

YTL HOSPITALITY REIT

Established in Malaysia

**Interim Financial Report
31 December 2023**

YTL HOSPITALITY REIT

Interim Financial Report 31 December 2023

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YTL HOSPITALITY REIT**INTERIM FINANCIAL REPORT**

Interim financial report on results for the financial period ended 31 December 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
	31.12.2023	QUARTER	31.12.2023	QUARTER
	RM'000	31.12.2022	RM'000	31.12.2022
		RM'000		RM'000
REALISED REVENUE	172,266	130,062	65,182	36,445
UNREALISED LEASE INCOME	(27,055)	51	(27,009)	90
TOTAL REVENUE	145,211	130,113	38,173	36,535
PROPERTY OPERATING EXPENSES	(69,530)	(63,852)	(1,983)	(1,857)
NET PROPERTY INCOME	75,681	66,261	36,190	34,678
FINANCE INCOME	1,065	355	23,552	19,178
OTHER INCOME	503	504	50	35
MANAGER'S FEES	(2,844)	(2,564)	(2,844)	(2,564)
TRUSTEE'S FEES	(399)	(372)	(399)	(372)
DEPRECIATION	(15,880)	(14,973)	-	-
FINANCE COSTS	(30,407)	(23,370)	(30,384)	(23,348)
ADMINISTRATION EXPENSES	(1,438)	(1,280)	(211)	(176)
UNREALISED (LOSS)/GAIN ON FOREIGN EXCHANGE	(9,484)	767	8,039	2,989
FAIR VALUE CHANGES ON UNREALISED LEASE INCOME	25,500	(47)	25,454	(86)
PROFIT BEFORE TAX	42,297	25,281	59,447	30,334

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INTERIM FINANCIAL REPORT

CONDENSED INCOME STATEMENTS FOR THE QUARTER – continued

	GROUP		TRUST	
	CURRENT YEAR QUARTER 31.12.2023 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2022 RM'000	CURRENT YEAR QUARTER 31.12.2023 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2022 RM'000
PROFIT BEFORE TAX	42,297	25,281	59,447	30,334
INCOME TAX EXPENSE	(896)	(386)	(337)	(345)
PROFIT FOR THE QUARTER	41,401	24,895	59,110	29,989
DISTRIBUTION ADJUSTMENTS:				
- Unrealised lease income	27,055	(51)	27,009	(90)
- Depreciation	15,880	14,973	-	-
- Fair value changes on unrealised lease income	(25,500)	47	(25,454)	86
- Net income from foreign operations	(15,694)	(12,101)	-	-
- Unrealised foreign translation differences	9,484	(767)	(8,039)	(2,989)
INCOME AVAILABLE FOR DISTRIBUTION / TOTAL DISTRIBUTABLE INCOME	52,626	26,996	52,626	26,996
UNDISTRIBUTED DISTRIBUTABLE INCOME BROUGHT FORWARD	26,496	30,948	26,496	30,948
UNDISTRIBUTED DISTRIBUTABLE INCOME AVAILABLE FOR DISTRIBUTION	79,122	57,944	79,122	57,944

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INTERIM FINANCIAL REPORT

CONDENSED INCOME STATEMENTS FOR THE QUARTER – continued

	GROUP		TRUST	
	CURRENT YEAR QUARTER 31.12.2023 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2022 RM'000	CURRENT YEAR QUARTER 31.12.2023 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2022 RM'000
UNDISTRIBUTED DISTRIBUTABLE INCOME AVAILABLE FOR DISTRIBUTION	79,122	57,944	79,122	57,944
PROVISION FOR INCOME DISTRIBUTION	(71,211)	(52,154)	(71,211)	(52,154)
UNDISTRIBUTED DISTRIBUTABLE INCOME	7,911	5,790	7,911	5,790
DISTRIBUTABLE INCOME PER UNIT (Sen)	3.0877	1.5839	3.0877	1.5839
GROSS DISTRIBUTION PER UNIT (Sen)	4.1781	3.0600	4.1781	3.0600

The Condensed Income Statements should be read in conjunction with the audited annual financial statements for the year ended 30 June 2023 and the accompanying explanatory notes attached to the interim financial statements.

YTL HOSPITALITY REIT

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CONDENSED STATEMENTS OF COMPREHENSIVE INCOME FOR THE QUARTER

	GROUP		TRUST	
	CURRENT YEAR QUARTER 31.12.2023 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2022 RM'000	CURRENT YEAR QUARTER 31.12.2023 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2022 RM'000
PROFIT FOR THE QUARTER	41,401	24,895	59,110	29,989
OTHER COMPREHENSIVE INCOME:-				
<i>ITEM THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO INCOME STATEMENT:-</i>				
CURRENCY TRANSLATION DIFFERENCES	59,965	5,578	-	-
TOTAL COMPREHENSIVE INCOME FOR THE QUARTER	<u>101,366</u>	<u>30,473</u>	<u>59,110</u>	<u>29,989</u>
PROFIT FOR THE QUARTER IS MADE UP AS FOLLOWS:-				
REALISED PROFIT	68,321	39,097	52,626	26,996
UNREALISED ITEMS	(26,920)	(14,202)	6,484	2,993
	<u>41,401</u>	<u>24,895</u>	<u>59,110</u>	<u>29,989</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>2.43</u>	<u>1.46</u>	<u>3.47</u>	<u>1.76</u>

The Condensed Statements of Comprehensive Income should be read in conjunction with the audited annual financial statements for the year ended 30 June 2023 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	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
REALISED REVENUE	303,503	243,391	101,993	72,553
UNREALISED LEASE INCOME	(27,378)	(1,018)	(27,284)	519
TOTAL REVENUE	276,125	242,373	74,709	73,072
PROPERTY OPERATING EXPENSES	(132,167)	(117,971)	(3,901)	(3,715)
NET PROPERTY INCOME	143,958	124,402	70,808	69,357
FINANCE INCOME	2,231	594	46,756	38,720
OTHER INCOME	999	1,344	103	408
MANAGER'S FEES	(5,478)	(4,971)	(5,478)	(4,971)
TRUSTEE'S FEES	(780)	(745)	(780)	(745)
DEPRECIATION	(31,278)	(30,404)	(1)	(1)
FINANCE COSTS	(58,586)	(43,338)	(58,541)	(43,294)
ADMINISTRATION EXPENSES	(3,956)	(2,490)	(363)	(329)
UNREALISED (LOSS)/GAIN ON FOREIGN EXCHANGE	(3,011)	2,823	2,160	1,104
FAIR VALUE CHANGES ON UNREALISED LEASE INCOME	25,900	1,049	25,806	(488)
PROFIT BEFORE TAX	69,999	48,264	80,470	59,761

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CONDENSED INCOME STATEMENTS FOR THE PERIOD – continued

	GROUP		TRUST	
	6 MONTHS ENDED		6 MONTHS ENDED	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
PROFIT BEFORE TAX	69,999	48,264	80,470	59,761
INCOME TAX EXPENSE	(1,701)	(512)	(667)	(683)
	-----	-----	-----	-----
PROFIT FOR THE PERIOD	68,298	47,752	79,803	59,078
DISTRIBUTION ADJUSTMENTS:				
- Unrealised lease income	27,378	1,018	27,284	(519)
- Depreciation	31,278	30,404	1	1
- Fair value changes on unrealised lease income	(25,900)	(1,049)	(25,806)	488
- Net income from foreign operations	(24,943)	(17,358)	-	-
- Unrealised foreign translation differences	3,011	(2,823)	(2,160)	(1,104)
	-----	-----	-----	-----
INCOME AVAILABLE FOR DISTRIBUTION / TOTAL DISTRIBUTABLE INCOME	79,122	57,944	79,122	57,944
PROVISION FOR INCOME DISTRIBUTION	(71,211)	(52,154)	(71,211)	(52,154)
	-----	-----	-----	-----
UNDISTRIBUTED DISTRIBUTABLE INCOME	7,911	5,790	7,911	5,790
	=====	=====	=====	=====
DISTRIBUTABLE INCOME PER UNIT (Sen)	4.6423	3.3997	4.6423	3.3997
	=====	=====	=====	=====
GROSS DISTRIBUTION PER UNIT (Sen)	4.1781	3.0600	4.1781	3.0600
	=====	=====	=====	=====

The Condensed Income Statements should be read in conjunction with the audited annual financial statements for the year ended 30 June 2023 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD

	GROUP		TRUST	
	6 MONTHS ENDED		6 MONTHS ENDED	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
PROFIT FOR THE PERIOD	68,298	47,752	79,803	59,078
OTHER COMPREHENSIVE INCOME/(LOSS):-				
<i>ITEM THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO INCOME STATEMENT:-</i>				
CURRENCY TRANSLATION DIFFERENCES	18,073	(6,827)	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>86,371</u>	<u>40,925</u>	<u>79,803</u>	<u>59,078</u>
PROFIT FOR THE PERIOD IS MADE UP AS FOLLOWS:-				
REALISED PROFIT	104,065	75,302	79,122	57,944
UNREALISED ITEMS	(35,767)	(27,550)	681	1,134
	<u>68,298</u>	<u>47,752</u>	<u>79,803</u>	<u>59,078</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>4.01</u>	<u>2.80</u>	<u>4.68</u>	<u>3.47</u>

The Condensed Statements of Comprehensive Income should be read in conjunction with the audited annual financial statements for the year ended 30 June 2023 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED STATEMENTS OF FINANCIAL POSITION

	GROUP		TRUST	
	UNAUDITED AS AT 31.12.2023 RM'000	AUDITED AS AT 30.06.2023 RM'000	UNAUDITED AS AT 31.12.2023 RM'000	AUDITED AS AT 30.06.2023 RM'000
ASSETS				
Non-current Assets				
Investment properties	2,934,296	2,792,750	2,414,415	2,275,000
Property, plant and equipment	2,079,415	2,085,578	-	-
Unbilled lease income	20,525	22,004	20,525	22,004
Right-of-use asset	197	198	197	198
Investment in subsidiaries	-	-	550,098	538,714
Amount due from subsidiaries	-	-	1,383,529	1,368,547
Deferred tax assets	3,857	3,096	-	-
	<u>5,038,290</u>	<u>4,903,626</u>	<u>4,368,764</u>	<u>4,204,463</u>
Current Assets				
Inventories	729	710	-	-
Trade and other receivables	80,635	39,336	34,569	671
Amount due from subsidiaries	-	-	126,960	120,201
Income tax assets	1	7	-	-
Deposits with licensed financial institutions	95,680	74,660	95,680	74,660
Cash at banks	155,297	108,939	11,305	6,249
	<u>332,342</u>	<u>223,652</u>	<u>268,514</u>	<u>201,781</u>
TOTAL ASSETS	<u><u>5,370,632</u></u>	<u><u>5,127,278</u></u>	<u><u>4,637,278</u></u>	<u><u>4,406,244</u></u>
UNITHOLDERS' FUNDS				
Unitholders' capital	1,690,806	1,690,806	1,690,806	1,690,806
Undistributed realised income	246,639	213,784	208,305	200,394
Reserves	985,118	1,002,813	355,386	354,705
	<u>2,922,563</u>	<u>2,907,403</u>	<u>2,254,497</u>	<u>2,245,905</u>
Total Unitholders' Funds / Net Asset Value	<u>2,922,563</u>	<u>2,907,403</u>	<u>2,254,497</u>	<u>2,245,905</u>

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CONDENSED STATEMENTS OF FINANCIAL POSITION – continued

	GROUP		TRUST	
	UNAUDITED AS AT 31.12.2023 RM'000	AUDITED AS AT 30.06.2023 RM'000	UNAUDITED AS AT 31.12.2023 RM'000	AUDITED AS AT 30.06.2023 RM'000
LIABILITIES				
Non-current Liabilities				
Borrowings	1,897,930	1,891,500	1,277,930	1,076,500
Lease liability	208	202	208	202
Other payables	-	1,261	-	-
Amount due to a subsidiary	-	-	620,000	815,000
	-----	-----	-----	-----
	1,898,138	1,892,963	1,898,138	1,891,702
	-----	-----	-----	-----
Current Liabilities				
Borrowings	385,000	174,481	-	174,481
Trade and other payables	89,021	73,705	28,452	19,447
Amount due to a subsidiary	-	-	384,980	-
Income tax liabilities	4,699	4,017	-	-
Provision for income distribution	71,211	74,709	71,211	74,709
	-----	-----	-----	-----
	549,931	326,912	484,643	268,637
	-----	-----	-----	-----
TOTAL LIABILITIES	2,448,069	2,219,875	2,382,781	2,160,339
	-----	-----	-----	-----
TOTAL UNITHOLDERS' FUNDS & LIABILITIES	5,370,632	5,127,278	4,637,278	4,406,244
	=====	=====	=====	=====
Net asset value (RM'000)				
- before income distribution	2,993,774	3,034,266	2,325,708	2,372,768
- after income distribution	2,922,563	2,907,403	2,254,497	2,245,905
	=====	=====	=====	=====
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	1.757	1.780	1.365	1.392
- after income distribution	1.715	1.706	1.323	1.318
	=====	=====	=====	=====

The Condensed Statements of Financial Position should be read in conjunction with the audited annual financial statements for the year ended 30 June 2023 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 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 2023	1,690,806	213,784	(201,843)	(148,806)	1,353,462	2,907,403
Operations for the period						
Profit/(Loss) for the period	-	104,066	(35,768)	-	-	68,298
Other comprehensive income	-	-	-	1,006	17,067	18,073
Increase/(Decrease) in net assets resulting from operations	-	104,066	(35,768)	1,006	17,067	86,371
Unitholders' transactions						
Provision for income distribution	-	(71,211)	-	-	-	(71,211)
Decrease in net assets resulting from Unitholders' transaction	-	(71,211)	-	-	-	(71,211)
At 31 December 2023	1,690,806	246,639	(237,611)	(147,800)	1,370,529	2,922,563

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INTERIM FINANCIAL REPORT

**CONDENSED STATEMENTS OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 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 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	-	75,302	(27,550)	-	-	47,752
Other comprehensive income/(loss)	-	-	-	12,437	(19,264)	(6,827)
Increase/(Decrease) in net assets resulting from operations	-	75,302	(27,550)	12,437	(19,264)	40,925
Unitholders' transactions						
Provision for income distribution	-	(52,154)	-	-	-	(52,154)
Decrease in net assets resulting from Unitholders' transaction	-	(52,154)	-	-	-	(52,154)
At 31 December 2022	1,690,806	208,556	(215,375)	(137,117)	1,214,649	2,761,519

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

**CONDENSED STATEMENTS OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023 - 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 2023	1,690,806	200,394	354,705	2,245,905
Operations for the period				
Profit for the period	-	79,122	681	79,803
Other comprehensive income	-	-	-	-
	-----	-----	-----	-----
Increase in net assets resulting from operations	-	79,122	681	79,803
Unitholders’ transactions				
Provision for income distribution	-	(71,211)	-	(71,211)
	-----	-----	-----	-----
Decrease in net assets resulting from Unitholders’ transaction	-	(71,211)	-	(71,211)
	-----	-----	-----	-----
At 31 December 2023	<u>1,690,806</u>	<u>208,305</u>	<u>355,386</u>	<u>2,254,497</u>

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

**CONDENSED STATEMENTS OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023 - 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 2022	1,690,806	200,394	343,331	2,234,531
Operations for the period				
Profit for the period	-	57,944	1,134	59,078
Other comprehensive income	-	-	-	-
	-----	-----	-----	-----
Increase in net assets resulting from operations	-	57,944	1,134	59,078
Unitholders' transactions				
Provision for income distribution	-	(52,154)	-	(52,154)
	-----	-----	-----	-----
Decrease in net assets resulting from Unitholders' transaction	-	(52,154)	-	(52,154)
	-----	-----	-----	-----
At 31 December 2022	<u>1,690,806</u>	<u>206,184</u>	<u>344,465</u>	<u>2,241,455</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 2023 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 2023**

	6 MONTHS ENDED	
	31.12.2023	31.12.2022
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	69,999	48,264
Adjustments for:-		
Amortisation of transaction costs	1,170	1,051
Depreciation	31,278	30,404
Fair value changes	(25,900)	(1,049)
Interest income	(2,231)	(594)
Interest expense	57,299	42,181
Loss on disposal of property, plant and equipment	32	18
Unrealised loss/(gain) on foreign currency exchange	3,011	(2,823)
	-----	-----
Operating profit before changes in working capital	134,658	117,452
Net changes in current assets	19,113	(40,916)
Net changes in current liabilities	16,672	22,028
	-----	-----
Cash generated from operations	170,443	98,564
Income tax paid	(1,789)	(1,709)
Income tax refunded	17	-
	-----	-----
Net cash from operating activities	168,671	96,855
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	2,231	594
Acquisition of property, plant and equipment	(3,089)	(7,764)
Enhancement of investment properties	(32,674)	-
Acquisition of investment property	(139,415)	-
Proceed from disposal of equipment	-	1
	-----	-----
Net cash used in investing activities	(172,947)	(7,169)
	-----	-----

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INTERIM FINANCIAL REPORT

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023 – continued**

	6 MONTHS ENDED	
	31.12.2023	31.12.2022
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Distribution paid	(74,709)	(35,230)
Interest paid	(57,294)	(42,176)
Transaction costs paid	(1,530)	(8)
Proceed from borrowings	202,684	3,500
	-----	-----
Net cash from/(used in) financing activities	69,151	(73,914)
	-----	-----
Net increase in cash and cash equivalents	64,875	15,772
Effect on exchange rate changes	2,503	(782)
Cash and cash equivalents at beginning of financial period	183,599	83,633
	-----	-----
Cash and cash equivalents at end of financial period (note a)	250,977	98,623
	=====	=====

Note (a)

	As At	As At
	31.12.2023	31.12.2022
	RM'000	RM'000
Cash and cash equivalents comprise:-		
Deposits with licensed financial institutions	95,680	-
Cash at banks	155,297	98,623
	-----	-----
	250,977	98,623
	=====	=====

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited annual financial statements for the year ended 30 June 2023 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 2023.

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.

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 2023.

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 2023.

The adoption of MFRSs, interpretations and amendments to MFRSs, which were effective for financial year beginning on or after 1 July 2023 do not have significant financial impacts on the interim financial report of the Group and of the Trust.

A2. Seasonality or Cyclicity of Operations

Save for Sydney Harbour Marriott, Brisbane Marriott and Melbourne Marriott (“Australian Properties”), the business operations of the Group and of the Trust are not materially affected by any seasonal or cyclical factors.

A3. Unusual Items

For the current financial period to date, there was no item of an unusual nature that affects the assets, liabilities, equity, net income or cash flows of the Group and of the Trust.

A4. Changes in Estimates of Amounts Reported

There was no significant change in estimates of amounts reported in prior interim periods or prior financial years.

A5. Changes in Debt and Equity Securities

There was no issuance, cancellation, repurchase, resale and repayment of debts and equity securities during the current financial quarter and financial period to date save as disclosed in Note B14.

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes : - continued

A6. Income Distribution

The following distribution payment (which was tax exempt at the Trust level under the amended Section 61A, Income Tax Act 1967) was made during the financial period ended 31 December 2023:-

	RM'000
In respect of the six months ended 30 June 2023:- A final distribution of 4.3833 sen per unit each paid on 30 August 2023	74,709 =====

A7. Segment Information

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

	< ---Property rental--- >		< --Hotel-- >	
	Malaysia	Japan	Australia	Total
	RM'000	RM'000	RM'000	RM'000
External revenue	74,709	13,735	187,681	276,125
Operating expenses	(3,901)	(1,921)	(126,345)	(132,167)
Net property income	70,808	11,814	61,336	143,958
Other income				999
Finance income				2,231
Changes in fair value				25,900
Total income				173,088
Trust and administration expenses				(10,214)
Finance costs				(58,586)
Depreciation				(31,278)
Unrealised loss on foreign exchange				(3,011)
Profit before tax				69,999
Total assets	2,576,733	547,553	2,246,346	5,370,632

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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 2022 is as follows:-

	< ---Property rental--- >		< --Hotel-- >	
	Malaysia	Japan	Australia	Total
	RM'000	RM'000	RM'000	RM'000
External revenue	73,072	13,612	155,689	242,373
Operating expenses	(3,715)	(1,537)	(112,719)	(117,971)
Net property income	69,357	12,075	42,970	124,402
Other income				1,344
Finance income				594
Unrealised gain on foreign exchange				2,823
Changes in fair value				1,049
Total income				130,212
Trust and administration expenses				(8,206)
Finance costs				(43,338)
Depreciation				(30,404)
Profit before tax				48,264
Total assets	2,364,234	529,662	2,028,801	4,922,697

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 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 Malaysia Securities Berhad

B1. Review of Performance

	Individual Quarter		Variance %	Cumulative Quarter		Variance %
	31.12.2023 RM'000	31.12.2022 RM'000		+/-	31.12.2023 RM'000	
Revenue:						
- Hotel (Management contracts)	100,143	86,789	15.39	187,681	155,689	20.55
- Property rental (Master leases)	45,068	43,324	4.03	88,444	86,684	2.03
	-----	-----		-----	-----	
	145,211	130,113	11.60	276,125	242,373	13.93
	=====	=====		=====	=====	
Net Property Income:						
- Hotel (Management contracts)	33,743	25,559	32.02	61,336	42,970	42.74
- Property rental (Master leases)	41,938	40,702	3.04	82,622	81,432	1.46
	-----	-----		-----	-----	
	75,681	66,261	14.22	143,958	124,402	15.72
	=====	=====		=====	=====	
Profit Before Tax	42,297	25,281	67.31	69,999	48,264	45.03
Income Available For Distribution	52,626	26,996	94.94	79,122	57,944	36.55

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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 RM145.211 million and RM75.681 million, respectively, as compared to RM130.113 million and RM66.261 million, respectively, recorded in the preceding year corresponding quarter. This represented an increase of 11.60% and 14.22%, 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 RM42.297 million for the current financial quarter, an increase of 67.31% as compared to profit before tax of RM25.281 million recorded in the preceding year corresponding quarter due to factors set out below:-

- (i) improved performance from hotel and property rental segments due to reasons set out under “Review of Operating Business Segments”;

which was offset by:

- (i) increase in finance costs due to higher interest rate on borrowings denominated in Australian Dollar; and
- (ii) movement of foreign currency translation on borrowings from a translation gain of RM0.767 million recorded in the preceding year corresponding quarter to a translation loss of RM9.484 million in the current quarter due to the weakening of Ringgit.

Income available for distribution in the current financial quarter of RM52.626 million, represented an increase of 94.94% as compared to RM26.996 million recorded in the preceding year corresponding quarter mainly contributed by the realisation of final deferred rental pursuant to the rental deferral programme upon expiry of JW Marriott Hotel’s lease agreement in December 2023.

Current Financial Period vs Preceding Year Corresponding Period

For the current financial period under review, the Group recorded revenue and net property income of RM276.125 million and RM143.958 million, respectively, as compared to RM242.373 million and RM124.402 million, respectively, recorded in the preceding year corresponding period. This represented an increase of 13.93% and 15.72%, respectively.

The Group recorded a profit before tax of RM69.999 million for the current financial period, an increase of 45.03% as compared to profit before tax of RM48.264 million recorded in the preceding year corresponding period due to same factors as mentioned above.

Income available for distribution in the current financial period of RM79.122 million, represented an increase of 36.55% as compared to RM57.944 million recorded in the preceding year corresponding period mainly contributed by the realisation of final deferred rental from JW Marriott Hotel as mentioned above.

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes : - continued

B1. Review of Performance – continued

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, international events held in Australia and increase in international arrivals, both improve the average daily room rates and occupancy rates whereas in the preceding year corresponding quarter/period, business activities were lower owing to the uncertain economic condition during COVID-19 recovery period. These led to the improvement in the performance of Australian portfolio.

Property rental

The increase in revenue and net property income of property rental segment for the current financial quarter/period was contributed by Hotel Stripes Kuala Lumpur which was acquired on 31 October 2023.

B2. Comparison with Preceding Quarter

	Current Quarter 31.12.2023 RM'000	Preceding Quarter 30.09.2023 RM'000	Variance % +/-
Revenue:			
- Hotel (Management contracts)	100,143	87,538	14.40
- Property rental (Master leases)	45,068	43,376	3.90
	=====	=====	
	145,211	130,914	10.92
	=====	=====	
Net Property Income:			
- Hotel (Management contracts)	33,743	27,593	22.29
- Property rental (Master leases)	41,938	40,684	3.08
	=====	=====	
	75,681	68,277	10.84
	=====	=====	
Profit Before Tax	42,297	27,702	52.69
Income Available For Distribution	52,626	26,496	98.62

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YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes : - continued

B2. Comparison with Preceding Quarter - continued

For the current financial quarter, Group revenue and net property income increased by 10.92% and 10.84%, respectively as compared to the preceding financial quarter ended 30 September 2023.

The Group recorded a profit before tax of RM42.297 million for the current financial quarter, an increase of 52.69% as compared to profit before tax of RM27.702 million recorded in the preceding financial quarter ended 30 September 2023 mainly due to :-

- (i) improved performance contributed by factors set out under “Review of Operating Business Segments”; and
- (ii) the fair value gain on reversal of unrealised lease income of RM25.500 million recorded in current quarter;

which was offset by:

- (i) unrealised foreign currency translation loss of RM9.484 million on borrowings denominated in foreign currencies as compared to unrealised foreign currency translation gain of RM6.473 million recognised during the preceding quarter.

Income available for distribution in the current financial quarter of RM52.626 million represented an increase of 98.62% as compared to RM26.496 million recorded in the preceding quarter mainly due to the reason mentioned in Note B1 above.

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 Australian portfolio posted higher revenue and net property income in the current financial quarter ended 31 December 2023, contributed by increasing year-end corporate and sport events.

Property rental

Revenue and net property income from Malaysian and Japanese Properties improved due to the reason mentioned in Note B1 above.

B3. Prospects

With the return to normalcy in the jurisdictions where the Group operates, coupled with softening approach in interest rate hikes, the hospitality industry is expected to maintain a relatively positive outlook amidst risks of geopolitical uncertainty and other economic challenges.

The Group is continuously taking steps to proactively manage the business and take necessary actions to protect its long-term business prospects and deliver sound performance. 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 2023

The Auditor's Report on the financial statements of the financial year ended 30 June 2023 did not contain any qualification.

B5. Portfolio Composition

The acquisition of Hotel Stripes Kuala Lumpur was completed on 31 October 2023. As at 31 December 2023, YTL Hospitality REIT's composition of investment portfolio is as follows:-

	Fair Value As At 31.12.2023 RM'000	% of total investment %	
<u>Real Estate – Commercial</u>			
<u>Malaysian Properties</u>			
(i)	JW Marriott Hotel Kuala Lumpur	527,500	11
(ii)	The Majestic Hotel Kuala Lumpur	400,000	8
(iii)	The Ritz-Carlton, Kuala Lumpur – Hotel Wing	362,000	7
(iv)	The Ritz-Carlton, Kuala Lumpur – Suite Wing	324,000	6
(v)	AC Hotel Kuala Lumpur Titiwangsa	147,000	3
(vi)	Hotel Stripes Kuala Lumpur	139,415	3
(vii)	AC Hotel Penang Bukit Jambul	126,000	3
(viii)	Pangkor Laut Resort	124,000	2
(ix)	Tanjong Jara Resort	107,000	2
(x)	AC Hotel Kuantan City Centre	95,500	2
(xi)	Cameron Highlands Resort	62,000	1
<u>Japanese Properties</u>			
(xii)	Hilton Niseko Village*	316,082	6
(xiii)	The Green Leaf Niseko Village*	203,799	4
<u>Australian Properties/Portfolio</u>			
(xiv)	Sydney Harbour Marriott^	1,554,779	31
(xv)	Brisbane Marriott^	277,169	6
(xvi)	Melbourne Marriott^	247,467	5
	Total	5,013,711	100

Note :

* Translated on 29 December 2023 at the exchange rate of JPY100 : RM3.2452

^ Translated on 29 December 2023 at the exchange rate of AUD1 : RM3.1399

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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 2023 were RM2,922,563,000 and RM1.7147, respectively. The increase in total NAV was mainly due to the unrealised translation gain in respect of the investment in Australia.

	Current Quarter 31.12.2023	Preceding Quarter 30.09.2023
NAV (RM'000)	2,922,563	2,892,408
Number of units in circulations ('000)	1,704,389	1,704,389
NAV per unit (after distribution) (RM)	1.7147	1.6970
NAV per unit (before distribution) (RM)	1.7565	1.6970

B7. Status of Property Development Activities

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

B8. Profit Forecast

The Group did not issue any profit forecast or profit guarantee for the current financial quarter.

B9. Utilisation of Proceeds Raised from Issuance of New Units

There was no issuance of new units during the current financial quarter ended 31 December 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 December 2023, the Malaysian Properties carried out asset enhancement works of RM32,674,000 which is in progress and the details are as explained in Note B13 below. Overseas investments in Australia and Japan incurred capital expenditure and maintenance costs of RM3,089,000 (AUD1,013,000) and RM375,000 (JPY11,780,000), respectively.

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YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes : - continued

B12. Taxation

Taxation comprises the following:-

	Current Quarter 31.12.2023 RM'000	Year To Date 31.12.2023 RM'000
Malaysian income tax	11	23
Foreign income tax	1,256	2,379
Deferred tax	(371)	(701)
	-----	-----
	896	1,701
	=====	=====

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 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%

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YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes : - continued

B13. Corporate Development

As at the date of this report, there is no corporate proposal announced and pending completion, save for the following:-

Assets Enhancement

On 19 September 2023, Pintar Projek Sdn. Bhd., as the Manager of YTL Hospitality REIT (“Manager”) announced that Maybank Trustees Berhad, as the Trustee of YTL Hospitality REIT (“Trustee”) has entered into three (3) supplemental lease agreements with the following lessees for a total rental increase of RM2,695,000 per annum in consideration of YTL Hospitality REIT agreeing to pay for the costs of the refurbishment works of the hotel properties:

- (i) Prisma Tulin Sdn. Bhd. in respect of the lease of AC Hotel Kuala Lumpur Titiwangsa;
- (ii) Business & Budget Hotels (Penang) Sdn. Bhd. in respect of the lease of AC Hotel Penang Bukit Jambul; and
- (iii) Business & Budget Hotels (Kuantan) Sdn. Bhd. in respect of the lease of AC Hotel Kuantan City Centre.

In relation thereto, the Manager has entered into three (3) separate contracts with Syarikat Pembinaan Yeoh Tiong Lay Sdn. Bhd. to undertake and complete the refurbishment works for contract sums totalling RM38,500,000 on the same day.

Proposed Acquisition

On 7 February 2024, the Manager announced that the Trustee has entered into a sale and purchase agreement with Syeun Hotel Berhad for the acquisition of Syeun Hotel (“Property”) for a total cash consideration of RM55,000,000.

The Property will be renovated and proposed to re-open under the AC Hotels by Marriott brand and will be leased under a variable rental arrangement.

B14. Borrowings and Debt Securities

The Group’s borrowings as at 31 December 2023 are as follows:-

	Short term RM’000	Long term RM’000	Total RM’000
Term Loan – secured	-	1,283,563	1,283,563
Medium Term Notes – secured	385,000	620,000	1,005,000
	-----	-----	-----
Total borrowings	385,000	1,903,563	2,288,563
Capitalised transaction costs	-	(5,633)	(5,633)
	-----	-----	-----
	385,000	1,897,930	2,282,930
	=====	=====	=====
Total Assets			5,370,632
			=====
Gearing ratio (%)			42.61
			=====

YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes : - continued

B14. Borrowings and Debt Securities - continued

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

	Foreign currency '000	RM equivalents RM'000
Australian Dollar [^]	352,541	1,106,943
Japanese Yen [*]	5,442,500	176,620

		1,283,563
		=====

Note :

[^] Translated on 29 December 2023 at the exchange rate of AUD1 : RM3.1399

^{*} Translated on 29 December 2023 at the exchange rate of JPY100 : RM3.2452

The existing term loan denominated in Japanese Yen of JPY5,401.250 million was refinanced by the drawing of a new term loan denominated in Japanese Yen in the last financial quarter ended 30 September 2023.

During the quarter, the Group raised borrowings totaling RM190 million to finance the acquisition of Hotel Stripes Kuala Lumpur and to refurbish certain Malaysian hotel properties.

In order to protect the Group's distributable income from the volatility in interest rates and provide stability to unitholder's returns, the Group diversifies its risks from borrowing via a combination of fixed and floating rates.

B15. Income Distribution

For the 6 months from 1 July 2023 to 31 December 2023, the Board of Pintar Projek Sdn. Bhd. has declared an interim distribution of 4.1781 sen per unit, all taxable in the hands of unitholders, totaling RM71,211,072 (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 2023. The book closure and payment dates in respect of the interim distribution have been fixed on 7 March and 27 March 2024, respectively.

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YTL HOSPITALITY REIT

INTERIM FINANCIAL REPORT

Notes : - continued

B15. Income Distribution - continued

The interim income distribution is from the following sources:-

	Current Year Quarter 31.12.2023 RM'000	Preceding Year Corresponding Quarter 31.12.2022 RM'000	Current Year To Date 31.12.2023 RM'000	Preceding Year To Date 31.12.2022 RM'000
Net property income	75,681	66,261	143,958	124,402
Other income	27,068	1,626	29,130	5,810
Expenses	(60,452)	(42,606)	(103,089)	(81,948)
	-----	-----	-----	-----
Profit before tax	42,297	25,281	69,999	48,264
Income tax expense	(896)	(386)	(1,701)	(512)
	-----	-----	-----	-----
Profit after tax	41,401	24,895	68,298	47,752
Distribution adjustments	11,225	2,101	10,824	10,192
	-----	-----	-----	-----
Realised income for the quarter/period	52,626	26,996	79,122	57,944
Total undistributed realised income brought forward	226,890	231,342	200,394	200,394
	-----	-----	-----	-----
Total realised income available for distribution	279,516	258,338	279,516	258,338
Less: income distribution	(71,211)	(52,154)	(71,211)	(52,154)
	-----	-----	-----	-----
Balance undistributed realised income	208,305	206,184	208,305	206,184
	=====	=====	=====	=====
Distribution per unit (sen)	4.1781	3.0600	4.1781	3.0600
	=====	=====	=====	=====

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: 22 February 2024