	53,003	9.73	58,159	53,003	9.73
	=====	=====		=====	=====	
Profit Before Tax	14,879	17,056	(12.76)	14,879	17,056	(12.76)
Income Available For Distribution	17,916	16,843	6.37	17,916	16,843	6.37

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INTERIM FINANCIAL REPORT

Notes : - continued

B1. Review of Performance – continued

Current Financial Quarter vs Preceding Year Corresponding Quarter

For the current financial quarter under review, the Group recorded revenue and net property income of RM90.174 million and RM58.159 million, respectively, as compared to RM79.041 million and RM53.003 million, respectively, recorded in the preceding year corresponding quarter. This represented an increase of 14.09% and 9.73%, respectively.

The Group recorded a profit before tax of RM14.879 million for the current financial quarter ended 30 September 2021, a decrease of 12.76% as compared to a profit before tax of RM17.056 million recorded in the preceding year corresponding quarter due to the following factors:-

- (i) fair value loss on unbilled lease income of RM17.677 million recognised during the current financial quarter; which was offset by
- (ii) unrealised foreign currency translation gain of RM8.125 million on borrowings denominated in foreign currencies as compared to a translation loss of RM2.609 million recognised during the preceding year corresponding quarter.

The income available for distribution in the current financial quarter of RM17.916 million, represented an increase of 6.37% as compared to RM16.843 million recorded in the preceding year corresponding quarter. During the quarter under review, the 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. The improvement was set off by the rental variations approved for the Malaysian and Japanese Properties (except The Green Leaf Niseko Village) where the lease rentals were deferred by 50% for twenty-four months commencing 1 July 2020 until 30 June 2022. Repayment of the rental differences will be on a staggered basis within 7 years after 30 June 2022 or over remaining tenures of the existing leases, whichever is earlier (“Rental Variations”).

Performance of the respective operating business segments for the financial quarter ended 30 September 2021 as compared to the preceding year corresponding quarter are analysed as follows:

Hotel

Revenue and net property income from Australian portfolio improved due to reasons mentioned above.

Property rental

Revenue and net property income from Malaysian and Japanese Properties approximate to that in the preceding year corresponding quarter. Lease rentals are recognised on a straight line basis over the tenure of the lease in accordance with accounting standards notwithstanding the Rental Variations as mentioned above.

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Notes : - continued

B2. Comparison with Preceding Quarter

	Current Quarter 30.09.2021 RM'000	Preceding Quarter 30.06.2021 RM'000	Variance % +/-
Revenue:			
- Hotel (Management contracts)	46,396	45,659	1.61
- Property rental (Master leases)	43,778	43,731	0.11
	-----	-----	
	90,174	89,390	0.88
	=====	=====	
Net Property Income:			
- Hotel (Management contracts)	17,042	13,541	25.85
- Property rental (Master leases)	41,117	41,176	(0.14)
	-----	-----	
	58,159	54,717	6.29
	=====	=====	
Profit Before Tax	14,879	96,839	(84.64)
Income Available For Distribution	17,916	17,672	1.38

The income available for distribution in the current financial quarter recorded at RM17.916 million, represented an increase of 1.38% as compared to RM17.672 million recorded in the preceding quarter.

For the current financial quarter, Group revenue and net property income increased by 0.88% and 6.29%, respectively as compared to the preceding financial quarter ended 30 June 2021.

The Group recorded a profit before tax of RM14.879 million for the current financial quarter ended 30 September 2021, a decrease of 84.64%, as compared to the preceding financial quarter ended 30 June 2021 due to the following factors:-

- (i) unrealised foreign currency translation gain of RM8.125 million on borrowings denominated in foreign currencies as compared to a translation gain of RM59.627 million recognised during the preceding quarter; and
- (ii) fair value loss on unbilled lease income of RM17.677 million recognised during the current financial quarter as compared to the net fair value gain of RM16.711 million recorded in the preceding quarter.

Performance of the respective operating business segments for the financial quarter ended 30 September 2021 as compared to the preceding quarter are analysed as follows:-

Hotel

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

Property rental

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

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes : - continued

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. 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.

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.

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YTL HOSPITALITY REIT

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Notes : - continued

B5. Portfolio Composition

As at 30 September 2021, YTL Hospitality REIT's composition of investment portfolio is as follows:-

	Fair Value As At 30.09.2021 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*	301,629	6
(xii)	The Green Leaf Niseko Village*	227,158	5
<u>Australian Properties</u>			
(xiii)	Sydney Harbour Marriott^	1,373,616	30
(xiv)	Brisbane Marriott^	252,980	5
(xv)	Melbourne Marriott^	219,613	5
	Total	4,616,496	100

Note :

* Translated on 30 September 2021 at the exchange rate of JPY100 : RM3.7423

^ Translated on 30 September 2021 at the exchange rate of AUD1 : RM3.0168

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YTL HOSPITALITY REIT

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Notes : - continued

B6. Change in Net Asset Value (“NAV”)

The total NAV and NAV per unit of the Group as at 30 September 2021 were RM2,677,986,000 and RM1.5712, respectively. The decrease in total NAV was mainly due to the unrealised loss items recorded in respect of the investments in Japanese and Australian subsidiaries.

	Current Quarter 30.09.2021	Preceding Quarter 30.06.2021
NAV (RM'000)	2,677,986	2,705,319
Number of units in circulations ('000)	1,704,389	1,704,389
NAV per unit (after distribution) (RM)	1.5712	1.5873
NAV per unit (before distribution) (RM)	1.5712	1.6289

B7. Status of property development activities

There were no property development activities during the current financial quarter ended 30 September 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 quarter ended 30 September 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 quarter.

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YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes : - continued

B12. Taxation

Taxation comprises the following:-

	Current Quarter 30.09.2021 RM'000
Malaysian income tax	1
Foreign income tax	398
Deferred tax	(314)

	85
	=====

Trust level

It is the policy of the Trust to distribute at least 90% of the total income to unitholders for each financial year. Income of the Trust shall be exempted from tax if it distributes 90% or more of its taxable income for that year of assessment, in accordance with the amended Section 61A, Income Tax Act 1967, thus no Malaysian income tax is payable by the Trust for the financial period ended 30 September 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 30 September 2021 are as follows:-

	Short term RM'000	Long term RM'000	Total RM'000
Term Loan – secured	-	1,243,508	1,243,508
Medium Term Notes - secured	75,000	735,000	810,000
	-----	-----	-----
Total borrowings	75,000	1,978,508	2,053,508
Capitalised transaction costs	-	(6,113)	(6,113)
	-----	-----	-----
	75,000	1,972,395	2,047,395
	=====	=====	=====
Total Assets			4,780,155
			=====
Gearing ratio (%)			42.96
			=====

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

	Foreign currency '000	RM equivalents RM'000
Australian Dollar [^]	345,193	1,041,377
Japanese Yen [*]	5,401,250	202,131

		1,243,508
		=====

Note :

[^] Translated on 30 September 2021 at the exchange rate of AUD1 : RM3.0168

^{*} Translated on 30 September 2021 at the exchange rate of JPY100 : RM3.7423

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

There is no income distribution declared for the current financial quarter ended 30 September 2021.

YTL HOSPITALITY REIT**INTERIM FINANCIAL REPORT**

Notes : - continued

B15. Income Distribution - continued

The interim income distribution is from the following sources:-

	Current Year Quarter 30.09.2021 RM'000	Preceding Year Corresponding Quarter 30.09.2020 RM'000
Net property income	58,159	53,003
Other income	8,671	493
Expenses	(51,951)	(36,440)
	-----	-----
Profit before tax	14,879	17,056
Income tax expense	(85)	(498)
	-----	-----
Profit after tax	14,794	16,558
Distribution adjustments	3,122	285
	-----	-----
Realised income for the quarter	17,916	16,843
Total undistributed realised income brought forward	197,410	197,409
	-----	-----
Total realised income available for distribution	215,326	214,252
Less: income distribution	-	-
	-----	-----
Balance undistributed realised income	215,326	214,252
	=====	=====
Distribution per unit (sen)	-	-
	=====	=====

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

Kuala Lumpur
Dated: 25 November 2021