BUILDING THE RIGHT THING

The Journey Continues...

YTL HOSPITALITY REIT

ANNUAL REPORT 2023

YTL HOSPITALITY REIT ANNUAL REPORT 2023

YTL HOSPITALITY REIT
managed by
PINTAR PROJEK SDN BHD
199401028328 (314009-W)

33rd Floor, Menara YTL, 205 Jalan Bukit Bintang
55100 Kuala Lumpur, Malaysia

T 603 2038 0888
F 603 2038 0388

W www.ytlhospitalityreit.com
W www.ytlcommunity.com

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MANAGER

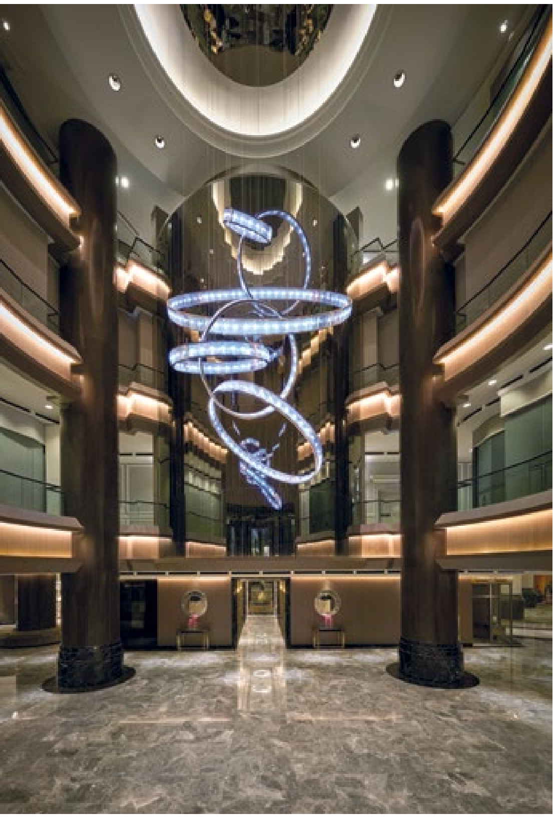
Pintar Projek Sdn Bhd

MANAGER'S REGISTERED OFFICE

33rd Floor, Menara YTL
205 Jalan Bukit Bintang
55100 Kuala Lumpur
Tel: 603-2038 0888
Fax: 603-2038 0388
Email: corpsecretariat@ytl.com

MANAGER'S PRINCIPAL PLACE OF BUSINESS

25th Floor, Menara YTL
205 Jalan Bukit Bintang
55100 Kuala Lumpur
Tel: 603-2038 0888
Fax: 603-2038 0301



BOARD OF DIRECTORS OF THE MANAGER

Executive Chairman
Tan Sri (Sir) Francis Yeoh Sock Ping
PSM, KBE, CBE, FICE, SIMP, DPMS, DPMP, JMN, JP
Hon LLD (Nottingham), Hon DEng (Kingston), BSc (Hons) Civil Engineering, FFB, F Inst D, MBIM, RIM

Chief Executive Officer
Dato' Mark Yeoh Seok Kah
DSSA
LLB (Hons)

Executive Directors
Dato' Yeoh Soo Min
DSPN, DPMP, DIMP
BA (Hons) Accounting

Dato' Yeoh Seok Kian
DSSA
BSc (Hons) Bldg, MCIOB, FFB, (Hon) D.Univ

Independent Non-Executive Directors
Datuk Mark Victor Rozario
Fellow of the Institute of Chartered Accountants in England and Wales, BSc (Hons) Economics

Dato' Ahmad Fuaad Bin Mohd Dahalan
ABS, DIMP, SIMP
BA (Hons)

Dato' Zainal Abidin Bin Ahmad
DIMP, JSM, Medal of Friendship (Lao PDR), AMN
MA (Int. Affairs), BSc (Hons) Mathematics

Au Wei Lien
Bsc, Advanced Diploma in Law, Bar-at-law

Alternate Director to Dato' Mark Yeoh Seok Kah
Dato' Hj Mohamed Zainal Abidin Bin Hj Abdul Kadir
DPMP, PMP, AMN, PPN, PJK, OStJ, JP

Alternate Director to Dato' Yeoh Soo Min
Yeoh Keong Shyan
LLB (Hons)

CORPORATE INFORMATION

MANAGEMENT TEAM

Datin Kathleen Chew Wai Lin
Legal Advisor

Ho Say Keng
Accountant/Company Secretary

Eoon Whai San
General Manager

COMPANY SECRETARY OF THE MANAGER

Ho Say Keng

TRUSTEE

Maybank Trustees Berhad
8th Floor, Menara Maybank
100 Jalan Tun Perak
50050 Kuala Lumpur
Tel: 603-2078 8363
Fax: 603-2070 9387
Email: mtb@maybank.com.my

REGISTRAR

Pintar Projek Sdn Bhd
33rd Floor, Menara YTL
205 Jalan Bukit Bintang
55100 Kuala Lumpur
Tel: 603-2038 0888
Fax: 603-2038 0388
Email: shares@ytl.com

AUDIT COMMITTEE

Datuk Mark Victor Rozario
(Chairman and Independent Non-Executive Director)

Dato' Ahmad Fuaad Bin Mohd Dahalan
(Independent Non-Executive Director)

Dato' Zainal Abidin Bin Ahmad
(Independent Non-Executive Director)

AUDITORS

HLB Ler Lum Chew PLT
(201906002362 & AF 0276)
Chartered Accountants
(A member of HLB International)

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Market (16.12.2005)

PROPERTY PORTFOLIO

ABOUT YTL HOSPITALITY REIT

YTL Hospitality REIT has a market capitalisation of approximately RM1.61 billion (as at 30 June 2023) with a wide portfolio of prime hotel properties. The hospitality assets range from business to luxury hotels and are spread across a range of unique locations worldwide. In Malaysia, these include the JW Marriott Hotel Kuala Lumpur, The Majestic Hotel Kuala Lumpur, The Ritz-Carlton, Kuala Lumpur (Hotel and Suite wings), the Pangkor Laut, Tanjong Jara and Cameron Highlands resorts and the AC hotels in Kuala Lumpur, Penang and Kuantan. YTL Hospitality REIT's international portfolio comprises Hilton Niseko Village and The Green Leaf Niseko Village in Japan and the Sydney Harbour, Brisbane and Melbourne Marriott hotels in Australia.

YTL Hospitality REIT's principal objective is to provide unitholders with stable cash distributions through owning and investing in yield accretive real estate assets. This provides potential for sustainable growth in its long term unit value, rewarding unitholders with noticeable returns.

YTL Hospitality REIT was listed on 16 December 2005 on the Main Market of Bursa Malaysia Securities Berhad under the name Starhill Real Estate Investment Trust, and consisted of prime properties within the Golden Triangle of Kuala Lumpur – the JW Marriott Hotel Kuala Lumpur, Starhill Gallery and parcels in Lot 10 Shopping Centre. Its principal investment strategy was investing in a diversified portfolio of retail, office and hospitality real estate assets, with an added focus on retail and hotel properties. In 2007, the REIT added part of The Ritz-Carlton, Kuala Lumpur – Suite Wing to its portfolio.

In 2009, the Trust embarked on a rationalisation exercise to reposition itself as a pure play hospitality REIT, focused on building a class of hotel and hospitality-related assets. The first stage of the exercise was completed in June 2010 and involved disposing the REIT's retail properties (Starhill Gallery and parcels in Lot 10 Shopping Centre) to Starhill Global Real Estate Investment Trust in Singapore.

YTL Hospitality REIT subsequently acquired 9 additional hotel properties in November and December 2011, namely, the Pangkor Laut, Tanjong Jara and Cameron Highlands resorts, The Ritz-Carlton, Kuala Lumpur – Hotel Wing, the remainder of The Ritz-Carlton, Kuala Lumpur – Suite Wing, the AC hotels in Kuala Lumpur, Penang and Kuantan, and Hilton Niseko Village in Japan.

The REIT's international portfolio was further strengthened with the acquisitions of the Sydney Harbour, Brisbane and Melbourne Marriott hotels in Australia in November 2012. This extended the geographical scope of the REIT and significantly enhanced brand outreach, ultimately raising its appeal to existing and new investors.

In November 2017, YTL Hospitality REIT enhanced its asset portfolio with the acquisition of The Majestic Hotel Kuala Lumpur, the Trust's tenth property in Malaysia, and, in September 2018, acquired its second hotel in Japan, The Green Leaf Niseko Village.

YTL Hospitality REIT was established by a trust deed entered into on 18 November 2005 (as amended and restated) between Pintar Projek Sdn Bhd ("Pintar Projek") and Maybank Trustees Berhad, as manager and trustee, respectively, of YTL Hospitality REIT.

The composition of YTL Hospitality REIT's investment portfolio as at 30 June 2023 is as follows:-

	RM'000	%
Real Estate - Commercial		
• JW Marriott Hotel Kuala Lumpur	527,500	11
• The Majestic Hotel Kuala Lumpur	400,000	8
• The Ritz-Carlton, Kuala Lumpur - Hotel Wing	362,000	7
• The Ritz-Carlton, Kuala Lumpur - Suite Wing	324,000	6
• AC Hotel Kuala Lumpur Titiwangsa	147,000	3
• AC Hotel Penang Bukit Jambul	126,000	3
• Pangkor Laut Resort	124,000	3
• Tanjong Jara Resort	107,000	2
• AC Hotel Kuantan City Centre	95,500	2
• Cameron Highlands Resort	62,000	1
• Hilton Niseko Village	314,787	6
• The Green Leaf Niseko Village	202,963	4
• Sydney Harbour Marriott	1,559,048	31
• Brisbane Marriott	278,222	6
• Melbourne Marriott	248,308	5
	4,878,328	98
Deposits with licensed financial institutions	74,660	2
Total	**4,952,988**	**100**

ABOUT THE MANAGER

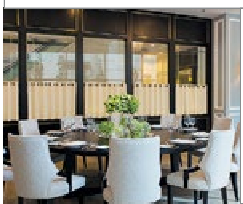
Pintar Projek was incorporated in 1994 and is a 70%-owned subsidiary of YTL Land Sdn Bhd, which is a wholly-owned subsidiary of YTL Corporation Berhad. Pintar Projek's Board of Directors and key personnel comprise competent and capable individuals that have extensive experience in their respective fields of expertise.

PROPERTY PORTFOLIO

1.
JW Marriott Hotel
Kuala Lumpur

2.
The Majestic Hotel
Kuala Lumpur

3.
The Ritz-Carlton,
Kuala Lumpur - Hotel Wing



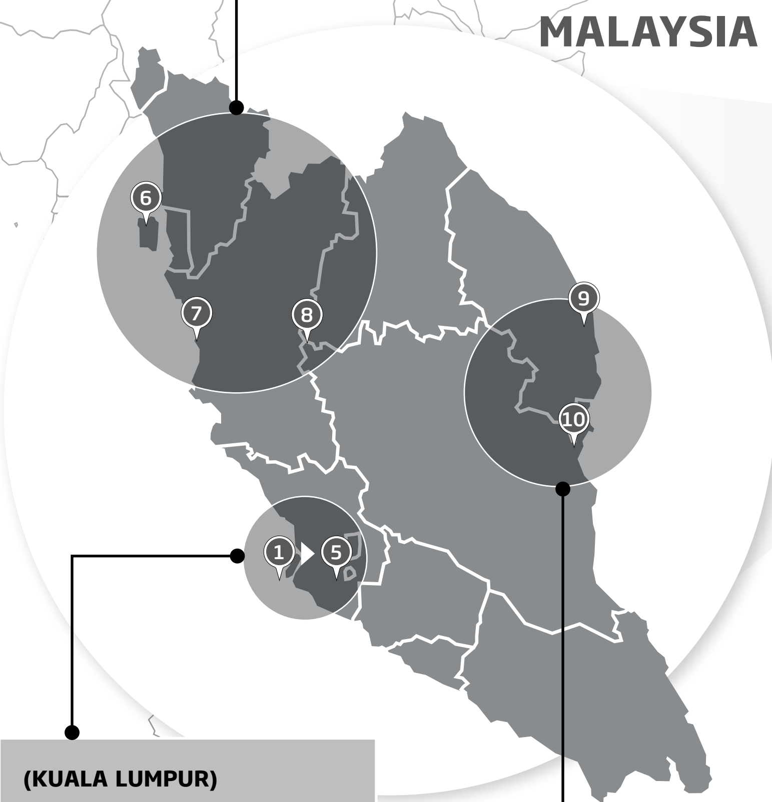
4.
The Ritz-Carlton,
Kuala Lumpur - Suite Wing

5.
AC Hotel Kuala Lumpur
Titiwangsa

6.
AC Hotel Penang
Bukit Jambul

7.
Pangkor Laut Resort

8.
Cameron Highlands Resort



(NORTHERN)

6. AC Hotel Penang Bukit Jambul

7. Pangkor Laut Resort

8. Cameron Highlands Resort

(KUALA LUMPUR)

1. JW Marriott Hotel
Kuala Lumpur

2. The Majestic Hotel
Kuala Lumpur

3. The Ritz-Carlton,
Kuala Lumpur - Hotel Wing

4. The Ritz-Carlton,
Kuala Lumpur - Suite Wing

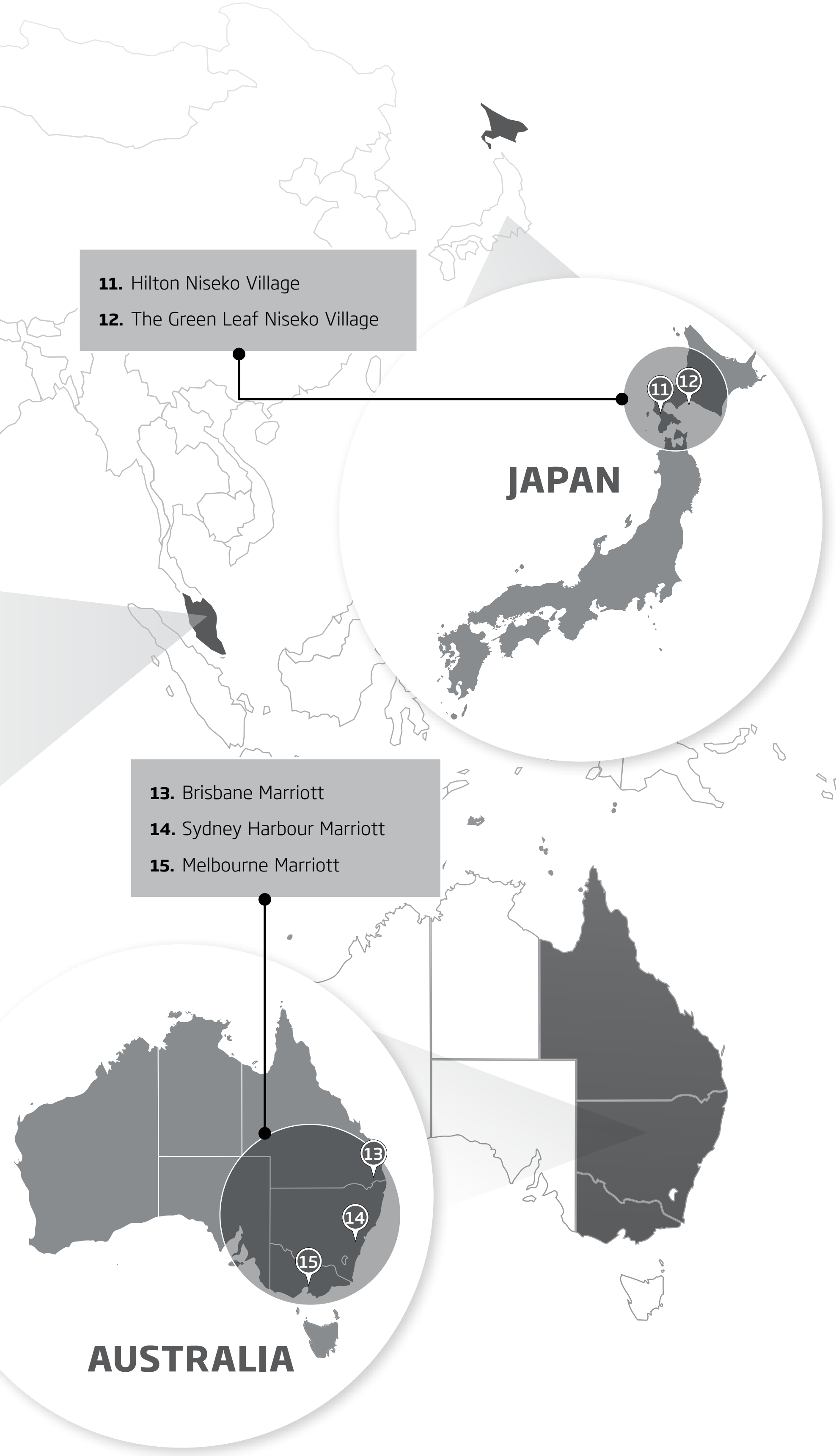
5. AC Hotel Kuala Lumpur
Titiwangsa

(EASTERN)

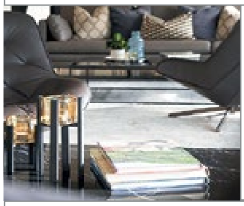
9. Tanjong Jara Resort

10. AC Hotel Kuantan City Centre

PROPERTY PORTFOLIO

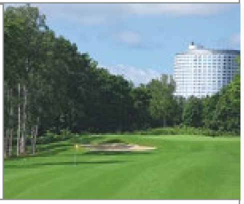


9.
Tanjong Jara Resort



10.
AC Hotel Kuantan City Centre

11.
Hilton Niseko Village



12.
The Green Leaf Niseko Village

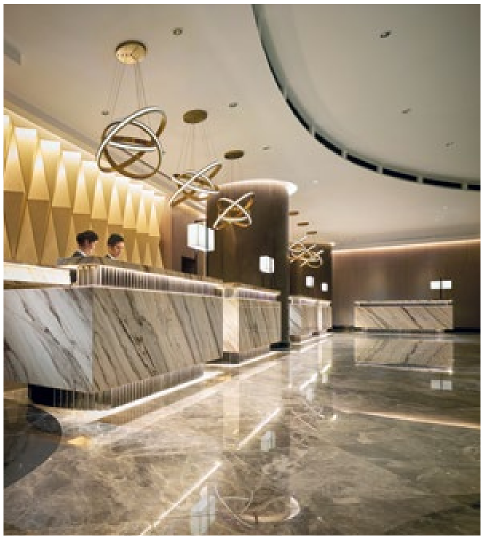
13.
Brisbane Marriott

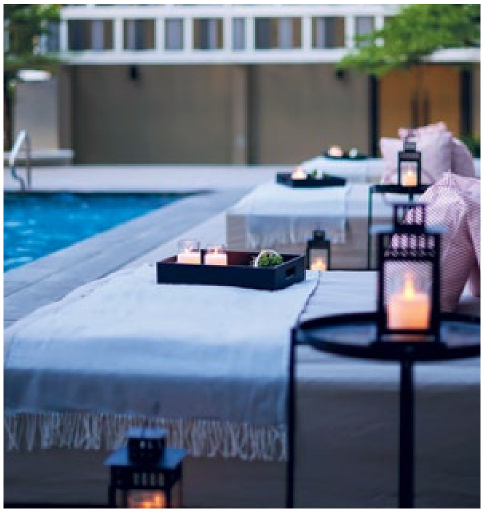
14.
Sydney Harbour Marriott

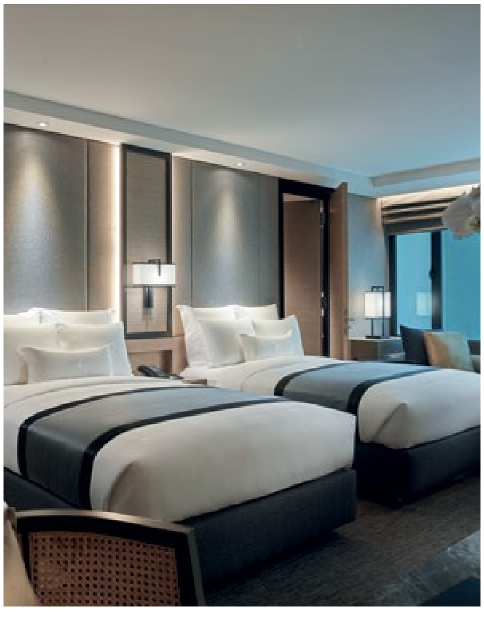
15.
Melbourne Marriott

PROPERTY PORTFOLIO

JW MARRIOTT HOTEL KUALA LUMPUR







Address/Location
No. 183, Jalan Bukit Bintang, 55100 Kuala Lumpur.

Description
A 5-star hotel with 578 rooms located on part of an 8-level podium block and entire 24-level tower block of Starhill Gallery together with car park bays located partially at basement 1 and 4 and the entire basement 2, 3 and 5 of JW Marriott Hotel Kuala Lumpur.

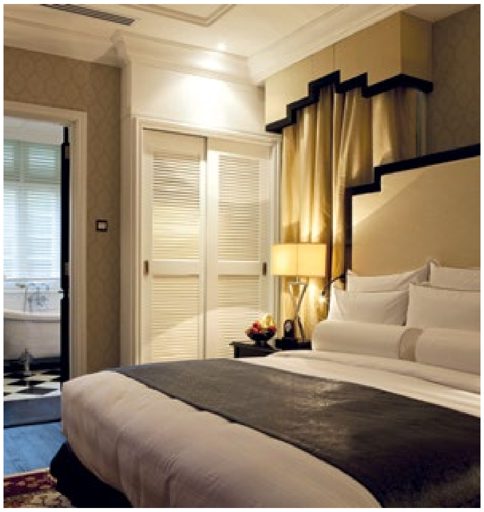
Property type	Hotel
Age	Approximately 26 years
Title details	Grant No. 28678/M1/B5/1, within Parcel No. 1, Storey No. B5 of Building No. M1 and 8 accessory parcels for Lot No. 1267 Section 67, Town and District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur.
Encumbrances/ Limitation in title/interest	The property is charged to secure financing and there is no restriction attached to the title.
Status of holdings	Freehold
Existing use	Commercial building
Parking spaces	490 bays
Lessee	Star Hill Hotel Sdn. Bhd.
Car park operator	YTL Land Sdn. Bhd.
Lease term	The property is leased for a term expiring on 31 December 2023.
Date of acquisition	16 December 2005
Cost of acquisition (including incidentals)	RM331,024,000
Fair value adjustments for the financial year	RM756,000
Market value	RM527,500,000
Date of latest valuation	31 May 2023
Independent valuer	Savills (Malaysia) Sdn Bhd
Net book value	RM527,500,000

THE MAJESTIC HOTEL KUALA LUMPUR

Address/Location
No. 5, Jalan Sultan Hishamuddin, 50000 Kuala Lumpur.

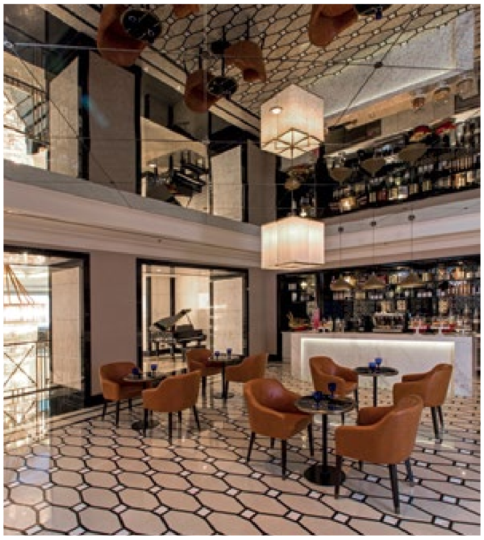
Description
A 5-star hotel comprising Majestic Wing (original historic hotel building) comprising 2-storey, 4-storey and 5-storey buildings with 47 rooms and 15-storey Tower Wing with 253 rooms and 3 levels of basement car park.

Property type	Hotel
Age	Majestic Wing – Approximately 91 years (refurbished in Year 2012) Tower Wing – Approximately 10 years
Title details	Geran 23849 Lot No. 74 Section 59, City and District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur.
Encumbrances/ Limitation in title/interest	The property is charged to secure financing and there is no restriction attached to the title.
Status of holdings	90-year registered lease expiring on 11 May 2091 obtained from Pesuruhjaya Tanah Persekutuan. The unexpired lease period is approximately 68 years.
Existing use	Commercial building
Parking spaces	430 bays
Lessee	YTL Majestic Hotel Sdn. Bhd.
Lease term	The property is leased for a term expiring on 2 November 2032.
Date of acquisition	3 November 2017
Cost of acquisition (including incidentals)	RM384,221,000
Fair value adjustments for the financial year	RM2,234,000
Market value	RM400,000,000
Date of latest valuation	31 May 2023
Independent valuer	Savills (Malaysia) Sdn Bhd
Net book value	RM400,000,000



PROPERTY PORTFOLIO

THE RITZ-CARLTON, KUALA LUMPUR - HOTEL WING



Address/Location
No. 168, Jalan Imbi, 55100 Kuala Lumpur.

Description
22-storey 5-star hotel building comprising 251 rooms with 4 levels of basement car parks.

Property type	Hotel
Age	Approximately 26 years
Title details	Grant No. 26579 for Lot No. 225, Section 67, Town and District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur.
Encumbrances/ Limitation in title/interest	The property is charged to secure financing and there is no restriction attached to the title.
Status of holdings	Freehold
Existing use	Commercial building
Parking spaces	153 bays
Lessee	East-West Ventures Sdn. Bhd.
Lease term	The property is leased for a term expiring on 14 November 2026.
Date of acquisition	15 November 2011
Cost of acquisition (including incidentals)	RM253,017,000
Fair value adjustments for the financial year	RM967,000
Market value	RM362,000,000
Date of latest valuation	31 May 2023
Independent valuer	Savills (Malaysia) Sdn Bhd
Net book value	RM362,000,000

PROPERTY PORTFOLIO

THE RITZ-CARLTON, KUALA LUMPUR - SUITE WING (PARCEL 1)

Address/Location

No. 168, Jalan Imbi, 55100 Kuala Lumpur.

Description

60 units of hotel suites, 4 levels of commercial podium, 1 level of facilities deck and 2 levels of basement car parks, all located on part of a 38-storey block.

Property type	Serviced apartment
Age	Approximately 18 years
Title details	Grant No. 47693 for Lot No. 1308 Section 67, Town and District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur.
Encumbrances/ Limitation in title/interest	The property is charged to secure financing and there is no restriction attached to the title.
Status of holdings	Freehold
Existing use	Commercial building
Parking spaces	Total combined 189 bays from Parcel 1 and Parcel 2.
Lessee	Star Hill Hotel Sdn. Bhd.
Lease term	The property is leased for a term expiring on 30 June 2031.
Date of acquisition	16 May 2007
Cost of acquisition (including incidentals)	RM125,000,000
Fair value adjustments for the financial year	RM1,690,000
Market value	RM218,000,000
Date of latest valuation	31 May 2023
Independent valuer	Savills (Malaysia) Sdn Bhd
Net book value	RM218,000,000

PROPERTY PORTFOLIO

THE RITZ-CARLTON, KUALA LUMPUR - SUITE WING (PARCEL 2)

Address/Location
No. 168, Jalan Imbi, 55100 Kuala Lumpur.

Description
50 units of hotel suites, 4 units of penthouses and 1 level of basement car park, all located on part of a 38-storey block.

Property type	Serviced apartment
Age	Approximately 18 years
Title details	Grant No. 47693 for Lot No. 1308 Section 67, Town and District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur.
Encumbrances/ Limitation in title/interest	The property is charged to secure financing and there is no restriction attached to the title.
Status of holdings	Freehold
Existing use	Commercial building
Parking spaces	Total combined 189 bays from Parcel 1 and Parcel 2.
Lessee	Star Hill Hotel Sdn. Bhd.
Lease term	The property is leased for a term expiring on 30 June 2031.
Date of acquisition	15 November 2011
Cost of acquisition (including incidentals)	RM73,881,000
Fair value adjustments for the financial year	RM1,000,000
Market value	RM106,000,000
Date of latest valuation	31 May 2023
Independent valuer	Savills (Malaysia) Sdn Bhd
Net book value	RM106,000,000

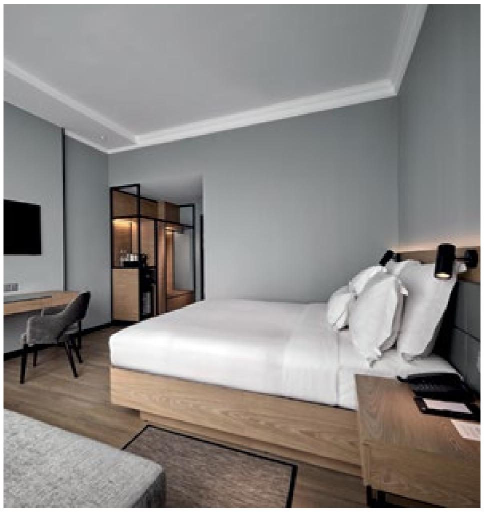
PROPERTY PORTFOLIO

AC HOTEL KUALA LUMPUR TITIWANGSA

Address/Location
No. 9, Jalan Lumut, Off Jalan Ipoh, 50400 Kuala Lumpur.

Description
17-storey hotel building with 364 rooms and 2-storey basement car parks.

Property type	Hotel
Age	Approximately 28 years
Title details	Geran 33550, Lot No. 669 in Section 47, Town and District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur.
Encumbrances/ Limitation in title/interest	The property is charged to secure financing and there is no restriction attached to the title.
Status of holdings	Freehold
Existing use	Commercial building
Parking spaces	125 bays
Lessee	Prisma Tulin Sdn. Bhd.
Lease term	The property is leased for a term expiring on 14 November 2026.
Date of acquisition	15 November 2011
Cost of acquisition (including incidentals)	RM101,207,000
Fair value adjustments for the financial year	RM2,500,000
Market value	RM147,000,000
Date of latest valuation	31 May 2023
Independent valuer	Azmi & Co Sdn Bhd
Net book value	RM147,000,000



PROPERTY PORTFOLIO

AC HOTEL PENANG BUKIT JAMBUL

Address/Location
No. 213, Jalan Bukit Gambir, Bukit Jambul, 11950 Pulau Pinang.

Description
17-storey Hotel Wing with 238 hotel rooms and 26-storey Suite Wing with 189 hotel suites with an annexed 3-storey podium.

Property type	Hotel
Age	Approximately 24 years
Title details	HSD 9632, Lot No. P.T. 1678, Mukim 13, District of Timor Laut, State of Pulau Pinang.
Encumbrances/ Limitation in title/interest	The property is free from encumbrances and there is restriction attached to the title.
Status of holdings	99-year leasehold expiring on 27 October 2094. The unexpired lease period is approximately 71 years.
Existing use	Commercial building
Parking spaces	367 bays
Lessee	Business & Budget Hotels (Penang) Sdn. Bhd.
Lease term	The property is leased for a term expiring on 14 November 2026.
Date of acquisition	15 November 2011
Cost of acquisition (including incidentals)	RM101,778,000
Fair value adjustments for the financial year	RM1,000,000
Market value	RM126,000,000
Date of latest valuation	31 May 2023
Independent valuer	Savills (Malaysia) Sdn Bhd
Net book value	RM126,000,000

PROPERTY PORTFOLIO

PANGKOR LAUT RESORT

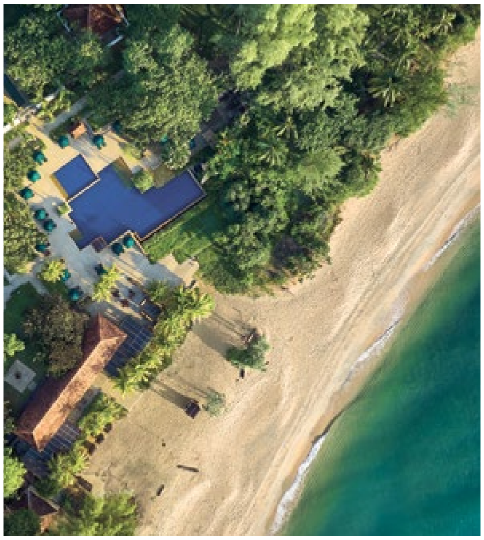
Address/Location
Pangkor Laut Island, 32200 Lumut, Perak Darul Ridzuan.

Description
36 units of Garden Villas, 52 units of Hill Villas, 8 units of Beach Villas and 1 unit of Pavarotti Suite.

Property type	Resort
Age	Approximately 30 years
Title details	PN 313713, Lot 12362 and PN 313715, Lot 12364, both in Mukim of Lumut, District of Manjung, State of Perak Darul Ridzuan.
Encumbrances/ Limitation in title/interest	The property is free from encumbrances and there is restriction attached to the title.
Status of holdings	99-year registered lease expiring on 21 May 2095 obtained from Perbadanan Kemajuan Negeri Perak. The unexpired lease period is approximately 72 years.
Existing use	Commercial building
Parking spaces	Not applicable
Lessee	Syarikat Pelanchongan Pangkor Laut Sendirian Berhad.
Lease term	The property is leased for a term expiring on 14 November 2026.
Date of acquisition	15 November 2011
Cost of acquisition (including incidentals)	RM98,365,000
Fair value adjustments for the financial year	RM2,000,000
Market value	RM124,000,000
Date of latest valuation	31 May 2023
Independent valuer	Azmi & Co Sdn Bhd
Net book value	RM124,000,000

PROPERTY PORTFOLIO

TANJONG JARA RESORT



Address/Location
Batu 8, Off Jalan Dungun, 23000 Dungun, Terengganu Darul Iman.

Description
Small luxury boutique resort with 100 rooms.

Property type	Resort
Age	Approximately 28 years
Title details	HSD 1473, Lot No. PT 18624, Mukim of Kuala Dungun, District of Dungun, State of Terengganu Darul Iman.
Encumbrances/ Limitation in title/interest	The property is free from encumbrances and there is restriction attached to the title.
Status of holdings	60-year leasehold expiring on 4 December 2067. The unexpired lease period is approximately 44 years.
Existing use	Commercial building
Parking spaces	50 bays
Lessee	Tanjong Jara Beach Hotel Sdn. Bhd.
Lease term	The property is leased for a term expiring on 14 November 2026.
Date of acquisition	15 November 2011
Cost of acquisition (including incidentals)	RM88,050,000
Fair value adjustments for the financial year	RM2,000,000
Market value	RM107,000,000
Date of latest valuation	31 May 2023
Independent valuer	Azmi & Co Sdn Bhd
Net book value	RM107,000,000

PROPERTY PORTFOLIO

AC HOTEL KUANTAN CITY CENTRE

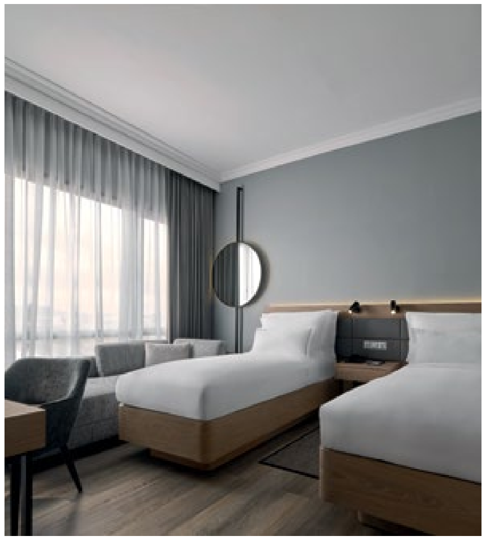
Address/Location

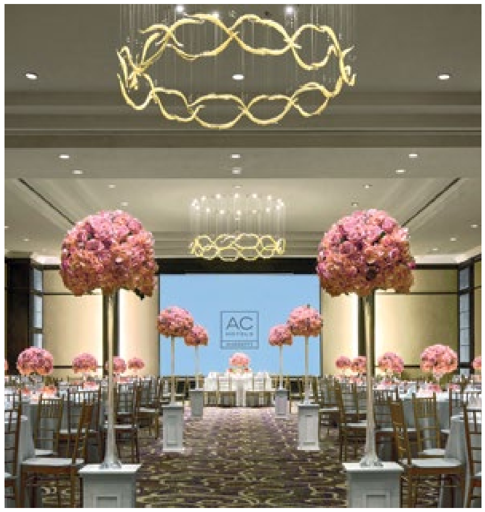
Jalan Teluk Sisek, 25000 Kuantan, Pahang Darul Makmur.

Description

8-storey hotel building with 215 rooms.

Property type	Hotel
Age	Approximately 24 years
Title details	Lot No. 714, Section 37 held under PN No. 13491, Town and District of Kuantan, State of Pahang Darul Makmur.
Encumbrances/ Limitation in title/interest	The property is charged to secure financing and there is restriction attached to the title.
Status of holdings	99-year leasehold expiring on 11 July 2092. The unexpired lease period is approximately 69 years.
Existing use	Commercial building
Parking spaces	149 bays
Lessee	Business & Budget Hotels (Kuantan) Sdn. Bhd.
Lease term	The property is leased for a term expiring on 14 November 2026.
Date of acquisition	15 November 2011
Cost of acquisition (including incidentals)	RM75,980,000
Fair value adjustments for the financial year	RM1,000,000
Market value	RM95,500,000
Date of latest valuation	31 May 2023
Independent valuer	Savills (Malaysia) Sdn Bhd
Net book value	RM95,500,000





PROPERTY PORTFOLIO

CAMERON HIGHLANDS RESORT

Address/Location

By the Golf Course, 39000 Tanah Rata, Cameron Highlands, Pahang Darul Makmur.

Description

3-storey luxury resort with a 2-storey spa village block with 56 rooms and suites and a single storey building.

Property type	Resort
Age	Approximately 49 years
Title details	HSD 3881 for Lot No. PT 1812, Mukim of Tanah Rata, District of Cameron Highlands, State of Pahang Darul Makmur.
Encumbrances/ Limitation in title/interest	The property is charged to secure financing and there is no restriction attached to the title.
Status of holdings	99-year leasehold expiring on 9 December 2108. The unexpired lease period is approximately 85 years.
Existing use	Commercial building
Parking spaces	19 bays
Lessee	Cameron Highlands Resort Sdn. Bhd.
Lease term	The property is leased for a term expiring on 14 November 2026.
Date of acquisition	15 November 2011
Cost of acquisition (including incidentals)	RM50,649,000
Fair value adjustments for the financial year	RM1,000,000
Market value	RM62,000,000
Date of latest valuation	31 May 2023
Independent valuer	Savills (Malaysia) Sdn Bhd
Net book value	RM62,000,000

PROPERTY PORTFOLIO
HILTON NISEKO VILLAGE

Address/Location
Aza-Soga, Niseko-cho, Abuta-gun, Hokkaido.

Description
16-storey hotel building with 1-storey of basement comprising 506 rooms.

Property type	Hotel
Age	Approximately 29 years
Title details	Lot No. 919-15, 919-18, 919-19, 920-4, 920-5 and 920-7, Aza-Soga, Niseko-cho, Abuta-gun and Lot No. 214-6, 252-2 and 264-4, Aza-Kabayama, Kutchan-cho, Abuta-gun, Hokkaido, Japan.
Encumbrances/ Limitation in title/interest	The property is charged to secure financing and there is no restriction attached to the title.
Status of holdings	Freehold
Existing use	Commercial building
Parking spaces	290 bays
Lessee	Niseko Village K.K.
Lease term	The property is leased for a term expiring on 21 December 2026.
Date of acquisition	22 December 2011
Cost of acquisition (including incidentals)	JPY6,402,726,000
Fair value adjustments for the financial year	JPY440,000,000 or RM14,398,000
Market value	JPY9,740,000,000
Date of latest valuation	31 May 2023
Independent valuer	Savills Japan Valuation G.K.
Net book value	RM314,787,000

PROPERTY PORTFOLIO

THE GREEN LEAF NISEKO VILLAGE

Address/Location
Aza-Higashiyama, Niseko-cho, Abuta-gun, Hokkaido.

Description
5-storey hotel building with 1-storey of basement comprising 200 rooms.

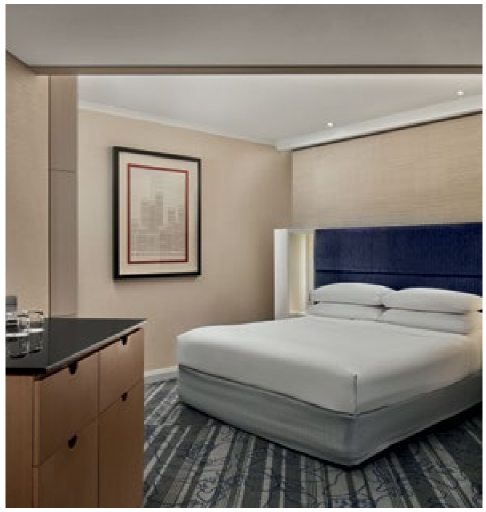
Property type	Hotel
Age	Approximately 40 years
Title details	Lot No. 1-2, 5-4, 6-2 and 7-3, Aza-Higashiyama, Niseko-cho, Abuta-gun, Hokkaido, Japan.
Encumbrances/ Limitation in title/interest	The property is charged to secure financing and there is no restriction attached to the title.
Status of holdings	Freehold
Existing use	Commercial building
Parking spaces	Nil
Lessee	Niseko Village K.K.
Lease term	The property is leased for a term expiring on 25 September 2048.
Date of acquisition	26 September 2018
Cost of acquisition (including incidentals)	JPY6,005,452,000
Fair value adjustments for the financial year	JPY190,000,000 or RM6,217,000
Market value	JPY6,280,000,000
Date of latest valuation	31 May 2023
Independent valuer	Colliers International Japan KK
Net book value	RM202,963,000

PROPERTY PORTFOLIO
SYDNEY HARBOUR MARRIOTT

Address/Location
30 Pitt Street, Sydney, New South Wales.

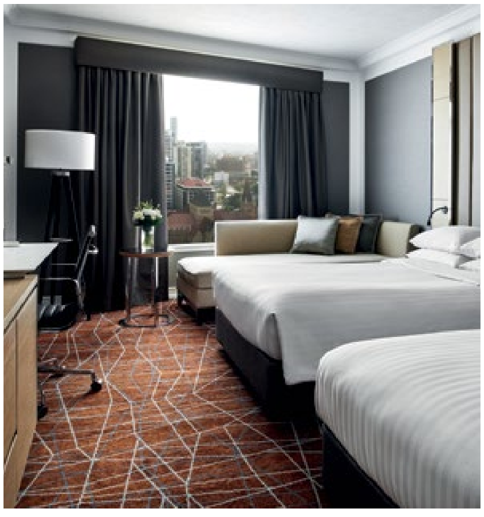
Description
33-storey hotel building with central atrium comprising 595 rooms including 3 levels of basement with car parking bays.

Property type	Hotel
Age	Approximately 34 years
Title details	Lot 1 in Deposited Plan 804285 in the Local Government Area of Sydney, Parish of St James and County of Cumberland.
Encumbrances/ Limitation in title/interest	The property is charged to secure financing and there is no restriction attached to the title.
Status of holdings	Freehold
Existing use	Commercial building
Parking spaces	Approximately 45 bays
Average occupancy rate	74.46%
Date of acquisition	29 November 2012
Cost of acquisition (including incidentals)	AUD264,618,000
Fair value adjustments for the financial year	AUD26,121,000 or RM78,862,000
Market value	AUD504,000,000
Date of latest valuation	31 May 2023
Independent valuer	CIVAS (NSW) Pty Limited
Net book value	RM1,559,048,000



PROPERTY PORTFOLIO

BRISBANE MARRIOTT



Address/Location

515 Queen Street, Brisbane, Queensland.

Description

28-storey hotel building comprising 267 rooms with 3 levels of basement car park.

Property type	Hotel
Age	Approximately 25 years
Title details	Lot 5 on Survey Plan 100339 comprised in Certificate of Title Reference No. 50218402 in the Parish of North Brisbane and County of Stanley.
Encumbrances/ Limitation in title/interest	The property is charged to secure financing and there is no restriction attached to the title.
Status of holdings	Freehold
Existing use	Commercial building
Parking spaces	78 bays
Average occupancy rate	72.80%
Date of acquisition	29 November 2012
Cost of acquisition (including incidentals)	AUD120,311,000
Fair value adjustments for the financial year	AUD7,794,000 or RM23,531,000
Market value	AUD90,000,000
Date of latest valuation	31 May 2023
Independent valuer	CIVAS (NSW) Pty Limited
Net book value	RM278,222,000

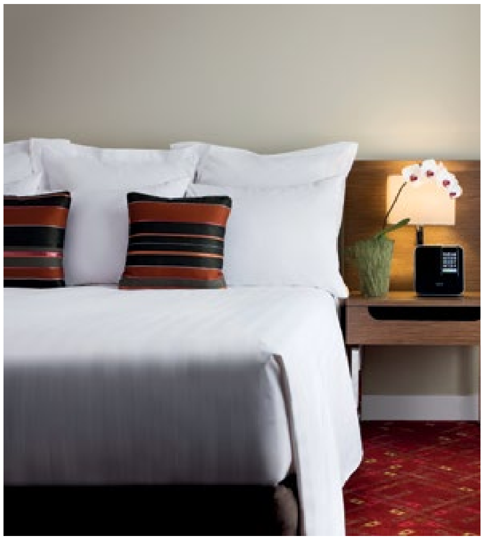
PROPERTY PORTFOLIO

MELBOURNE MARRIOTT

Address/Location
Corner Exhibition and Lonsdale Streets, Melbourne, Victoria.

Description
16-storey hotel building comprising 189 rooms with 5 split levels of car park.

Property type	Hotel
Age	Approximately 41 years
Title details	Lot 1 on Plan of Subdivision 349277H (Volume 10323 Folio 372) and Lot 1 on Plan of Subdivision 349276K (Volume 10323 Folio 375) in the Local Government Area of City of Melbourne Council and Parish of North Melbourne.
Encumbrances/ Limitation in title/interest	The property is charged to secure financing and there is no restriction attached to the title.
Status of holdings	Freehold
Existing use	Commercial building
Parking spaces	Approximately 80 bays
Average occupancy rate	71.40%
Date of acquisition	29 November 2012
Cost of acquisition (including incidentals)	AUD56,404,000
Fair value adjustments for the financial year	AUD4,049,000 or RM12,224,000
Market value	AUD80,000,000
Date of latest valuation	31 May 2023
Independent valuer	CIVAS (NSW) Pty Limited
Net book value	RM248,308,000

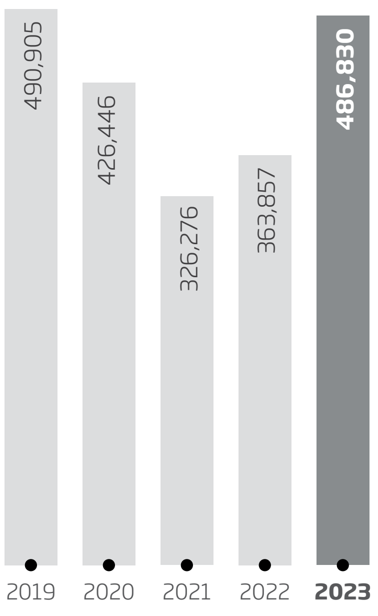


FINANCIAL HIGHLIGHTS

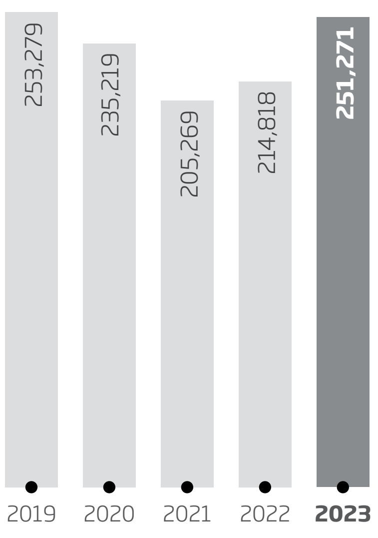
	2023	2022	2021	2020	2019
Revenue (RM'000) *1	**486,830**	363,857	326,276	426,446	490,905
Net property income (RM'000) *1	**251,271**	214,818	205,269	235,219	253,279
Total income distribution (RM'000)	**126,863**	67,409 *2	70,964	114,390 *3	134,154
Total assets (RM'000)	**5,127,278**	4,902,250	4,871,874	4,693,536	4,864,777
Net asset value (RM'000)	**2,907,403**	2,772,748	2,705,319	2,555,899	2,737,100
Units in circulation ('000)	**1,704,389**	1,704,389	1,704,389	1,704,389	1,704,389
Net asset value per Unit (RM)	**1.706**	1.627	1.587	1.500	1.606
Distribution per Unit (sen)	**7.4433**	3.9550 *2	4.1636	6.7115 *3	7.8711
Earnings per Unit (sen)	**8.29**	4.92	4.86	0.56	6.14

*1 *Included accrued lease income-unbilled pursuant to the requirements of MFRS 16, Leases (from FY2021 onwards).*
*2 *Representing approximately 95% of the total distributable income.*
*3 *Representing approximately 90% of the total distributable income.*

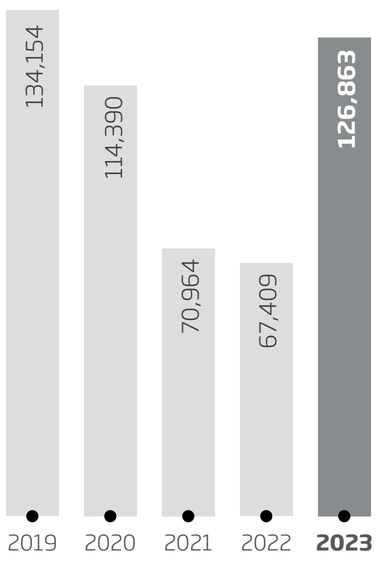
Revenue
(RM'000)



Net Property Income
(RM'000)

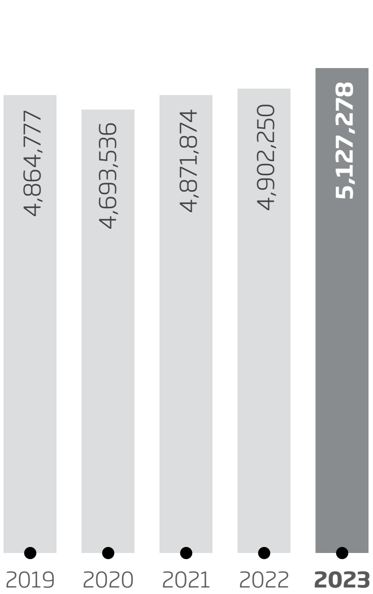


Total Income Distribution
(RM'000)

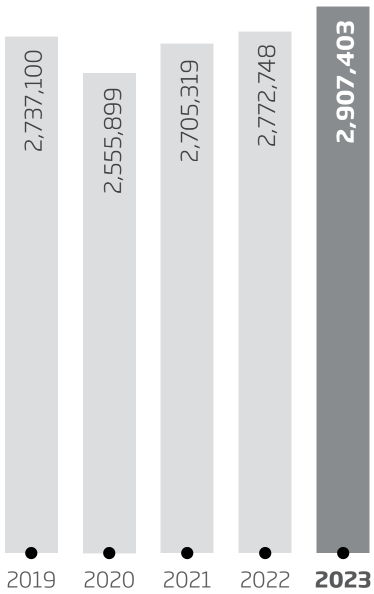


FINANCIAL HIGHLIGHTS

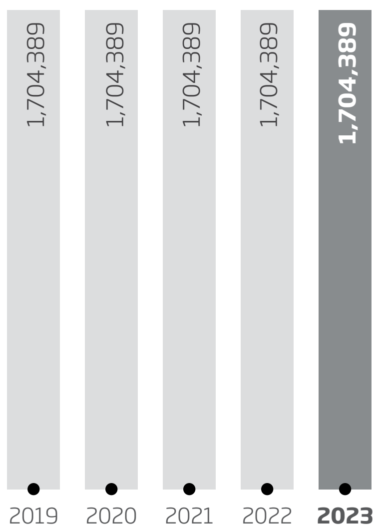
Total Assets
(RM'000)



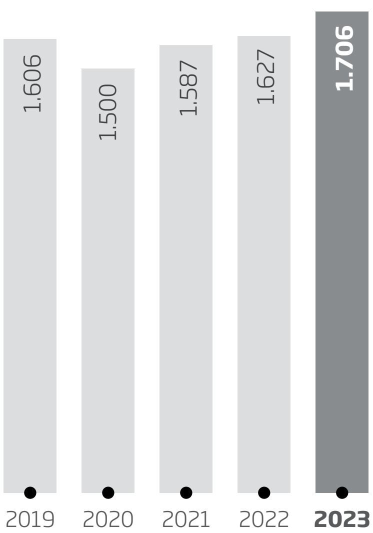
Net Asset Value
(RM'000)



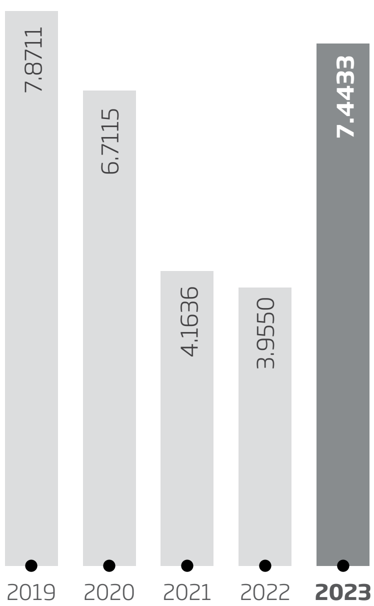
Units in Circulation
('000)



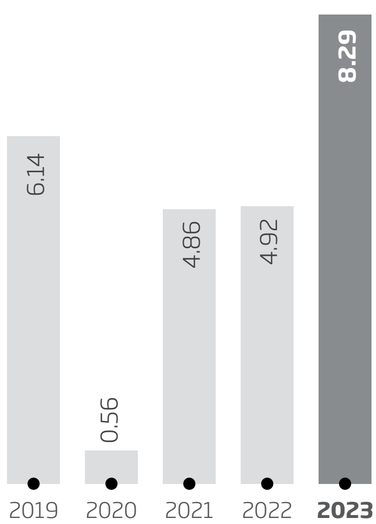
Net Asset Value per Unit
(RM)



Distribution per Unit
(sen)



Earnings per Unit
(sen)



FUND PERFORMANCE

(I) PORTFOLIO COMPOSITION OF THE GROUP

At 30 June	2023 %	2022 %	2021 %	2020 %	2019 %
Real estate	**98**	100	100	99	99
Non-real estate-related assets	**-**	-	-	-	-
Deposits	**2**	-	-	1	1
	100	100	100	100	100

(II) NET ASSET VALUE & UNIT INFORMATION

	2023	2022	2021	2020	2019
Total assets (RM'000)	**5,127,278**	4,902,250	4,871,874	4,693,536	4,864,777
Total net asset value ("NAV") (RM'000)					
- as at 30 June (before income distribution)	**3,034,266**	2,840,157	2,776,283	2,670,289	2,871,254
- as at 30 June (after income distribution)	**2,907,403**	2,772,748	2,705,319	2,555,899	2,737,100
Units in circulation ('000)	**1,704,389**	1,704,389	1,704,389	1,704,389	1,704,389
NAV per Unit (RM)					
- as at 30 June (before income distribution)	**1.780**	1.666	1.629	1.567	1.685
- as at 30 June (after income distribution)	**1.706**	1.627	1.587	1.500	1.606
- Highest NAV during the year	**1.706**	1.627	1.587	1.584	1.606
- Lowest NAV during the year	**1.620**	1.551	1.512	1.500	1.551
Market value per Unit (RM)					
- as at 30 June	**0.95**	0.95	0.90	1.05	1.34
- Weighted average price for the year	**0.93**	0.93	0.85	1.23	1.25
- Highest traded price for the year	**1.01**	1.01	1.08	1.38	1.37
- Lowest traded price for the year	**0.85**	0.87	0.70	0.75	1.15

(III) PERFORMANCE DETAILS OF THE GROUP

	2023	2022	2021	2020	2019
Distribution per Unit (sen)					
- First interim	**3.0600**	1.8880	1.8105	1.9584	1.9219
- Second interim	**-**	-	-	1.9158	1.9387
- Third interim	**-**	-	-	- (6)	1.9116
- Final	**4.3833**	2.0670	2.3531	2.8373	2.0989
	7.4433	3.9550 (4),(5)	4.1636 (5)	6.7115	7.8711
Distribution date					
- First interim	**30 March 2023**	31 March 2022	31 March 2021	27 December 2019	28 December 2018
- Second interim	**-**	-	-	25 March 2020	29 March 2019
- Third interim	**-**	-	-	- (6)	28 June 2019
- Final	**30 August 2023**	30 August 2022	30 August 2021	28 August 2020	30 August 2019
Distribution yield (%) (1)	**8.00**	4.25	4.90	5.46	6.30
Management expense ratio (%)	**0.50**	0.47	0.47	0.61	0.84
Total return (%) (2)	**8.00**	13.66	(26.00) (5)	3.86	13.13
Average total return (3)					
- One year	**8.00**				
- Three years	**(1.44)**				
- Five years	**2.53**				

Notes:

1 *Distribution yield is computed based on weighted average market price of the respective financial year.*
2 *Total return is computed based on the distribution yield per unit and the change in the weighted average market price of the respective financial year.*
3 *Average total return is computed based on total return per unit averaged over number of years.*
4 *Representing approximately 95% of the total distributable income.*
5 *Distribution per Unit was lower due to impact of COVID-19 pandemic on hospitality sector.*
6 *Change of income distribution frequency from quarterly to semi-annually effective from the financial quarter ended 31 March 2020.*

Past performance is not necessarily indicative of future performance and unit prices and investment returns may fluctuate.

MANAGEMENT DISCUSSION & ANALYSIS
GROUP OVERVIEW

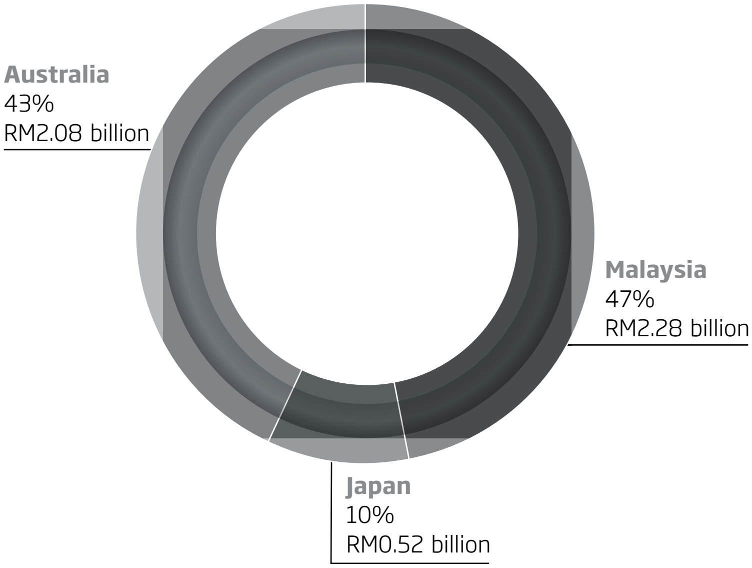
OVERVIEW OF YTL HOSPITALITY REIT

YTL Hospitality REIT ("YTL REIT" or "Trust") was established on 18 November 2005 pursuant to a trust deed (as amended and restated) ("Trust Deed") entered into between Pintar Projek Sdn Bhd, the Manager, and Maybank Trustees Berhad, the Trustee of YTL REIT, and is categorised as a real estate investment trust fund.

YTL REIT was listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") on 16 December 2005 and is an income and growth type fund. The investment objective of YTL REIT is to own and invest in real estate and real estate-related assets, whether directly or indirectly through the ownership of single-purpose companies whose principal assets comprise real estate.

The investment portfolio of YTL REIT in Malaysia as at 30 June 2023 comprises The Majestic Hotel Kuala Lumpur, JW Marriott Hotel Kuala Lumpur, The Ritz-Carlton, Kuala Lumpur – Suite Wing ("The Ritz Carlton Suite Wing"), Cameron Highlands Resort, AC Hotel Penang Bukit Jambul ("AC Hotel Penang"), AC Hotel Kuala Lumpur Titiwangsa ("AC Hotel Kuala Lumpur"), AC Hotel Kuantan City Centre ("AC Hotel Kuantan"), The Ritz-Carlton, Kuala Lumpur – Hotel Wing ("The Ritz Carlton Hotel Wing"), Tanjong Jara Resort and part of Pangkor Laut Resort.

Asset Breakdown by Country as at 30 June 2023



The Trust's international portfolio comprises Hilton Niseko Village and The Green Leaf in Hokkaido, Japan, and the Sydney Harbour Marriott, Brisbane Marriott and Melbourne Marriott in Australia.

COMPOSITION OF INVESTMENT PORTFOLIO

As at the reporting date, the composition of the YTL REIT Group's investment portfolio is as follows:-

	Fair value as at 30.6.2023 RM'000	% of total investment	Fair value as at 30.6.2022 RM'000	% of total investment
Real Estate - Commercial				
Properties in Malaysia				
1. JW Marriott Hotel Kuala Lumpur	**527,500**	**11**	526,500	11
2. The Majestic Hotel Kuala Lumpur	**400,000**	**8**	397,500	8
3. The Ritz-Carlton Hotel Wing	**362,000**	**7**	361,000	8
4. The Ritz-Carlton Suite Wing	**324,000**	**6**	321,000	7
5. AC Hotel Kuala Lumpur	**147,000**	**3**	144,500	3
6. AC Hotel Penang	**126,000**	**3**	125,000	3
7. Pangkor Laut Resort	**124,000**	**3**	122,000	3
8. Tanjong Jara Resort	**107,000**	**2**	105,000	2
9. AC Hotel Kuantan	**95,500**	**2**	94,500	2
10. Cameron Highlands Resort	**62,000**	**1**	61,000	1
Properties in Japan				
11. Hilton Niseko Village	**314,787**	**6**	299,925	6
12. The Green Leaf Niseko Village	**202,963**	**4**	196,403	4
Properties in Australia				
13. Sydney Harbour Marriott	**1,559,048**	**31**	1,481,233	31
14. Brisbane Marriott	**278,222**	**6**	257,310	6
15. Melbourne Marriott	**248,308**	**5**	233,401	5
Sub-total	**4,878,328**	**98**	**4,726,272**	**100**
Deposits with licensed financial institutions	**74,660**	**2**	11,151	-
Total	**4,952,988**	**100**	**4,737,423**	**100**

Further details about the Trust's properties can be found in the *Property Portfolio* in this Annual Report.

MANAGEMENT DISCUSSION & ANALYSIS
GROUP OVERVIEW

MANAGER'S INVESTMENT STRATEGIES AND POLICIES

Investment Strategies

During the financial year, the Manager continued to carry out the following investment strategies, assessing all business and investment opportunities that arose, in order to achieve YTL REIT's business objectives:-

(i) Operating Strategy

The Trust continued to focus on the acquisition of hotel properties located both in Malaysia and internationally, subject to attractive valuations that will provide yield accretive returns to the unitholders and maintained the quality of the properties under its current portfolio.

The Trust was also able to leverage on focused co-branding and cross marketing strategies to enhance the performance of its hospitality assets that include integrated conference facilities to draw international business interest and internationally acclaimed food and beverage outlets.

(ii) Acquisition Strategy

The Manager seeks to increase cash flow and enhance unit value through selective acquisitions. This acquisition strategy takes into consideration:-

(a) location;

(b) opportunities; and

(c) yield thresholds.

The Manager also has access to networks and relationships with leading participants in the real estate and hotel industry which may assist YTL REIT in identifying (a) acquisition opportunities to achieve favourable returns on invested capital and growth in cash flow; and (b) underperforming assets.

The Manager intends to hold properties on a long-term basis with the objective to consume substantially all of the economic benefits through generation of rental income, rather than through sale. However, in the future where the Manager considers that any property has reached a stage that offers only limited scope for growth and in the best interest of the unitholders, the Manager may consider selling the property and using the proceeds for alternative investments in properties that meet its investment criteria.

(iii) Capital Management Strategy

The Manager optimises YTL REIT's capital structure and cost of capital within the borrowing limits prescribed by the Guidelines on Listed Real Estate Investment Trusts issued by the Securities Commission Malaysia ("SC") ("Listed REIT Guidelines") via a combination of debt and equity funding for future acquisitions and improvement works of its properties. This capital management strategy involves:-

(a) adopting and maintaining an optimal gearing level; and

(b) adopting an active interest rate management strategy to manage risks associated with changes in interest rates while maintaining flexibility in YTL REIT's capital structure to meet future investment and/or capital expenditure requirements.

Investment Policies

The Manager will continue to comply with the Listed REIT Guidelines and other requirements as imposed by the SC from time to time and the Trust Deed, including (i) to invest in investment permitted by the SC; and (ii) to ensure the investment portfolio requirements and limits imposed by the Listed REIT Guidelines and/or the Trust Deed are adhered to.

Permissible investments of a REIT, requirements and restrictions on investments and activities include the following:-

(a) Real estate assets

At least 75% of a REIT's total asset value must be invested in real estate that generates recurrent rental income at all times. The aggregate investments in property development activities and real estate under construction, must not exceed 15% of the REIT's total asset value and cannot be accounted towards meeting the 75% requirement.

(b) Non-real estate assets

The value of a REIT's investments in securities (which must be traded, except for unlisted debt securities) issued by any single issuer and group of companies must not exceed 5% and 10%, respectively.

(c) Cash, deposits and money market instrument

The REIT's assets may consist of placement of deposits provided that it is with a financial institution.

DISTRIBUTION POLICY

Pursuant to the Trust Deed, it is the policy of the Manager to distribute at least 90% of the distributable income for each financial year.

Commencing from the financial quarter ended 31 March 2020 of the financial year ended 30 June 2020, the frequency of distribution was changed from quarterly to semi-annually.

MANAGEMENT DISCUSSION & ANALYSIS

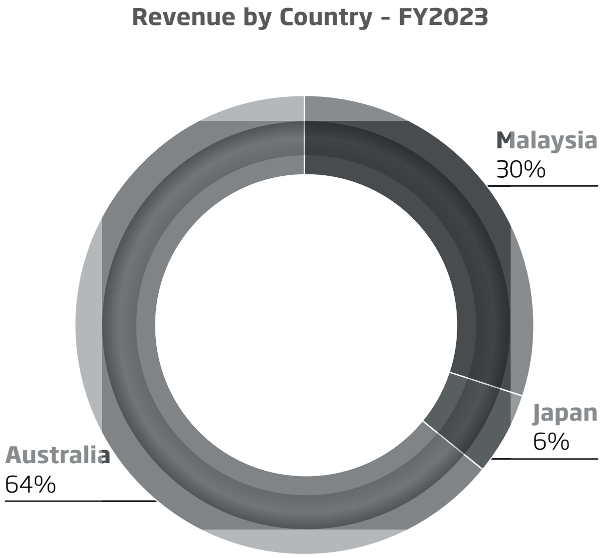
FINANCIAL REVIEW

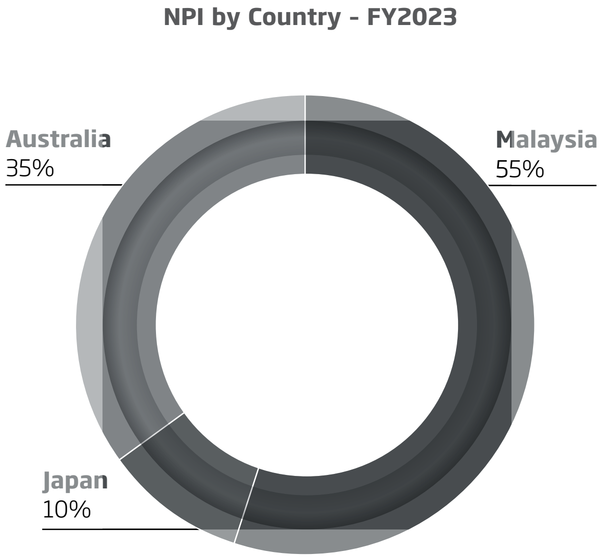
PERFORMANCE OF THE GROUP

	FY2023 RM'000	FY2022 RM'000	Change %
Revenue			
- Hotel revenue (Management contracts)	**313,407**	189,334	+65.5
- Property revenue (Master leases)	**173,423**	174,523	(0.6)
Total revenue	**486,830**	363,857	+33.8
Net property income ("NPI")			
- Management contracts	**88,904**	51,024	+74.2
- Master leases	**162,367**	163,794	(0.9)
NPI	**251,271**	214,818	+17.0
Profit before tax	**146,632**	87,020	+68.5
Income available for distribution	**126,863**	70,956	+78.8
Total income distribution	**126,863**	67,409	+88.2

Segmental Results of the Group

	Property rental		Hotel	
	Malaysia RM'000	Japan RM'000	Australia RM'000	Total RM'000
FY2023				
External revenue	**146,145**	**27,278**	**313,407**	**486,830**
Operating expenses	**(7,441)**	**(3,615)**	**(224,503)**	**(235,559)**
NPI	**138,704**	**23,663**	**88,904**	**251,271**
FY2022				
External revenue	146,044	28,479	189,334	363,857
Operating expenses	(7,388)	(3,341)	(138,310)	(149,039)
NPI	138,656	25,138	51,024	214,818


Revenue by Country - FY2023
Malaysia
30%
Japan
6%
Australia
64%


NPI by Country - FY2023
Australia
35%
Malaysia
55%
Japan
10%

MANAGEMENT DISCUSSION & ANALYSIS
FINANCIAL REVIEW

Review of Financial Performance

For the current financial year under review, the Group recorded revenue and net property income of RM486.830 million and RM251.271 million, respectively, as compared to RM363.857 million and RM214.818 million, respectively, recorded in the preceding year. This represented an increase of 33.80% and 16.97%, respectively.

The Group recorded a profit before tax of RM146.632 million for the current financial year ended 30 June 2023, an increase of 68.50% as compared to a profit before tax of RM87.020 million recorded in the preceding year mainly due to the following:-

(i) improved performance from hotel segment contributed by factors set out under "Review of Operating Business Segments"; and

(ii) fair value gain on properties of RM68.050 million comprising RM60.582 million fair value gain from the annual valuation carried out in May 2023 and fair value gain on unbilled lease income of RM7.468 million during the current financial year as compared to net fair value loss on properties of RM6.340 million comprising RM65.177 million fair value gain from the annual valuation carried out in May 2022 which was offset by the fair value loss on unbilled lease income of RM71.517 million recognised during the preceding year;

which was offset by:

(i) higher finance costs in current financial year of RM93.879 million as compared to RM60.361 million recorded in the preceding year; and

(ii) unrealised foreign currency translation loss of RM6.012 million on borrowings denominated in foreign currencies as compared to an unrealised foreign currency translation gain of RM12.829 million recognised during the preceding year.

Income available for distribution in the current financial year of RM126.863 million, represented an increase of 78.79% as compared to RM70.956 million recorded in the preceding year. The overall performance of the operating business segments is set out under the "Review of Operating Business Segments".

Review of Operating Business Segments

The performance of the respective operating business segments for the financial year ended 30 June 2023 as compared to the preceding financial year is analysed as follows:-

- ***Hotel***

  For the current financial year, revenue and net property income from the Australian portfolio improved as a result of the reopening of the country's international borders in early 2022 which activated the demand from corporate and leisure markets. Both average daily room rates and average occupancy rates have seen a strong rebound across the portfolio.

- ***Property rental***

  The rental variations programme which involved all the Malaysian and Japanese properties (except The Green Leaf Niseko Village) reduced the lease rentals by 50% for twenty-four months commencing 1 July 2020 ended on 30 June 2022. The rentals for the properties have been normalised from 1 July 2022 onwards.

  The deferred rental which is the difference between the original rentals and reduced rentals are to be paid on a staggered basis within seven years or over the remaining tenures of the existing leases whichever is earlier. Accordingly, the first rental difference was collected at the end of June 2023.

  Revenue and net property income from the Malaysian and Japanese properties approximated that of the preceding financial year except that the revenue for the current financial year comprised mostly realised rental income.

DISTRIBUTION OF INCOME

An interim distribution of income for the six months from 1 July 2022 to 31 December 2022 (which is tax exempt at the Trust level under the amended Section 61A of the Income Tax Act 1967) of 3.06 sen per unit (all taxable in the hands of unitholders) amounting to RM52,154,300 was paid on 30 March 2023.

For the six months from 1 January 2023 to 30 June 2023, the Manager has declared a final income distribution (which is tax exempt at the Trust level under the amended Section 61A of the Income Tax Act 1967) of 4.38 sen per unit (all taxable in the hands of unitholders), totaling RM74,708,478.

Total distribution paid and declared for the financial year ended 30 June 2023 was 7.44 sen per unit, totaling RM126,862,778, which translates to a yield of approximately 8.00% based on the twelve months weighted average market price of RM0.93 per unit.

The total income distribution of RM126,862,778 represents approximately 100% of the realised and distributable income for the financial year ended 30 June 2023.

The effect of the income distribution in terms of the net asset value per unit of the Group as at 30 June 2023 is as follows:-

	Before distribution RM	After distribution RM
Net asset value ("NAV") per unit	1.780	1.706

MANAGEMENT DISCUSSION & ANALYSIS
FINANCIAL REVIEW

FINANCIAL POSITION

As at 30 June	2023 RM'000	2022 RM'000	Change %
Investment properties	**2,792,750**	2,754,328	+1.4
Property, plant and equipment	**2,085,578**	1,971,944	+5.8
Cash & cash equivalents	**183,599**	83,633	+119.5
Other assets	**65,351**	92,345	(29.2)
Total assets	**5,127,278**	4,902,250	+4.6
Borrowings	**2,065,981**	2,038,550	+1.3
Other liabilities	**153,894**	90,952	+69.2
Total liabilities	**2,219,875**	2,129,502	+4.2
NAV	**2,907,403**	2,772,748	+4.9
No. of units in circulation ('000)	**1,704,389**	1,704,389	-
NAV per unit (RM)	**1.706**	1.627	+4.9

Analysis of NAV of the Group since the last financial year ended 30 June 2022:-

As at 30 June	2023	2022
Total NAV (RM'000)	**2,907,403**	2,772,748
NAV per unit (RM)	**1.706**	1.627

The increase in total NAV and NAV per unit was mainly due to the recognition of revaluation surplus on the real estate properties during the current financial year.

Capital Management

The Manager optimises YTL REIT's capital structure and cost of capital within the borrowing limits prescribed by the Listed REIT Guidelines via a combination of debt and equity funding for future acquisitions and improvement works at the real estate properties.

The capital management strategy for the Group and the Trust involves:-

(a) adopting and maintaining an optimal gearing level; and

(b) adopting an active interest rate management strategy to manage risks associated with changes in interest rates while maintaining flexibility in YTL REIT's capital structure to meet future investment and/or capital expenditure requirements.

Clause 8.32 of the Listed REIT Guidelines provides that the total borrowings of a real estate investment trust (including borrowings through issuance of debt securities) should not exceed 50% of its total asset value at the time the borrowings are incurred. The temporary increase in the gearing limit for Malaysian real estate investment trusts from 50% to 60% as approved by the SC has lapsed on 31 December 2022.

The Manager reviews the capital structure of the Group on a regular basis and monitors capital using a gearing ratio guided by the Listed REIT Guidelines, which is total borrowings divided by total assets.

- **Gearing**

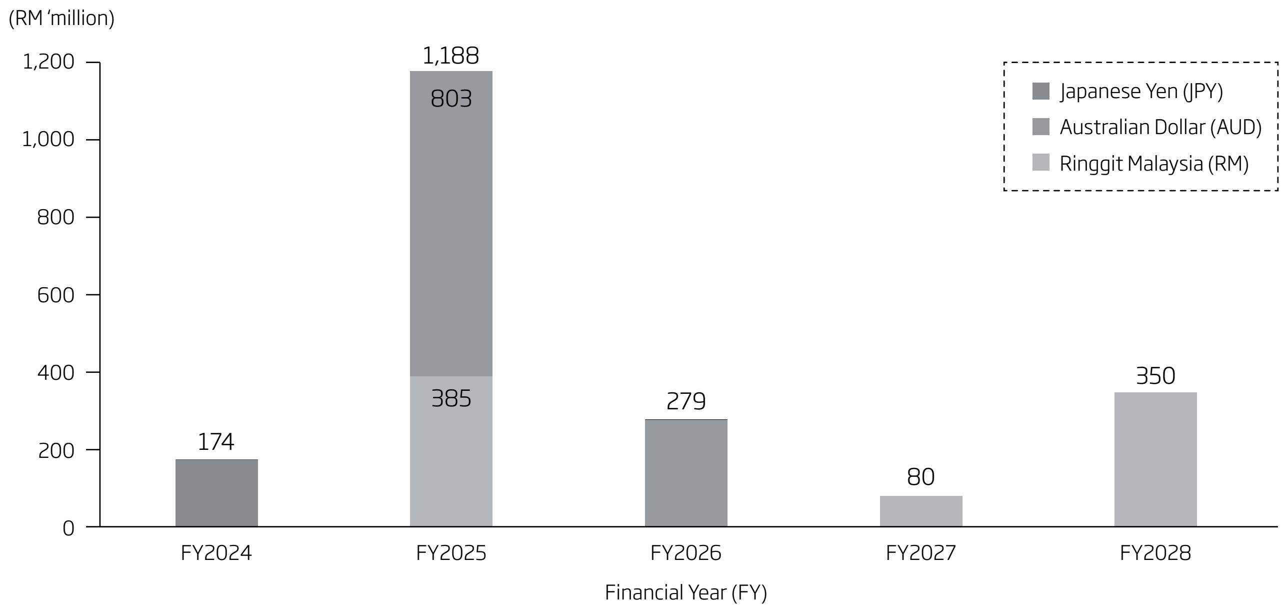
As at 30 June	2023 RM'000	2022 RM'000	Change %
Borrowings	**1,256,253**	1,228,095	+2.3
Medium term notes	**815,000**	815,000	-
Total borrowings	**2,071,253**	2,043,095	+1.4
Total assets	**5,127,278**	4,902,250	+4.6
Gearing ratio (%)	**40.40**	41.68	(1.28pp)

- **Debt profile**

The Group diversifies its risks from borrowings via a combination of fixed and floating rates and spreads out the debt maturity profile to avoid concentrated repayment in any one financial year. Borrowings are also undertaken in the functional currency of the country where the real estate portfolio is located, thereby serving as a natural hedge and minimising foreign currency translation exposure.

The maturity of the Group's borrowings denominated in the respective functional currency is as set out below:-

Debt Maturity Profile



Capital Expenditure/Asset Enhancement

During the current financial year, Marriott hotels in Australia and certain Malaysian hotel properties initiated and completed asset enhancement works amounting to RM15.554 million and RM0.853 million, respectively.

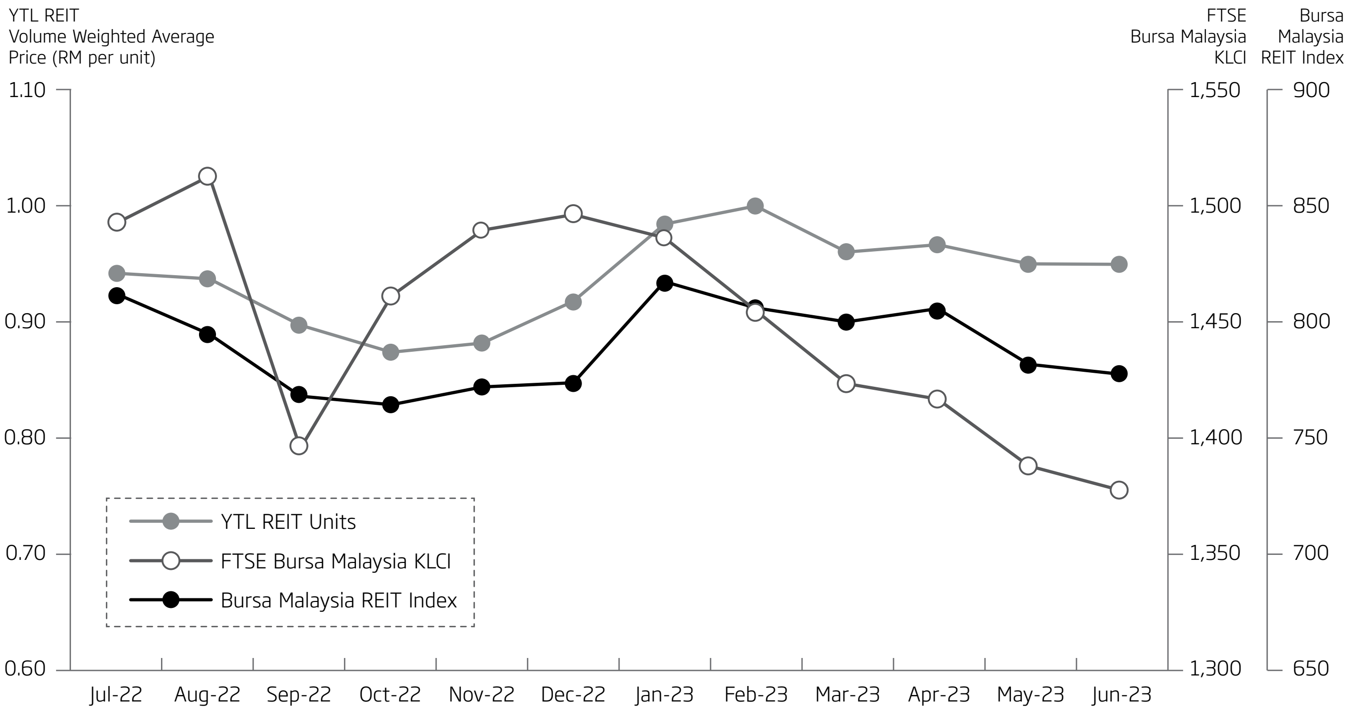
MANAGEMENT DISCUSSION & ANALYSIS
FINANCIAL REVIEW

UNIT PERFORMANCE

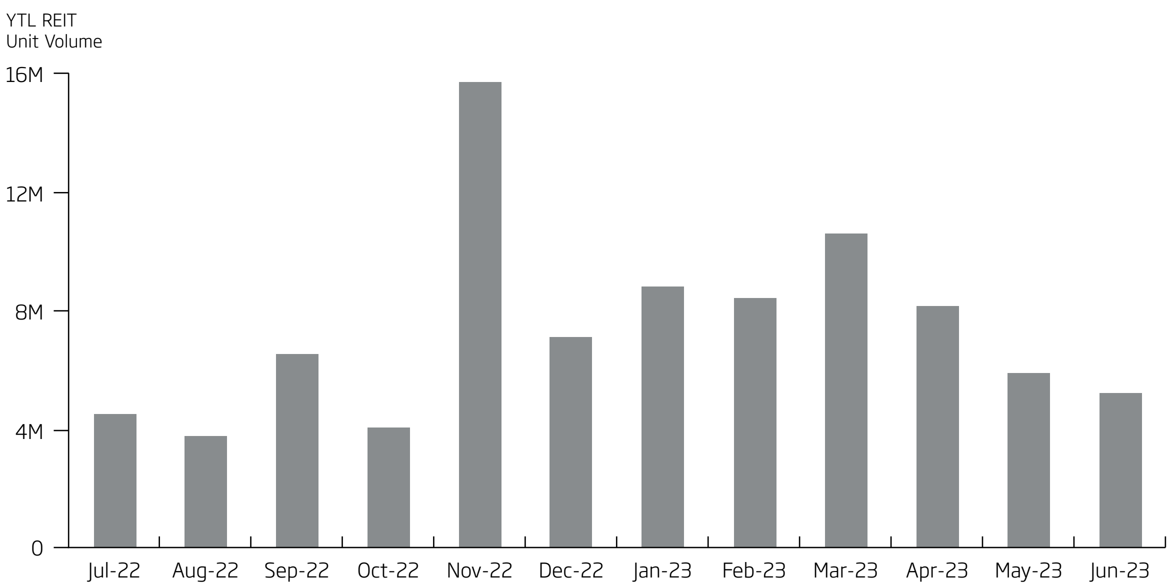
The Trust's units traded at RM0.95 per unit at the beginning of the financial year and ended the year at RM0.95 per unit, with a volume weighted average price for the financial year of RM0.93 per unit. During the financial year under review, the closing prices of the Trust's units recorded a high of RM1.01 per unit and a low of RM0.85 per unit.

Analysis of changes in prices during the financial year ended 30 June 2023:-

Performance of YTL REIT Units vs FTSE Bursa Malaysia KLCI and Bursa Malaysia REIT Index



Volume of YTL REIT Units Traded on Bursa Securities



Source: Bloomberg

BENCHMARK RELEVANT TO THE GROUP

Management Expense Ratio ("MER")

	2023	2022
MER for the financial year	**0.50%**	0.47%

MER is calculated based on the ratio of the sum of fees (all ongoing fees deducted or deductible directly during the financial year, including manager's fees, trustee's fee, auditors' remuneration and other professional fees and any other fees deducted or deductible directly from the Group) and the recovered expenses (all expenses recovered from or charged to the Group as a result of the expenses incurred by the operation of the Group) to the average value of the Group calculated on a quarterly basis.

Since the basis of calculating MER can vary among real estate investment trusts, there is no sound basis for providing an accurate comparison of YTL REIT Group's MER against other real estate investment trusts.

MANAGEMENT DISCUSSION & ANALYSIS

SEGMENTAL REVIEW

YTL REIT's investment portfolio was valued at RM4,953.0 million as at 30 June 2023, an increase of RM215.6 million or 4.6% compared to the previous valuation of RM4,737.4 million as at 30 June 2022, mainly due to the increase in valuation of the Australian Portfolio.

YTL REIT's net asset value per unit increased to RM1.706 as at 30 June 2023 compared to RM1.627 as at 30 June 2022.

MALAYSIAN PORTFOLIO

YTL REIT's Malaysian portfolio consists of a diverse range of ten assets, from five-star properties and luxury resorts to business hotels in key city centres across the Peninsula. YTL REIT maintains fixed lease arrangements for the properties and benefits from the stable income produced by this revenue structure.

The Trust's domestic portfolio comprises luxury assets situated in the Golden Triangle commercial precinct of Kuala Lumpur, namely the JW Marriott Hotel Kuala Lumpur, The Ritz-Carlton Hotel Wing and The Ritz-Carlton Suite Wing, as well as The Majestic Hotel Kuala Lumpur, Pangkor Laut Resort, Tanjong Jara Resort, Cameron Highlands Resort and the AC Hotels operating in Kuala Lumpur, Kuantan and Penang.

During the financial year under review, Malaysia's tourism sector continued to rebound steadily, underpinned by improving domestic tourism and a rise in international tourist arrivals, as pent-up demand continued to be released following the multi-year pandemic restrictions and controls. This resulted in better guest numbers across the Trust's properties. With a notable preference for Malaysia particularly throughout the Southeast Asian region, the outlook for the sector remains positive, with projected increases in tourist arrivals from the wider Asian region and beyond anticipated to drive further recovery in the near to medium term.

INTERNATIONAL PORTFOLIO - JAPAN

YTL REIT's portfolio in Japan is made up of the Hilton Niseko Village and The Green Leaf, both of which are situated in Hokkaido, Japan, and operate under fixed lease arrangements, ensuring a steady level of income for the Trust.

The number of international visitors to Japan, including the Niseko area, increased significantly from October 2022, mainly due to the easing of entry restrictions into Japan, the ski season and the higher number of direct flights to Japan. The occupancy rate of the Trust's Japan properties demonstrated significant improvements primarily due to the easing of entry restrictions for international tourist arrivals.

INTERNATIONAL PORTFOLIO - AUSTRALIA

YTL REIT's Australian portfolio is made up of the Sydney Harbour Marriott, Brisbane Marriott and Melbourne Marriott. The Trust is afforded the benefit of a variable source of income from the operation of these hotel assets.

Australia's tourism industry has experienced robust recovery following the lifting of travel restrictions. The rebound has been primarily driven by the resurgence of the domestic tourism segment and gradual yet consistent increase in international tourist arrivals. The corporate segment has also continued to improve albeit not yet to pre-pandemic levels, with complete recovery across all guest segments expected in 2025.

The Sydney Harbour Marriott achieved a significant increase in occupancy, reaching 74.46% during the financial year under review, compared to 39.05% last year. This boost can be attributed to the strong domestic leisure market, which was keen to travel and had accumulated savings from the COVID lockdowns. The Sydney Harbour Marriott is a 5-star, 595-room hotel set in the heart of Circular Quay, overlooking iconic landmarks including Harbour Bridge and the Sydney Opera House.

Similarly, the Melbourne Marriott, featuring 189 rooms, witnessed higher occupancy of 71.40% for the current financial year compared to 37.14% recorded last year, resulting mainly from robust domestic leisure demand. During the year, the Executive Lounge was relocated from the 9th floor to the ground floor, with this reconfiguration increasing the room inventory to 189 from 186 guestrooms previously. The Melbourne Marriott is located close to the city's theatre precinct and is within minutes of the Bourke and Collins street shopping districts, Chinatown, the Melbourne Museum and the Royal Exhibition Building.

In the 2023 financial year, the Brisbane Marriott, consisting of 267 rooms, registered higher occupancy of 72.80% as compared to 59.09% recorded in the previous year, primarily fueled by the solid domestic leisure market. The Brisbane Marriott is located between Brisbane's central business district and the Fortitude Valley hub, close to shopping, riverside dining along the Brisbane River, and the city's corporate and cultural locales.

Please refer to the *Review of the Property Market* in this Annual Report for further information on the markets and property sectors in which YTL REIT invests.

MANAGEMENT DISCUSSION & ANALYSIS

RISK MANAGEMENT

FINANCIAL RISK MANAGEMENT

The Group's operations are subject to market, foreign currency exchange, interest rate, price, credit and liquidity risks. The Group focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

Further details on the Group's financial risk management can be found in *Note 34* of the *Notes to the Financial Statements* in this Annual Report.

OPERATING RISK MANAGEMENT

Business/Market Risk

The YTL REIT Group is exposed to the economic, financial and hospitality/tourism markets in Malaysia, Japan and Australia. Any negative developments in these areas or globally may impact the Group's financial performance and the valuation of its asset portfolio.

The YTL REIT Group works to manage these factors through the revenue structure of its portfolio whereby the Trust receives stable, medium to long term fixed lease income from its Malaysian and Japanese portfolios and variable income from its Australian assets. This structure is intended to insulate part of the portfolio from the cyclical nature of the hospitality industry, balanced with any potential upside generated from better performance in other parts of the portfolio.

Regulatory/Compliance Risk

YTL REIT is required to comply with applicable legislation, regulations and guidelines including the Capital Markets and Services Act 2007, the Main Market Listing Requirements of Bursa Securities, the Listed REIT Guidelines, exchange control rules issued by Bank Negara Malaysia and tax legislation and regulations, where failure to do so may result in fines, penalties or other remedies available to the regulatory authorities.

Any such compliance failures may impact the Trust's financial performance or reputation, whilst amendments to existing requirements or introduction of new requirements may also increase compliance costs.

The Manager addresses these risks via its governance and internal control frameworks to monitor and ensure compliance, further details of which can be found in the *Corporate Governance Overview Statement* in this Annual Report.

MANAGEMENT DISCUSSION & ANALYSIS
OUTLOOK

Global economic growth is projected to decelerate in 2023, reflecting the challenging and uncertain economic environment. The outlook for global growth is tilted to the downside, with risks including increased geopolitical fragmentation, higher-than-expected inflation and a sharp tightening in global financial market conditions, including further stress in the banking sector. Despite the challenging global environment, the Malaysian economy is projected to continue to expand at a steady, albeit moderated, rate of 4% to 5%. Strong domestic demand will remain the primary growth driver, supported by further improvements in labour market conditions, ongoing and new multi-year investment projects and higher tourism activity *(source: Bank Negara Malaysia updates)*.

With the ongoing steady recovery and reopening of key international markets, Malaysia is well-positioned to strengthen its stature as a preferred tourism destination in the region, boding well for the Trust's comprehensive range of guest offerings across prime luxury, business travel and resort experiences.

In Japan, the economy is projected to experience moderate recovery in 2023, with the materialisation of pent-up demand. However, this is expected to be hampered by high past commodity prices and the anticipated slowdown in the global economy. The forecast real GDP growth rates for the full 2023 calendar year have been revised lower to between 1.1% and 1.5%, mainly due to lower projections for private consumption. The risks to the Japanese economy are skewed to the downside, as uncertainties persist in the global economic environment, as well as the ongoing situation in Ukraine and the associated developments in commodity prices *(source: Bank of Japan updates)*.

Tourist arrivals and occupancy rates in Hokkaido are expected to continue on an upward trajectory. The Niseko district, renowned for the quantity and quality of its snow, is one of the most popular ski destinations in Japan, and the Trust's properties are well-positioned to cater to increasing guest demand for both winter and summer preferences.

Meanwhile, the Australian economy has slowed in recent quarters and is projected to grow at 1.25% for the full 2023 calendar year. Higher interest rates, increased costs of living and previous declines in household wealth are likely to continue weighing on growth in the near term. Whilst labour shortage issues are beginning to ease with the recent pick-up in overseas arrivals, alongside low levels of departures, the labour market remains tight and inflationary concerns remain elevated and broad-based *(source: Reserve Bank of Australia updates)*.

With the return to normalcy in the jurisdictions where the Group operates and ongoing release of pent-up demand across the global tourism industry, the hospitality sector is expected to maintain a relatively positive outlook, even in the face of the potential downside risks of higher inflation, interest rate hikes and other economic factors.

The fluidity of developments and the velocity of change in market conditions remain areas for concern and the Manager will continue to proactively manage the business and take necessary actions to protect the long term prospects of the Trust's portfolio and deliver sound performance.

REVIEW OF THE PROPERTY MARKET

YTL Hospitality REIT and its subsidiaries ("Group") own fifteen (15) hospitality properties, ten (10) in Malaysia, three (3) in Australia and two (2) in Japan. The Malaysian properties are located in Kuala Lumpur, Pahang, Perak, Terengganu and Penang. The Australian properties are located in the capital cities of Australia's three most populous states, i.e. Sydney in New South Wales, Brisbane in Queensland and Melbourne in Victoria. The Japanese properties are located in the Niseko area of the island of Hokkaido.

MALAYSIA

1. Economy

The Malaysian economy emerged from the health and economic crisis with a strong recovery in 2022. This has been on the back of substantial policy support, sound macroeconomic fundamentals and a strong financial system. Buffers built during good times preceding the pandemic enabled the economy to weather the crisis. With the pandemic now mostly behind us, the country must rebuild these buffers to serve as a source of strength against future shocks, as they did in this crisis. In addition, measures to further strengthen the foundations of the economy and enhance the economic potential in a post-pandemic world will be critical to deliver sustainable and inclusive growth over the long term.

In 2022, the global economic and trade growth moderated to 3.4% and 5.4%, respectively (2021: 6.2% and 10.4%, respectively). Growth was weighed down by, amongst others, the COVID-19 pandemic, domestic issues in China, military conflict in Ukraine, elevated inflation and tighter monetary policy. Pent-up demand supported global economic and trade activities as many countries lifted containment measures and shifted towards endemicity. Global inflation rose on account of both supply and demand factors. Commodity prices rose rapidly, primarily caused by supply chain disruptions due to the Ukraine conflict and China's zero-COVID policy. The environment of stronger demand, tight labour markets and elevated commodity prices caused inflation to rise to historical highs particularly in advanced economies. Central banks raised interest rates – some aggressively – resulting in a broad tightening in financial conditions and higher risk aversion.

The Malaysian economy expanded by 8.7% in 2022 (2021: 3.1%) despite the challenges faced throughout the year. This was contributed by the full upliftment of containment measures, resilient growth in exports, particularly commodity exports, revival of tourism activity and continued policy support. However, the pace of recovery was uneven across sectors. Leisure-related services, mining and quarrying, agriculture and construction sectors remained below pre-pandemic levels. Activities in these sectors were constrained by the more gradual recovery in tourist arrivals, oil and gas facility closures for maintenance purposes, labour shortages and higher input prices, respectively.

Growth in 2022 was largely driven by domestic demand, mainly from firm private sector expenditure. Improvements in labour market conditions and wage growth led to an increase in household spending. This was supported by the realisation of pent-up demand and continued policy support. In line with the reopening of the economy, public and private investment improved significantly. The improvement was contributed by public infrastructure projects, resumption of construction activity, as well as continued investments by firms to automate and digitalise their operations. Furthermore, external demand remained resilient and provided support to the economic growth in 2022.

Headline inflation increased in 2022 to 3.3% (2021: 2.5%), mostly contributed by higher prices of food-related goods and services. In addition, prices for other Consumer Price Index services including rental, restaurants and hotels rose too. Upward price pressures arose from a combination of cost and demand factors. The cost factors included high global commodity prices, prolonged supply-related disruptions, sustained US dollar strength against the Malaysian ringgit, domestic food supply shortages and seasonal factors. Meanwhile, demand conditions improved following the reopening of the Malaysian economy. These factors resulted in higher cost pass-through to consumer prices. The full impact was, however, contained by existing price controls, subsidies, and the remaining spare capacity in the economy. Underlying inflation, as measured by core inflation, was also elevated at 3.0% (2021: 0.7%) due to strengthening demand conditions following the reopening of the economy. Price pressures also became more broad-based during the year, albeit with some moderation in the inflation pervasiveness from September 2022 onwards.

The Overnight Policy Rate (OPR) was gradually raised to 2.75% from a historical low of 1.75% through four consecutive adjustments beginning in May 2022. The recalibration of the OPR was warranted as the unprecedented conditions experienced during the height of the pandemic had abated. Nevertheless, such adjustments were undertaken in a gradual and measured manner to ensure sustainable growth over the longer term while enabling the banks to pre-emptively manage the potential risk of excessive demand on price pressures. Overall, credit conditions remained supportive of the financing needs of households and businesses as the economy fully reopened. Targeted support also remained available, particularly for viable borrowers and those in the most affected segments that may take longer to recover.

The services sector registered a strong growth of 10.9% (2021: 1.9%). Activities within high-touch services (e.g. retail, dining out and recreational activities), as well as the transport and storage subsector continued to recover during the year. This was supported by the full upliftment of containment measures and gradual recovery of tourism activities amid the reopening of international borders on 1 April 2022. Furthermore, the use of delivery services and e-commerce remained strong, reflected by higher online retail trade activity, which grew by 19.8% in 2022 (2021: 18.4%). Real estate and business services also improved throughout the year, in line with the pickup in manufacturing and construction activities.

The manufacturing sector grew by 8.1% (2021: 9.5%), lifted by the strength of global and domestic demand. The full upliftment of containment measures lent support to production activity. Despite the slowdown in global semiconductor sales, growth in Malaysia's electrical and electronic cluster remained supported by backlog in orders and demand related to technological megatrends such as electric vehicles, artificial intelligence and Internet of Things. Production in the primary sector was mainly supported by the ramp-up in output at a major oil refinery in Johor. Meanwhile, the consumer-related cluster benefitted from improvement in household spending and higher demand in the transport segment amid the sales and service tax exemption on passenger cars.

The agriculture sector expanded by 0.1% (2021: -0.2%) due to strong performance in oil palm production. During the year, oil palm output recovered as harvesting activity improved following the re-entry of migrant workers to the plantation sector in the fourth quarter of 2022. However, the growth was partially offset by the weaker performance in other agriculture subsectors amid rising input costs particularly for animal feed and fertiliser.

The mining sector expanded further by 3.4% (2021: 0.3%), amid higher oil and gas output. Growth was lifted by the operationalisation of the new Pegaga gas field in Block SK320 located in offshore East Malaysia since March 2022 and ramp-up in PETRONAS Floating Liquefied Natural Gas-2 (PFLNG2) production. The improvement in other mining subsector also contributed to growth. These factors had more than offset the impact of facility closures for maintenance purposes such as the Gumusut-Kakap field.

The construction sector recovered to expand by 5.0% (2021: -5.2%), following a broad-based pickup in activities across all subsectors. The non-residential subsector rebounded strongly from the previous year, on account of faster progress of large commercial real estate and industrial projects. Similarly, the special trade subsector recorded higher growth supported by early- and end-stage works such as site preparation and installation, as well as continued implementation of small-scale projects. The pace of recovery in the civil engineering and residential subsectors were marginally slower, partly hampered by prolonged labour shortages and elevated building material costs.

Overall, labour market conditions improved steadily in 2022, supported by firmer economic growth following the easing of COVID-19 containment measures, normalisation of economic activity and full reopening of international borders. Employment improved, while unemployment and underemployment rates declined to 3.9% and 1.3% of the labour force, respectively (2021: 4.6% and 2.1%). Robust employment growth was matched by the labour force expansion in 2022, with the labour force participation rate recovering beyond its pre-pandemic rate (2022: 69.3%; 2019: 68.9%). Nonetheless, the risk of scarring among vulnerable segments e.g., women and youth, continue to remain a concern.

In the first quarter of 2023 (Q1 2023), the services sector expanded by 7.3% (Q4 2022: 9.1%), manufacturing sector expanded by 3.2% (Q4 2022: 3.9%), construction sector expanded by 7.4% (Q4 2022: 10.1%), mining sector expanded by 2.4% (Q4 2022: 6.3%) and agriculture sector expanded by 0.9% (4Q 2022: 1.1%). The unemployment rate, as high as 4.9% during the COVID-19 pandemic, has now fallen to 3.5% in Q1 2023, almost as low as the pre-COVID years (3.3% to 3.4%) in 2017 to 2019.

In 2022, Malaysia's economy experienced a significant rebound alongside the country's transition to an endemic phase and the reopening of its borders beginning 1st April 2022. However, at the start of 2023, the pace of economic growth started to moderate. This moderation is seen as a positive sign, indicating that the economy has successfully overcome the adverse effects of the pandemic and has returned to a stable state.

In Q1 2023, the Gross Domestic Product grew by 5.6% year-on-year to RM380.3 billion, almost matching the average quarterly growth of 5.0% in the pre-COVID-19 years (2017 to 2019). This encouraging growth was supported by further expansion of household spending, continued investment activity, improving labour market conditions and a return of tourism activities. Improvements in the labour market have directly affected private consumption which in turn has supported economic growth.

For 2023, the Malaysian economy is expected to continue to expand amid slower external demand. Growth will be driven by domestic demand, supported by improving labour market conditions, higher tourism activity and further progress of multiyear investment projects. Domestic financial conditions also remain conducive to financial intermediation. The risks to Malaysia's growth outlook are fairly balanced. Upside risks are mainly from domestic factors such as stronger-than expected tourism activity and implementation of projects including those from the re-tabled Budget 2023. Meanwhile, downside risks stem from weaker-than-expected global growth and more volatile global financial market conditions.

REVIEW OF THE PROPERTY MARKET

For 2023, headline and core inflation are projected to moderate over the course of the year but remain elevated at an average of between 2.8% and 3.8%. The moderation is mainly attributed to lower global cost factors, amid the easing of supply chain disruptions and lower commodity prices. However, core inflation will remain at elevated levels due to firm demand conditions. Upward pressures to inflation are expected to continue to be partly contained by existing domestic policy on price controls and fuel subsidies. The balance of risk to the inflation outlook is tilted to the upside, as it remains subjected to changes to domestic policy measures on administered prices, financial market developments and commodity price developments.

Moving forward, the knock-on impact of weaker external demand on domestic demand, particularly investment spending, is expected to result in soft economic activity over the remainder of 2023. As the nation continues to recover from the economic impact of the pandemic, economic growth is expected to follow a more stable trajectory, moving in a relatively straight line.

Sources: Savills Malaysia Sdn Bhd (July 2023), Bank Negara Malaysia Annual Report 2022 & Bank Negara Malaysia Quarterly Bulletin Q1 2023

2. Hotel Sector

Malaysia

Malaysia registered 10,070,964 international tourist arrivals in 2022, reporting a drastic increase of 7,375.03% as compared to 134,728 tourist arrivals recorded in 2021.

In 2022, the tourism industry experienced an upswing marked by a notable surge in tourist arrivals and receipts. The number of visitors reached 10.1 million, contributing to a total tourism receipt of RM28 billion. This translates to an average expenditure of approximately RM2,772 per tourist.

The growth trajectory was fuelled by the reopening of the border and a successful vaccination program against COVID-19. The reopening of the border on 1 April 2022 played a pivotal role in attracting more visitors. As travel restrictions eased and international travel resumed, tourists gained the opportunity to discover the destination's diverse attractions and experiences, resulting in heightened interest and increased visitor numbers.

The successful implementation of a comprehensive COVID-19 vaccination program played a vital role in restoring confidence in travel by mitigating health risks. The widespread vaccination efforts provided reassurance to both domestic and international tourists. The availability of vaccinations and the associated safety measures created a sense of security, fostering a positive environment for tourism recovery.

Overall, the surge in tourist arrivals and receipts in 2022 showcases Malaysia's tourism industry's positive momentum, demonstrating its ability to recover and thrive amidst challenging circumstances.

The tourism landscape in Malaysia saw a notable presence of visitors from Singapore, Indonesia, Thailand, India and Brunei, making them the top five countries contributing to the country's tourism sector. Collectively, these countries accounted for a total of 8.0 million or 79% of the total tourist arrivals in Malaysia. The strong representation demonstrates the appeal and attractiveness of Malaysia as a preferred destination for travellers within Southeast Asia and beyond.

Notably, a prominent market player, China had yet to reach the top five due to the strict COVID-19 restrictions enforced within its borders. These stringent measures imposed by the Chinese government greatly impacted outbound travel and limited the number of Chinese tourists visiting other countries, including Malaysia.

The anticipated trajectory of Malaysia's tourism sector in 2023, fuelled by the reopening of China's borders, reflects an optimistic outlook in the business realm. With the steady recovery and reopening of key international markets, Malaysia is well-positioned to strengthen its position as a preferred tourism destination in the region.

The summary of the market outlook for hospitality sector are dependent on 3 main key points as below:-

a) Reopening of China's borders provides a tailwind to the tourism industry

Albeit a slow recovery, reopening China's borders is expected to give a much-needed lift. Before the onset of the pandemic, Malaysia welcomed over 3 million Chinese tourists in 2019, who contributed an average expenditure of RM4,921 per capita. This noteworthy statistic indicates the potential for future growth and opportunities in the tourism sector.

b) Robust hotel inventory expansion

Despite the challenges posed by rising inflation, the hospitality sector continues to experience market growth and expansion of renowned local establishments and the emergence of exciting new players in the hospitality market, including highly anticipated brands such as Kempinski and Kimpton. These developments underscore the dynamic and thriving nature of the industry as it demonstrates its readiness to embrace both challenges and opportunities on the horizon.

c) Acceleration of adoption of technology

The COVID-19 pandemic, coupled with a shortage of workers and rising costs, has accelerated technology adoption in the hospitality sector, i.e.: contactless check-in, mobile keys, mobile payments and ordering, as well as the adoption of social media and online reputation management tools to leverage for customer engagement and feedback.

Source: Savills Malaysia Sdn Bhd (July 2023)

Kuala Lumpur

The hospitality market in Malaysia saw significant growth in 2022, with the addition of several hotels, such as Parkroyal Collection Kuala Lumpur, Lloyd's Inn Kuala Lumpur, M Resort & Hotel Kuala Lumpur and Amari Kuala Lumpur, adding a total of 1,272 keys. This resulted in a cumulative supply of 31,534 hotel keys by the end of 2022, demonstrating the industry's expansion and ability to meet travellers' evolving demands.

In 2023, 10 new hotels are expected to open, adding 1,307 keys to the existing supply. Seven more hotels are set to open in 2024, contributing another 2,028 keys to the market, surpassing the pre-COVID levels observed in 2019. This milestone highlights the industry's remarkable recovery and resilience, indicating its potential for long-term growth.

The COVID-19 pandemic caused a decline in the hospitality sector's average occupancy rate (AOR), dropping to 25.1% and 23.6% in 2020 and 2021 from 59.9% in 2019.

As of January to September 2022, the AOR has rebounded to 44.3%, indicating an improvement in market performance, however, it is below pre-pandemic levels. Despite this, hotel occupancy in Kuala Lumpur is expected to grow further with revenue per available room recovering in 2023 in line with the further recovery in tourism activities.

The rebound in AOR can be attributed to several factors, including a surge in tourist arrivals (domestic and international tourists), innovation within the hotel industry and the resumption of business and conference travel.

The market has also demonstrated resilience and adaptability, with new players and opportunities constantly emerging.

As a result, the rebound in the AOR is expected to contribute to an overall improvement in hotel performance in Kuala Lumpur, providing a silver lining amidst market uncertainties.

Source: Savills Malaysia Sdn Bhd (July 2023)

Perak

In 2021, Perak received 1.4 million domestic tourists. The Perak State Government through the Northern Corridor Implementation Authority (NCIA) and Ipoh local authority launched Ipoh Heritage Tourism project (Visit Ipoh Year 2023) in May 2022 which also involved the upgrading of the Ipoh Tourism Triangle. Visit Perak Year 2024 with the theme of 'Rehabilitation and Conservation Tourism' targets 8 million domestic tourist arrivals. 350,000 foreign tourists are also targeted to visit Perak in 2024 with the launching of Conservation Tourism in International Tourism Berlin 2023 to promote tourism while also assist the conservation missions to protect Royal Belum and the Malayan Tiger.

The top tourist destinations in Perak are Dutch Fort, Gaharu Tea Valley, Ipoh Railway Station, Kellie's Castle, Teluk Intan's Leaning Tower, Maxwell Hill, Taiping Lake Gardens, Pangkor Island, Tempurung Cave and others.

There was no hotel completion recorded in Perak in year 2022. As at the end of 2022, there were 330 hotels (16,451 rooms) in the existing supply with another eight hotels (685 rooms) in the incoming supply.

Sources: Azmi & Co Sdn Bhd (July 2023) & Property Market Report 2022, Valuation and Property Services Department and Ministry of Finance Malaysia

Pahang

In 2022, the hospitality market in Pahang saw a stable hotel room supply with no new additions. It has maintained a steady compound annual growth rate (CAGR) of 2.4% from 2015 to 2022.

In the coming years, the market anticipates the addition of the Grand Ion Majestic Hotel, which will add 1,885 keys to the existing supply, primarily in the Genting Highlands area. The strategic concentration of supply in this area contributes to the overall development and growth of the hospitality market in Pahang.

The recovery in the tourism industry in Pahang has been attributed to a surge in domestic tourism, increased vaccination rates and the easing of travel restrictions. The Genting Highlands, a major contributor to the tourism sector in the region, has played a significant role in this recovery by offering numerous attractions and activities that draw in a large number of visitors.

The Kuantan 188 tower, unveiled in February 2022, is also expected to attract more visitors to Kuantan and create additional tourism opportunities.

REVIEW OF THE PROPERTY MARKET

Despite the significant drop in AOR in Pahang in 2020 (to 40.7%) and 2021 (to 19.6%) due to the COVID-19 pandemic, the AOR has rebounded to 60.0% as of January to September 2022, indicating an improving market performance. Despite this, hotel occupancy in Pahang is expected to grow further with revenue per available room recovering in 2023 in line with the further recovery in tourism activities.

Although the AOR has not reached pre-pandemic levels, this recovery provides an optimistic outlook for the region to continue navigating through the challenges posed by the COVID-19 pandemic and work towards restoring occupancy levels.

Source: Savills Malaysia Sdn Bhd (July 2023)

Penang

In 2022, the hospitality market in Penang saw a significant expansion in its inventory with the inclusion of hotels such as Amari SPICE, Victoria Garden Hotel, Ascott Gurney Hotel, The Granite Luxury and Hotel Iconic Point, adding a total of 915 keys and increasing the cumulative supply to 14,239 keys. This growth exhibited a commendable year-on-year increase of approximately 6.9% in 2022 while maintaining a steady CAGR of 6.4% from 2012 to 2022.

Over the period of 2023 to 2026, the hospitality market in Penang anticipates the addition of seven new hotels, adding 1,226 keys to the existing supply. This influx of new inventory highlights a dynamic and thriving tourism industry that is resilient and progressing, ready to face the challenges and opportunities that lie ahead.

The AOR for hotels in Penang dropped to 23.7% and 22.5% in 2020 and 2021 respectively from 56.5% in 2019 due to the COVID-19 pandemic.

However, as of January to September 2022, the AOR has rebounded to 43.7%, indicating an uptick in the market's performance, though not to the pre-pandemic level. Despite this, hotel occupancy in Penang is expected to grow further with revenue per available room recovering in 2023 in line with the further recovery in tourism activities.

This rebound is attributed to the collaboration and partnership between the government, tourism authorities and industry stakeholders in promoting Penang as a tourist destination, implementing health and safety measures, domestic tourism nationwide, and the state's diverse attractions that have made it a popular destination for travellers.

As a result, the resurgence in the AOR is expected to boost the overall performance of hotels in Penang, offering hope in the face of uncertainties prevailing in the market.

Source: Savills Malaysia Sdn Bhd (July 2023)

Terengganu

In October 2022, Terengganu's tourism received 7 awards in the Majlis Anugerah Emas Majlis Pelancongan Malaysia 2022 for its international rated vacation experience and the best hospitality and services. The Terengganu Cultural Village in Losong was again awarded the best Tourist Cultural Programme by MATA (Malaysian Association of Tour and Travel Agents) and Santai Travel Magazine in December 2022. Other recipients of the award were Pusat Sains & Kreativiti Negeri Terengganu (Best Edutainment Programme), Primula Beach Hotel (Best 4-star Eco Green Beach Front Hotel) and Summer Bay Lang Tengah Island Resort (Best Island Resort Tourism Activity). It was said that in year 2022, Terengganu received 2.7 million tourists. Terengganu's Budget 2023 has allocated RM4.5 million for the development of the tourism industry for the state. An additional RM2.0 million has been allocated to enhance tourism products in every district related to 'Community Based Tourism' and islands in the state, such as improving day trip facilities in Perhentian Island, Redang Island and Kapas Island as Day Trip Centre whilst RM1.0 million has been allocated to improve and rebrand Kenyir Island Hopping.

In January 2023, Terengganu launched COE2023 (Calendar of Events) and is targeting to attract 3 million tourists to the state. Some of the iconic activities are Terengganu's Water Festival, Beautiful Terengganu Carnival, Kenyir Casting Tournament and others. The Beautiful Terengganu 2022 carnival which kicked off in March 2022 is targeted to attract 3 million tourists and aimed to revive the domestic tourism sector. Some of the events planned are Terengganu Hills Day in Bukit Maras Kuala Nerus, Festival Kopi in Kijal Resort World, Pelita Raya Tradisi Terengganu in Kampung Budaya Terengganu, Terengganu Lake Kenyir Swimming Challenge in Pulau Poh Kenyir, Fiesta Candat Sotong Beautiful Terengganu in Pulau Kekabu and others. Hopefully, these will encourage and bolster tourism activities in Terengganu and Malaysia.

The top tourist destinations in Terengganu are Pasar Besar Kedai Payang, Pulau Redang, Pantai Batu Burok, Kuala Terengganu Waterfront and Terengganu Drawbridge.

There was no hotel completion recorded in Terengganu in year 2022. As at the end of 2022, there were 245 hotels with a total number of 10,809 rooms in Terengganu. There are 5 hotels (640 rooms) in the incoming supply and 4 hotels (752 rooms) in the planned supply.

Sources: Azmi & Co Sdn Bhd (July 2023) & Property Market Report 2022, Valuation and Property Services Department and Ministry of Finance Malaysia

AUSTRALIA

1. Economy – Australian Economic Indicators – June 2023

Since mid-March 2023, market volatility has increased in the financial sector as evidenced by the recent bank turmoil, including the collapse of Silicon Valley Bank and the takeover of First Republic Bank and Credit Suisse in the United States of America and Europe. However, Australia's economic outlook and banking system are more secure than many other countries due to stricter lending protocols set down by the Australian Prudential Regulation Authority.

After remaining stable in April 2023 and against market expectations, the Reserve Bank of Australia (RBA) increased the cash rate a further 25bps (basis points) to 3.85% in May 2023 and a further 25bps in June 2023 to 4.10% as it returned to its stance of raising rates to return inflation to targeted levels.

The 12-month Consumer Price Index (CPI) to March 2023 decreased to 7.0%, driven by the easing of annual inflation in goods, attributed to discounted product prices and lowered fuel costs. However, the overall CPI is still considered high due to inflation in service components, such as travel, residential rents, and medical services, which continue to rise.

The Australian dollar (AUD) remained soft at USD0.65/AUD in June 2023, which is lower as compared to April's value of USD0.67/AUD.

The labour market performed better than expected in April 2023 with the unemployment rate decreasing to 3.66%, in comparison April 2022 was 3.86%.

The 12-month population growth up to September 2022 was 1.6%, and it is expected to reach 2% for FY2022-23 backed by the return of overseas students, skilled migrants, and working holidaymakers as per the recently released 2023-24 Budget.

2. Hotel Sector

Australia

Transaction activity

2022 was anticipated to be a strong year for Australian hotel transactions as the industry's recovery continued to strengthen. However, Australia's hotel investment market took pause towards the end of the first half of 2022 as the market adjusted and strategic decision making recalibrated against a changed economic backdrop due to the commencement of a trend of increasing finance costs. Overall, 2022 was a strong year for Australian hotel transactions with $2.47 billion of sales, which is above the long-term average, but represented a decrease of 15% on 2021's dollar volume. 2021 was a near-record year, beaten only by 2015 however.

Deal flow was dominated by smaller single asset sales in 2022 with a total of 74 transactions. Only one third of these occurred in the second half of 2022 as the timeframes for deals became extended or assets were withdrawn from the market as the dislocation between strong industry performance fundamentals became juxtaposed with hotel debt capital markets.

To date, in 2023, there has been $1.26 billion of hotel transactions, significant transactions included the $177.7 million sale of the Sofitel Brisbane Central and the $520 million sale of the proposed Waldorf Astoria Hotel/One Circular Quay development in the Sydney CBD to Fiveight, the property company of Tattarang. The Quest Woolongabba also transacted for $43.8 million to Singaporean Invictus Developments. The most recent large sale was the Sheraton Grand Mirage Resort in the Gold Coast for circa $192 million.

For the remainder of 2023, it is anticipated that quality assets will continue to transact and activity will increase as investors become more comfortable with improving business conditions. Transactional volumes are expected to remain above the long-term average in 2023 with around $2.2 billion of deal volume expected throughout the year.

National Hotel Trade

According to data from Smith Travel Research (STR), full year 2022 occupancy levels for major cities in Australia ranged from 60.9% in Melbourne to 77.2 % in Hobart. The strongest occupancy growth was experienced in Melbourne (80.4% increase) and Sydney (71.2% increase).

REVIEW OF THE PROPERTY MARKET

The Average Daily Rate (ADR) trend across major cities in Australia for 2022 all highlighted positive growth, with Sydney ADR improving by 33.3%, Melbourne 38.7%, and Brisbane experiencing a 31.1% increase. This was underpinned by a continued strong domestic leisure market and growing domestic corporate and events demand, and some return of international visitation.

In the first five months of 2023, there has been continued strong room rate and occupancy growth across all markets due to continued demand recovery across most markets.

Sydney

2022 saw substantial improvements in occupancy and average room rates (62.2% and $291.83 respectively) compared to the same period in 2021. In 2022, RevPAR improved by 128.1% in comparison to the same 12-month period in 2021. Fuelled by a strong domestic leisure market with accumulated savings from the COVID-19 lockdowns and keenness to travel.

On a year-to-date May 2023 basis, occupancy has increased by 50.7% to 74.9%, ADR has increased by 13.9% to $306.95, resulting in RevPAR increasing significantly by 71.7% to $229.82 (when compared to year-to-date May 2022 performance).

Melbourne

2022 saw significant improvements in occupancy and average room rates (60.9% and $238.46 respectively) compared to the same period in 2021. In 2022, RevPAR improved by 150% in comparison to the same 12-month period in 2021.

On a year-to-date May 2023 basis, occupancy has increased by 35.5% to 69.9%, ADR increased by 10.7% to $252.64, resulting in RevPAR increasing significantly by 50% to $176.60 (when compared to year-to-date May 2022 performance).

Brisbane

In 2022, Brisbane experienced a strong rebound in occupancy and average room rates primarily driven by the domestic leisure market resulting in occupancy growth to 67.2%, an increase of 31.1 percentage points over the prior year. ADR increased by 31.1% to $227.30 resulting in an 81.8% increase in RevPAR to $152.80.

On a year-to date May 2023 basis, occupancy has increased by 16.7% to 69.3%, and there has been further growth in ADR to $232.80 resulting in RevPAR growth to $161.30 (up by 31.3% compared to the same 5-month period in 2022).

Source: Colliers Research (June 2023)

JAPAN

1. Economy

Japan's economy has picked up despite being affected by factors such as past high commodity prices. The pace of recovery in overseas economies has slowed. Although exports and industrial production have been affected by the developments in overseas economies, they have been more or less flat, supported by waning effects of supply-side constraints. Corporate profits have been at high levels on the whole, and business sentiment has been more or less unchanged. In this situation, business fixed investment has increased moderately. The employment and income situation have improved moderately. Private consumption has moderately increased despite being affected by price rises. Housing investment has been relatively weak. Public investment has been flattish.

Financial conditions have been accommodative on the whole although weakness in firms' financial positions has remained in some segments. On the price side, the year-on-year rate of increase in the consumer price index (all items less fresh food) has been slowing, mainly due to the effects of pushing down energy prices from the government's economic measures, but it has been at around 3 percent recently owing to the effects of a pass-through to consumer prices of cost increases led by a rise in import prices. Inflation expectations have been more or less unchanged recently after rising.

In the second half of fiscal 2023, Japan's economy is projected to continue growing at a pace above its potential growth rate as a virtuous cycle from income to spending gradually intensifies in the overall economy. That said, the pace of growth is highly likely to decelerate gradually towards the end of the projection period due to waning of the contribution from the materialisation of pent-up demand, as well as waning effects of the government's economic measures. Meanwhile, public investment is expected to be more or less flat throughout the projection period, with expenditure related to building national resilience continuing. Government consumption is expected to decline temporarily in reflection of developments in expenditure related to COVID-19 and then gradually increase in reflection of an uptrend in healthcare and nursing care expenditures.

With regard to the financial conditions, it is expected that they will remain accommodative as the Bank of Japan pursues Quantitative and Qualitative Monetary Easing (QQE) with Yield Curve Control, and that this will support an increase in private demand. The environment for external funding, such as bank borrowing and the issuance of commercial papers and corporate bonds, is projected to remain accommodative. In this situation, firms' financial positions are likely to continue on an improving trend along with an economic recovery.

Meanwhile, the potential growth rate is expected to rise moderately. This is mainly because productivity is likely to increase due to advances in digitalisation and investment in human capital, and capital stock growth is projected to accelerate due to the rise in business fixed investment. These developments are likely to be encouraged by the government's various measures and accommodative financial conditions.

Sources: Outlook for Economic Activity and Prices, Bank of Japan (April 2023) & Savills Japan Valuation G.K. (July 2023)

2. Hotel Sector

Japan

Almost three full years have passed since the onset of the pandemic in early 2020 in Japan, and domestic tourism has made a notable recovery over the past year. In October 2022, the Japanese government resumed visa-free inbound tourism, further strengthening the prospects of the hospitality industry. Since the borders have reopened, many tourists have returned to Japan and optimism remains high in the hospitality industry. Japan experienced a significant uptick in foreign visitors, with nearly 1.9 million entering in May 2023, which is 68.5% of May 2019's visitors arrival. Specifically, the number of tourists from several countries, including Singapore and the United States of America, exceeds the number in 2019. This will offer a much-awaited boost to hotels located in inbound tourism-dependent areas and will be a lifeline for hospitality industry.

Moreover, as the average economic profile of current inbound travellers appears to be much higher than the pre-pandemic average, spending by inbound tourists should see much stronger recovery. The Japanese government has also shifted focus towards per-person spending rather than the number of inbound tourists in order to promote more sustainable tourism going forward. In Japan, COVID-19 was reclassified as Class 5 (equivalent to seasonal influenza) beginning 8 May 2023. This has further improved the tourism industry especially for domestic travellers. Overall, the recent rebound in hotel demand has been significant. The Average Daily Rate has recovered completely for most hotels owned by real estate investment trusts in Japan, and in many cases has exceeded pre-pandemic levels by a notable amount. Although the occupancy still has some room for recovery, the RevPAR has improved to levels exceeding pre-pandemic times.

Although there are several hurdles facing the hospitality industry such as labour shortage, rising operating costs from utilities and food, high airfares and lack of low-cost carriers, hotel operating performance is expected to remain strong and further improve.

Sources: Japan Tourism Statistics, Japan National Tourism Organization & Savills Japan Valuation G.K. (July 2023)

Niseko

Prior to the COVID-19 pandemic, the Niseko resort area had attracted numerous international skiers and the total number of overnight stay visitors in Niseko-cho and Kutchan-cho had increased steadily. However, Japanese government applied strict border measures in 2020 due to the COVID-19 pandemic and the number of overnight stay international visitors in Niseko resort area had largely dropped.

However, as vaccination rates have increased and various travel measures adapted to infection control have been implemented, the number of overnight stay visitors to Niseko-cho in the first half of 2022 (1 April 2022 to 30 September 2022) reached the highest level in the past 10 years with about twice as many visitors compared to the same period last year. Although the number of overnight stay visitors to Kutchan-cho during this period has not fully improved, the number of visitors is expected to increase significantly in the last half of the year (1 October 2022 to 31 March 2023), thanks to the easing of entry restrictions from October 2022.

Sources: Shiribeshi Subprefecture & Savills Japan Valuation G.K. (July 2023)

MANAGING SUSTAINABILITY

STRUCTURE AND MANAGEMENT

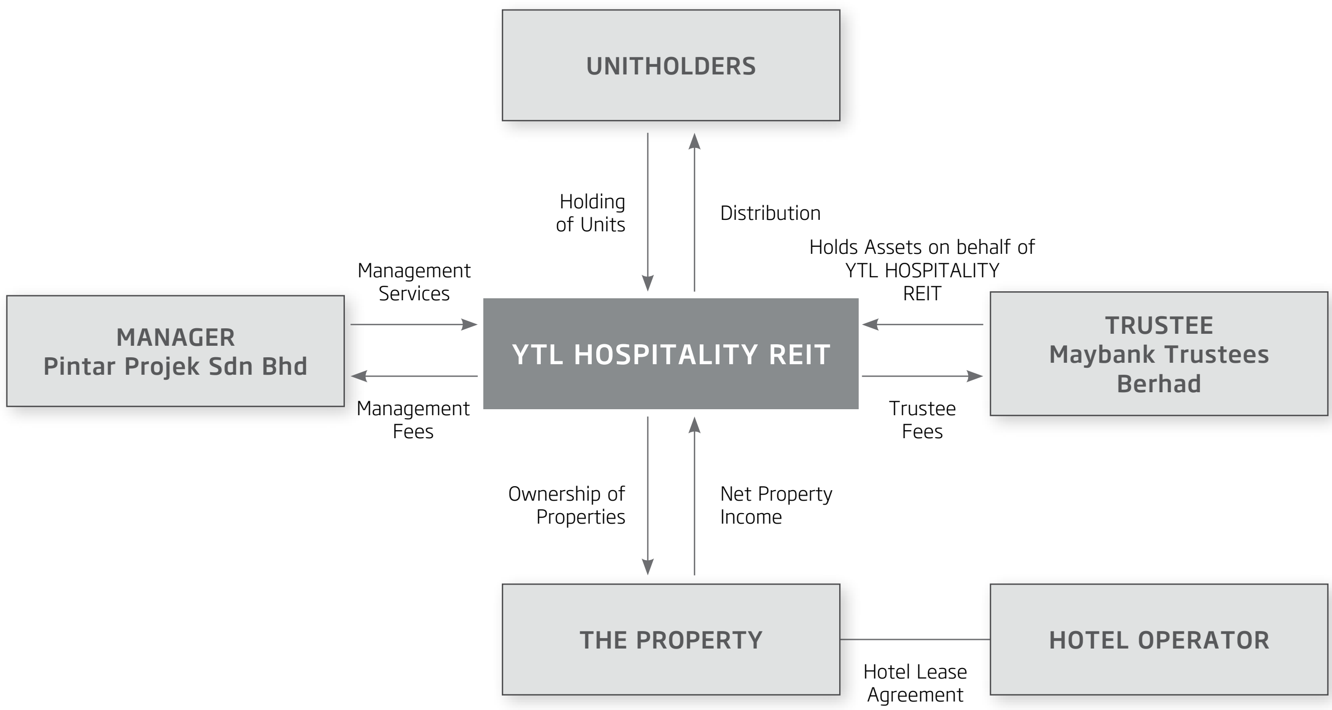
YTL Hospitality REIT ("YTL REIT" or the "Trust") was listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia") on 16 December 2005 and is an income and growth type fund. The principal investment objective of YTL REIT is to own and invest in real estate and real estate-related assets, whether directly or indirectly through the ownership of single-purpose companies whose principal assets comprise real estate.

YTL REIT has a market capitalisation of RM1.61 billion (as at 30 June 2023) and owns a broad portfolio of 15 hospitality properties ranging from business hotels to luxury resorts, spread across various prime locations in Malaysia, Australia, and Japan.

A REIT is constituted by a trust deed entered into between the manager and the trustee which sets out, amongst other matters, the manner in which the trust is to be administered, the rights of unitholders, the duties and responsibilities of the manager and the trustee with regards to the operation of the trust and the protection of unitholders' interests. The trustee of YTL REIT is Maybank Trustees Berhad and YTL REIT is managed by Pintar Projek Sdn Bhd ("Pintar Projek" or the "Manager").

YTL REIT's Manager, Pintar Projek, is a 70%-owned subsidiary of YTL Corporation Berhad ("YTL Corp"), and most of the Trust's properties are leased out to and operated by subsidiaries of YTL Corp ("YTL Group"). YTL Corp is an integrated infrastructure developer with international operations in countries including Malaysia, Singapore, the United Kingdom, Australia, France, Indonesia, Japan, Jordan, the Netherlands, Thailand, and Vietnam. The core businesses of YTL Group comprise utilities, construction contracting, cement manufacturing, property investment and development and hotel development and management. YTL Corp is amongst the most prominent companies listed on Bursa Malaysia and is a component of the FTSE Bursa Malaysia Mid 70 Index. YTL Corp has also been a constituent of the FTSE4Good Bursa Malaysia Index for the seventh consecutive year. The Index has been designed to measure the performance of companies demonstrating good Environmental, Social and Governance ("ESG") practices.

YTL Hospitality REIT Structure



REPORTING PERIOD AND SCOPE

This sustainability statement provides an overview of how we operate sustainably and how we manage our strategy and day-to-day business to address our sustainability commitments and performance. This covers YTL REIT's portfolio, where the Manager has both financial and operational control (Brisbane Marriott Hotel, Melbourne Marriott Hotel and Sydney Harbour Marriott Hotel), from 1 July 2022 to 30 June 2023, aligned with YTL REIT's financial year.

In addition, the sustainability initiatives, performance and achievements of the lessees and operators of the Trust's properties will be outlined in greater detail in the consolidated YTL Group Sustainability Report 2023, which will be published in October 2023 in conjunction with YTL Corp's Annual Report for the financial year ended 30 June 2023. The report will be available for download at www.ytl.com/sustainability.

This report has been prepared in accordance with the Malaysian Code on Corporate Governance ("MCCG") and applicable provisions of the Main Market Listing Requirements of Bursa Malaysia. We have not sought external assurance for this Statement but will consider it for future reports.

OUR APPROACH TO SUSTAINABILITY

As part of YTL Group, YTL REIT's sustainability focus is aligned with YTL Group's credo, ***'Making A Good Future Happen'***. This approach is embodied in our value chain and business practices, aiming to create long-term positive impacts for our stakeholders. Regular assessment, review, and feedback on ESG issues are conducted in line with YTL Group's practices and policies.

The Manager's sustainability commitment is rooted in creating lasting value for all stakeholders by strongly emphasising on managing the Trust's assets responsibly and with integrity. Our commitment to sustainable practices enables us to demonstrate a clear commitment towards achieving our growth objectives, balancing business opportunities and risks in the ESG realms.

We have aligned and adopted YTL Group's established sustainability structure and framework, policies, and guidelines, where relevant and appropriate. The following value-added Sustainability Framework is intrinsically linked to our sustainable business practices, ensuring our business remains relevant and creating value over the long-term.

YTL Group Sustainability Framework

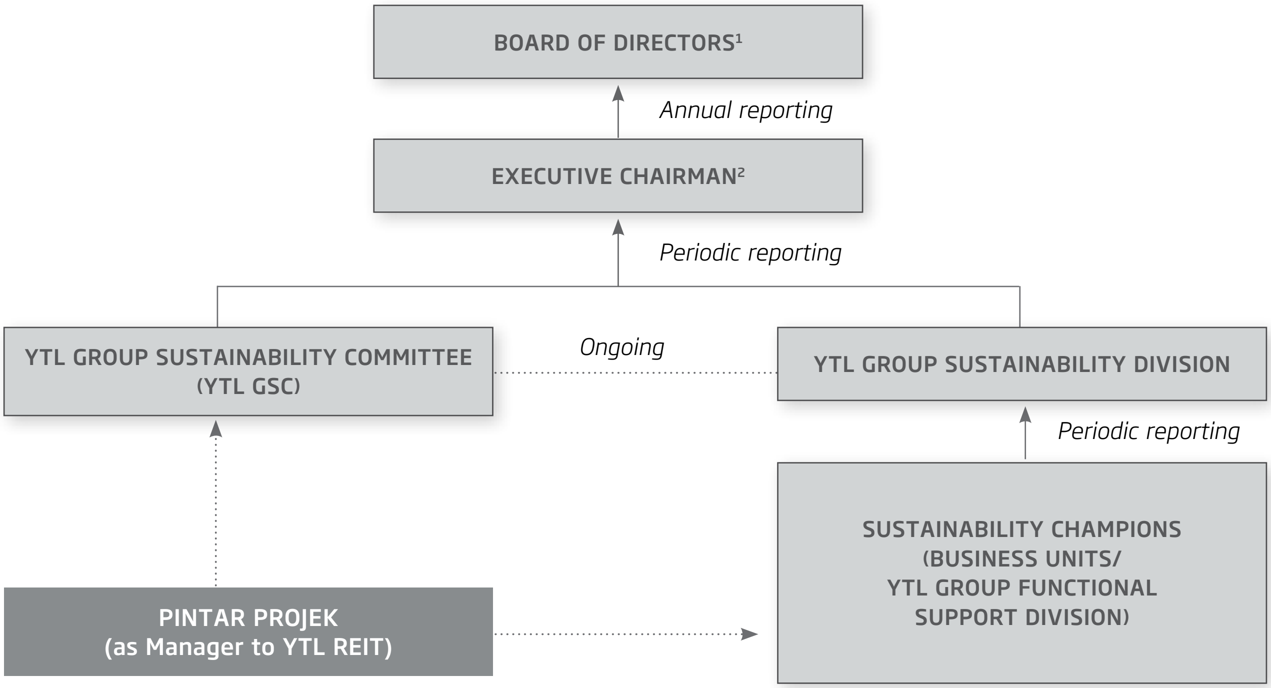
Where applicable to the Trust, we incorporate sustainability into the day-to-day management of YTL REIT, which is aligned with United Nations Sustainable Development Goals ("UNSDGs") and YTL Group's Corporate Statements (Human Rights and Ethics, Environment, Health and Safety, and Commitment to Ethical Purchasing), Code of Conduct and Business Ethics ("the Code"), Anti-Bribery and Corruption Policy ("ABC"), Global Privacy Policy and Remuneration Policy and Procedures for Directors and Senior Management.

SUSTAINABILITY GOVERNANCE

YTL Group operates with a clear and well-communicated governance structure and robust governance systems, which YTL REIT has similarly adopted. The Manager's Board of Directors (the "Board") is responsible for implementing and ensuring good governance.

More information on the Trust's governance and internal control systems can be found in the *Corporate Governance Overview Statement*, and the *Statement on Risk Management and Internal Control* set out separately in this Annual Report.

YTL Group Sustainability Governance Structure

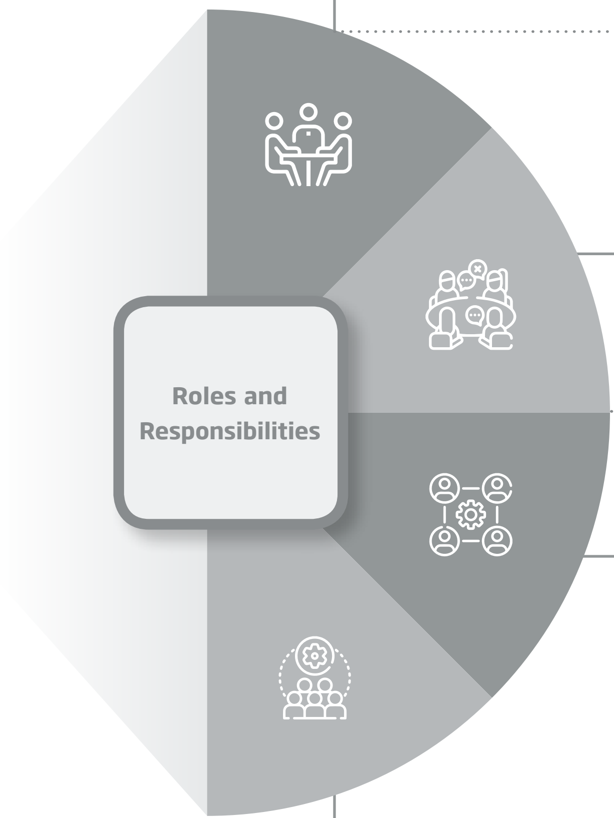


Note:

1 *Refers to YTL Corp's Board of Directors*

2 *Executive Chairman of Pintar Projek is also the Executive Chairman of YTL Corp and Chairman of YTL GSC*

MANAGING SUSTAINABILITY



Board of Directors

- Responsible for the governance of ESG, including setting YTL REIT's ESG strategy, priorities, and targets and reviewing material ESG risks and opportunities.
- Oversees the progress of the sustainability strategy and performance across material ESG matters, including approving materiality results and the sustainability statement.

YTL Group Sustainability Committee

- Led and chaired by Executive Chairman of YTL Corp, who is also the Executive Chairman of Pintar Projek.
- Comprises representatives from YTL Group's Sustainability Division and Senior Management from the entire YTL Group's Business Units that support the Board to set high-level sustainability direction and strategic focus.
- Oversees the implementation of sustainability strategy and ESG related matters.
- Reviews, monitors, and provides YTL Group's sustainability strategic plans and initiatives across our value chain.
- Reports to the Board on an annual basis or more frequently, as and when needed.

Group Sustainability Division

- Spearheaded by the Head of Group Sustainability.
- Formulates sustainability framework.
- Leads and oversees YTL Group sustainability strategy implementation.
- Coordinates and implements YTL Group sustainability activities.
- Monitors and tracks YTL Group's sustainability performance.

Sustainability Champions
(Business Units/Group Functional Support Division)

- Play a significant role in aligning the sustainability agenda with business practices on the ground.
- Implement, manage and monitor sustainability activities and performance.

STAKEHOLDER ENGAGEMENT

Stakeholders	Engagement Methods	Stakeholder Interests and Concerns	Our Response and Initiatives
LESSEES	• Dialogue and engagement sessions	• Create a conducive hotel environment • Property maintenance and enhancement	• Identify potential areas of improvement and implement appropriate follow-up actions
INVESTORS	• Dedicated investor relations section on the company's website • Annual General Meeting • Annual Report • Results briefings to analysts, investors, and via press releases to the media	• Access to yield-accretive real estate investments • Business performance and strategy • Risk management • Sustainable returns	• Provide accurate information to the investing public through timely communication channels
GUESTS	• Newsfeed in lounges, guest rooms and public areas • Loyalty programmes for hotel guests • Social media • Website	• Condition of amenities provided in properties • Promotions and rewards	• Provide a safe and convenient environment • Improve guest experience via digitalisation initiatives
EMPLOYEES	• Weekly department meetings • Annual performance appraisals • Recreational and team-building activities • Training courses and workshops • Employment incentives and benefits	• Communicate business strategy and developments • Competitive remuneration and benefits • Rewards and recognitions • Diversity, equity and inclusion • Training and career development • Health and safety	• Create an inclusive and safe work environment • Provide equal opportunities for employees to develop skills and gain knowledge • Organise employee wellness activities
GOVERNMENTS AND REGULATORS	• Meetings, feedback, and correspondence	• Compliance with rules and regulations • Sustainability and risk management • Adopt industry best practices	• Implement policies and procedures to ensure regulatory compliance • Regularly monitor and review regulatory issues and performance
SUPPLIERS AND CONTRACTORS	• Requests for proposals • Meetings and site visits • Vendor evaluation	• Fair procurement policy and practices • Workplace safety • Adherence to timelines • Timely payment • Local procurement or nearshoring	• Ensure ethical business practices and integrity • Promote responsible supply chain management
COMMUNITY	• Corporate social responsibility ("CSR") programme	• Community investment • Support local communities	• Ongoing CSR activities • Support for environmental and social causes

MANAGING SUSTAINABILITY

MATERIALITY

We review our material ESG matters annually to ensure their continued relevance to our business operations and stakeholder interests. Our materiality matrix is generated using guidelines presented in the GRI standards as recommended in the Bursa Malaysia Sustainability Reporting Guide (3rd edition). We have re-assessed our ESG matters and the identified material matters were still deemed relevant to our business and stakeholders.

Materiality Assessment Process

1 Identification of ESG issues

The critical ESG matters relevant to the business context were analysed and reviewed. The identified material ESG matters were then benchmarked against standards, policies and regulations, and best practices in the industry.

2 Analysis and prioritisation of findings

Materiality assessments were conducted in a focus group with the participation of senior management.

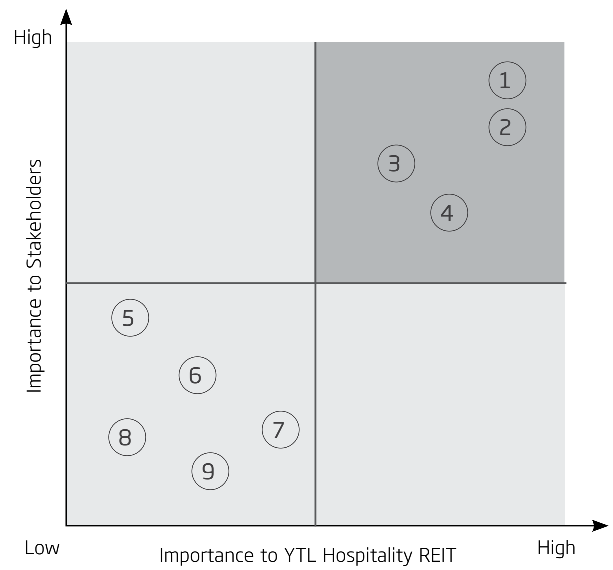
3 Validation and review

Validation of the prioritised key material ESG matters, and reporting of results to the Board for their consideration and approval.

4 Board sign-off

The final list of material matters reviewed and approved by the Board.

YTL Hospitality REIT Materiality Matrix



Legends:

1 Financial Sustainability
2 Corporate Governance
3 Quality of Asset Portfolio
4 Business Transparency
5 Supply Chain
6 Local Community Impacts
7 Resource Management
8 Human Resources
9 Climate Change

MANAGING SUSTAINABILITY

A summary of material ESG matters, management approach, risks and opportunities are provided in the following table.

	Material ESG Matters	Management Approach	Risks	Opportunities
GOVERNANCE	• Corporate Governance • Business Transparency	• Implement policies and procedures to ensure sound corporate governance and compliance with applicable laws and regulations • Maintain zero tolerance for corruption, bribery, fraud, and money laundering	• Heightened legal, regulatory, and reputational risks • Inconsistency and lack of strategic alignment leading to corruption, negligence, fraud, and lack of accountability • Potential conflict of interest, corruption, and unethical practices	• Promote good governance practices that contribute to growth and management stability • Improve organisational efficiency and effectiveness in entrepreneurial risk management
ECONOMIC	• Financial Sustainability • Supply Chain • Quality of Asset Portfolio	• Deliver sustainable growth and long-term value • Strengthen the asset portfolio • Embed sustainable considerations in investments • Provide job opportunities for a local multiplier to uplift the nation's economy by prioritising local suppliers or nearshoring	• Market uncertainties from economic conditions, political instability, and regulations • Underperforming assets impact income distribution, stability, and profitability	• Unlocking value through the optimisation of the asset portfolio • Leveraging core competencies to promote economic and industry growth • Better collaboration with suppliers in managing procurement processes
ENVIRONMENT	• Resource Management • Climate Change	• Promote initiatives to mitigate pollution/ impacts and achieve reductions in energy consumption, water use, and improved waste management • Reduce portfolio carbon emissions and assess/ mitigate climate-related risks	• Negative impacts on the environment resulting from our operations • Threats to human health – physical and psychological well-being • Rising temperature and extreme weather events (i.e. rising utility bills, flooding, etc.)	• Ability to operate and grow in an environmentally responsible manner and promote sustainable development • Reduction of insurance premiums • Reduction in energy use by adopting responsible practices including other mitigation and adaptation measures
SOCIAL	• Local Community Impacts • Human Resources	• Promote an inclusive and safe workplace to nurture a high-performing workforce and maintain zero incidents and accidents • Focus on building societal resilience to improve the lives and livelihoods of local communities	• Negative image and/or brand reputation for the company • High employee turnover cost • Employee preference shifts in work arrangements	• Enhance brand image to a broader and more diverse community • Increase employee awareness and involvement in sustainable programmes and initiatives • Create a safe environment for all • Contribute to local communities and create lasting positive impacts

MANAGING SUSTAINABILITY

GOVERNANCE

Corporate Governance and Business Transparency

The Manager is committed to the highest level of corporate governance and transparency in its policies and processes. We see governance as an essential component in creating sustainable value and ensuring the continued financial and non-financial success of YTL REIT. Importantly, it is in the best interest of our unitholders. The Board sets the tone for the company. It is responsible for ensuring an appropriate company culture to act as a backdrop to how the company interacts with and treats all stakeholders. For details on YTL REIT's corporate governance, risk management and internal control processes and procedures, please refer to the Corporate Governance Overview Statement and the Statement on Risk Management and Internal Control in this Annual Report.

We are committed to the highest legal and ethical standards of conduct throughout every aspect of our business. We have zero tolerance against bribery and corruption and adopted the Code to ensure our employees and others who work with us, including suppliers, understand their responsibilities.

ECONOMIC

Financial Sustainability and Quality of Asset Portfolio

YTL REIT is committed to delivering sustainable growth and long-term value to our stakeholders through various strategic recovery efforts within our portfolio during the year. Detailed analysis of the Trust's financial results and performance for the financial year under review can be found in the Management Discussion and Analysis and the full financial results can be found in the Financial Statements. A complete overview of the Trust's assets can be found in the Property Portfolio in this Annual Report.

Supply Chain

Sustainable supply chains play a significant role in our sustainability practices. Our supply chain includes our property managers and suppliers for various goods and services. We require our suppliers to comply with local government and legal requirements as a condition for being appointed as contractors and service providers. It is further reflected through guidelines on supply chain management provisions (ABC, the Code, Data Privacy, Environment, Health and Safety, Human Rights and Ethics) in YTL Group's Corporate Statement. We are committed to doing business with other companies that share our values and beliefs.

ENVIRONMENT

Resource Management

YTL REIT practises responsible environmental resource management by monitoring our environmental performance, thereby reducing energy consumption, water use, and waste generation. We also work with industry professionals to determine where the quality and performance of our assets might be improved and execute pertinent projects or technologies that can help in meeting our objectives. As the performance of our assets improves through the enhanced operations and capital investments, our baseline, will also improve leading to overall enhancement of assets' sustainability performance.

Climate Change

YTL Group aims to achieve carbon neutrality in our operations by 2050. YTL REIT will ensure constant improvements to contribute to realising the YTL Group's climate vision by minimising the carbon footprint of our portfolio properties through industry best practices, benchmarking, and internal reviews. Our climate change and business strategy remain focused on reducing emissions, improving energy efficiency, and adopting renewable energy technologies towards a low-carbon future, where possible.

During the transition period to cope with rising demands on shifting to more climate-friendly and responsible practices and realisation of YTL Group's 2050 carbon neutral vision, several transitional risks were identified which may potentially have short to medium-term financial impacts as listed in the table below:

<table>
<tr><th>Climate Related Risks</th><th>Potential Impacts</th></tr>
<tr><td rowspan="3">Transition Risks
• Policy and Legal: Stringent environmental regulations or emissions-reporting obligations
• Technology: Rapid changing of new technologies; transition/substitution of existing services and processes with lower emissions options
• Market: Evolving customer behaviour; shift in consumer preferences; changing in price of resource management (i.e. energy, water, etc.)
• Reputation: Increased stakeholder concerns or negative stakeholder feedback

Physical Risks
• Acute: Increased severity of extreme weather events (e.g., floods, droughts)
• Chronic: Changes in precipitation patterns and extreme variability in weather patterns (e.g., sea level rise, high temperature)</td><td>• Increased operating costs (e.g., higher compliance costs and penalties, higher repair costs, increased insurance premiums)
• Reduced demand for services due to shift in consumer preferences
• Financial loss and damage due to service disruption
• Increased investment required for climate adaptation and energy efficiency measures
• Write-offs and early retirement of existing equipment</td></tr>
<tr><th>Potential Opportunities</th></tr>
<tr><td>• Increased value of fixed assets (e.g., highly rated energy-efficient buildings, sustainable design buildings)
• Better competitive position to reflect shifting consumer preferences, resulting in increased revenues
• Increased reliability of supply chains and ability to operate under challenging and variable conditions
• Leverage new and cleaner technologies with the use of supportive policy incentives, subsidies and tax benefits</td></tr>
</table>

The risks and potential impact findings are qualitatively based on our practical and unique hospitality experience, and we will continue to do so and be transparent about how our businesses are rising to the generational challenge of climate change.

SOCIAL

Local Community Impacts

YTL REIT embraces social responsibility and maintains a solid commitment to uplift the well-being of communities that directly or indirectly impact our business. As part of YTL Group, we continue to take a proactive stance in enriching local communities through efforts such as providing financial assistance to improving the quality of education, as well as supporting local livelihoods by sourcing locally and promoting economic development.

Human Resources

YTL REIT is committed to embracing diversity and equal opportunity and promoting a fair, inclusive and safe working environment to help employees grow and thrive. All of our employees have access to opportunities that support their personal and career development, ensuring that everyone can reach their full potential without barriers.

PROFILE OF THE BOARD OF DIRECTORS

TAN SRI (SIR) FRANCIS YEOH SOCK PING

Malaysian, male, aged 69, was appointed to the Board of Pintar Projek Sdn Bhd on 10 March 2005 as an Executive Director and was the Chief Executive Officer till 14 February 2019 when he was redesignated as Executive Chairman. Tan Sri Francis studied at Kingston University in the United Kingdom, where he obtained a Bachelor of Science (Hons) Degree in Civil Engineering and was conferred an Honorary Doctorate of Engineering in 2004. In July 2014, Tan Sri Francis was conferred an Honorary Degree of Doctor of Laws by University of Nottingham. He was appointed the Managing Director of YTL Corporation Berhad Group in 1988 which, under his stewardship, has grown from a single listed company into a global integrated infrastructure developer, encompassing multiple listed entities ie. YTL Corporation Berhad, YTL Power International Berhad, YTL Hospitality REIT, Malayan Cement Berhad and Starhill Global Real Estate Investment Trust.

He was the Managing Director of YTL Corporation Berhad, YTL Power International Berhad and YTL Land & Development Berhad until 29 June 2018 when he was redesignated as Executive Chairman of these companies. He is also the Executive Chairman of Malayan Cement Berhad. He is the Executive Chairman of YTL Cement Berhad and YTL e-Solutions Berhad and also a director of YTL Industries Berhad. He is also the Chairman of YTL Starhill Global REIT Management Limited, the manager of Starhill Global Real Estate Investment Trust, a vehicle listed on the Main Board of the Singapore Exchange Securities Trading Limited (SGX-ST). He is the Chairman of private utilities corporations, Wessex Water Services Limited in England and Wales, and YTL PowerSeraya Pte Limited in Singapore. Tan Sri Francis served as an Independent Non-Executive Director of The Hong Kong and Shanghai Banking Corporation Limited for a period of 10 years from July 2012 to June 2022. He sits on the board of trustees of YTL Foundation.

He is a Founding Member of the Malaysian Business Council and The Capital Markets Advisory Council, member of The Nature Conservancy Asia Pacific Council and Global Council member of the Asia Society. He is the first non-Italian board member of the historic Rome Opera House and helped fund its restoration to keep it from closing. He served as a member of the Barclays Asia-Pacific Advisory Committee from 2005 to 2012. Tan Sri Francis was made a board member of Global Child Forum by His Majesty King Carl XVI Gustaf in May 2016.

He was ranked by both Fortune and Businessweek magazines as Asia's 25 Most Powerful and Influential Business Personalities and one of Asia's Top Executives by Asiamoney. He won the inaugural Ernst & Young's Master Entrepreneur in Malaysia in 2002 and was named as Malaysia's CEO of the Year by CNBC Asia Pacific in 2005.

In 2006, he was awarded the Commander of the Most Excellent Order of the British Empire (CBE) by Her Majesty Queen Elizabeth II, and in 2019, received the Knight Commander of the Order of the British Empire (KBE). Tan Sri Francis received a prestigious professional accolade when made a Fellow of the Institute of Civil Engineers in London in 2008. He was the Primus Inter Pares Honouree of the 2010 Oslo Business for Peace Award, for his advocacy of socially responsible business ethics and practices. The Award was conferred by a panel of Nobel Laureates in Oslo, home of the Nobel Peace Prize. He also received the Corporate Social Responsibility Award at CNBC's 9th Asia Business Leaders Awards 2010. He received the Lifetime Achievement Award for Leadership in Regulated Industries at the 7th World Chinese Economic Summit held in London in 2015. He was also awarded the prestigious Muhammad Ali Celebrity Fight Night Award at the 2016 Celebrity Fight Night in Arizona. In 2017, he was honoured with the Kuala Lumpur Mayor's Award for Outstanding Contribution at the Kuala Lumpur Mayor Tourism Awards. This was in recognition of his efforts in the transformation of Kuala Lumpur into one of the top shopping and tourist destinations in the world. He was named CEO of the Year at the Asian Power Awards in 2017. The Japanese Government bestowed upon him the Order of the Rising Sun, Gold Rays with Rosette in 2018 and in the same year the Italian government conferred upon him the honour of Grande Officiale of the Order of the Star of Italy. In 2022 he was awarded the PropertyGuru Real Estate Personality of the Year for Malaysia. The award is given to individuals who have made a significant impact in the Asian real estate sector.

DATO' MARK YEOH SEOK KAH

Malaysian, male, aged 58, has been an Executive Director of Pintar Projek Sdn Bhd since 17 January 2012. He was redesignated to the position of Chief Executive Officer on 14 February 2019. He graduated from King's College, University of London, with an LLB (Hons) and was subsequently called to the Bar at Gray's Inn, London, in 1988. He was awarded Fellowship of King's College London in July 2014.

Dato' Mark Yeoh joined YTL Group in 1989 and is presently the Executive Director responsible for the YTL Hotels and Resorts Division. In addition, he is also part of YTL Power's Mergers & Acquisitions Team and was involved in the acquisition of ElectraNet SA (Australia), Wessex Water Limited (UK), P.T. Jawa Power (Indonesia) and PowerSeraya Limited (Singapore). He serves as an Executive Director of YTL Corporation Berhad and YTL Power International Berhad, all listed on the Main Market of Bursa Malaysia Securities Berhad. He is also a board member of YTL Cement Berhad, YTL Land & Development Berhad and private utilities corporations, Wessex Water Limited and Wessex Water Services Limited in England and Wales, and YTL PowerSeraya Pte Limited in Singapore.

PROFILE OF THE BOARD OF DIRECTORS

DATO' YEOH SOO MIN

Malaysian, female, aged 67, has been appointed to the Board on 13 December 2022 as an Executive Director. She graduated with a Bachelor of Art (Hons) Degree in Accounting. She did her Articleship at Leigh Carr and Partners, London and gained vast experience in accounting and management. She is responsible for the setting up of the Travel and Accounting Division of the YTL Group in December 1990. Dato' Yeoh Soo Min is currently responsible for the accounting and finance systems for the YTL Group. She is a member of The Court Of Emeritus Fellows of the Malaysian Institute of Management and Life Member of the Women's Institute of Management, Malaysia.

Dato' Yeoh Soo Min sits on the board of trustees of Asia School of Business Trust Fund. She is currently an Honorary Fellow of the Governors of International Students House, London, and Sir Thomas Pope, Trinity College, University of Oxford, UK, and member of the Vice-Chancellor's Circle of University of Oxford, UK. She is also a Trustee of Yayasan Tuanku Fauziah and IJN Foundation. She also holds directorships in YTL Corporation Berhad and YTL Power International Berhad, companies listed on the Main Market of Bursa Malaysia Securities Berhad and YTL Industries Berhad. She also sits on the board of trustees of YTL Foundation.

DATO' YEOH SEOK KIAN

Malaysian, male, aged 65, has been an Executive Director of Pintar Projek Sdn Bhd since 10 March 2005. He graduated from Heriot-Watt University, Edinburgh, United Kingdom in 1981 with a Bachelor of Science (Hons) Degree in Building and was conferred an Honorary Degree of Doctor of the University in 2017. He attended the Advance Management Programme conducted by Wharton Business School, University of Pennsylvania in 1984. Dato' Yeoh is a Fellow of the Faculty of Building, United Kingdom as well as a Member of the Chartered Institute of Building (UK). He served as Deputy Managing Director of YTL Corporation Berhad and YTL Power International Berhad, all listed on the Main Market of Bursa Malaysia Securities Berhad, and the Executive Director of YTL Land & Development Berhad, until 29 June 2018 when he was redesignated as Managing Director of YTL Corporation Berhad and YTL Land & Development Berhad, and Executive Director of YTL Power International Berhad. He is also an Executive Director of Malayan Cement Berhad, which is listed on the Main Market of Bursa Malaysia Securities Berhad. Dato' Yeoh also serves on the boards of other public companies such as YTL Cement Berhad, YTL Industries Berhad, Sentul Raya Golf Club Berhad and The Kuala Lumpur Performing Arts Centre, and private utilities corporations, Wessex Water Limited in England and Wales, YTL PowerSeraya Pte Limited in Singapore, as well as YTL Starhill Global REIT Management Limited, the manager of Starhill Global Real Estate Investment Trust, a vehicle listed on the Main Board of the Singapore Exchange Securities Trading Limited (SGX-ST).

DATUK MARK VICTOR ROZARIO

Malaysian, male, aged 59, was appointed to the Board as an Independent Non-Executive Director and a member of the Audit Committee on 18 May 2023. He was then redesignated as the Chairman of the Audit Committee on 30 May 2023.

He graduated with a Bachelor of Science with a major in Economics from the London School of Economics. He is a fellow of the Institute of Chartered Accountants in England and Wales and the Institute of Corporate Directors Malaysia and a member of the Malaysian Institute of Accountants.

Datuk Mark Rozario has more than 25 years of experience in management, corporate finance and strategic leadership in companies involved in property investment and development, manufacturing, healthcare, aerospace and innovation.

Datuk Mark held various senior management positions in General Electric International Inc, Agensi Inovasi Malaysia, Country Heights Holdings Berhad, Sunway Berhad and Schlumberger Group. He currently is the Chief Executive Officer of Adventa Berhad and an Independent Non-Executive Director of Petronas Gas Berhad, both listed on the Main Market of Bursa Malaysia Securities Berhad.

PROFILE OF THE BOARD OF DIRECTORS

DATO' AHMAD FUAAD BIN MOHD DAHALAN

Malaysian, male, aged 73, was appointed to the Board on 17 January 2012 as an Independent Non-Executive Director. He is also a member of the Audit Committee. Dato' Ahmad Fuaad holds a Bachelor of Arts (Hons) degree from the University of Malaya. He was attached with Wisma Putra, Ministry of Foreign Affairs as Malaysian Civil Service ("MCS") Officer in April 1973 before joining Malaysia Airlines in July 1973. While in Malaysia Airlines, Dato' Ahmad Fuaad served various posts and his last position was as the Managing Director. He was formerly a director of Lembaga Penggalakan Pelanchongan Malaysia, Malaysia Industry-Government Group for High Technology and Malaysia Airports Holdings Berhad, Tokio Marine Insurans (Malaysia) Berhad, Hong Leong Capital Berhad and YTL e-Solutions Berhad. Currently, Dato' Ahmad Fuaad is a director of YTL Corporation Berhad. He also sits on the board of trustees of YTL Foundation.

DATO' ZAINAL ABIDIN BIN AHMAD

Malaysian, male, aged 66, was appointed to the Board on 23 February 2018 as an Independent Non-Executive Director. He is also a member of the Audit Committee. Dato' Zainal holds a Master of International Affairs from Columbia University, U.S.A; a Bachelor of Science (Hons) Degree in Mathematics from University of Manchester, United Kingdom; and a Diploma in Public Administration from Institut Tadbiran Awam Negara (INTAN), Kuala Lumpur. He also attended the Oxford Foreign Services Programme conducted by University of Oxford, United Kingdom. He was attached with Ministry of Foreign Affairs since 1983. Dato' Zainal served various posts and his last position was as the High Commissioner of Malaysia to Australia.

AU WEI LIEN

Malaysian, female, aged 59, was appointed to the Board on 13 December 2022 as an Independent Non-Executive Director. She holds a Bachelor of Science in Business Studies from University of Bradford, United Kingdom and an Advanced Diploma in Law for Academic stage of training for the Bar from University of Westminster, London. She was subsequently called to the Bar at Gray's Inn, London, in 1988. She was admitted as an advocate and solicitor of the High Court of Malaya in 1989.

Ms Au started practice at Albar, Zulkifly & Yap ("AZY"), a leading Malaysian law firm that specialised in corporate and conveyancing matters. She served as a partner of the corporate department of AZY from 1993 to 1999. In 1999, she left AZY and founded Zul Rafique & Partners ("ZRp") together with her other partners in November 1999. As the partner administering ZRp, she successfully managed ZRp, as the finance and administrative partner, from inception until 2011 in addition to leading the real estate practice group and communications practice group. She retired from the partnership in 2013 and have become a consultant at ZRp. Currently, Ms Au is also a director of Zul Rafique & Partners Consultancy Sdn Bhd. She involves in providing in house training on legal matters and soft skills and also advising clients on a project basis.

Ms Au has more than 30 years of experience advising clients from a spectrum of industries including mergers and acquisitions, demergers, local joint ventures, commercial contracts ranging from IT contracts to corporate real estate agreements as well as drafting legislation such as the communications and water legislation.

DATO' HJ MOHAMED ZAINAL ABIDIN BIN HJ ABDUL KADIR
(Alternate Director to Dato' Mark Yeoh Seok Kah)

Malaysian, male, aged 83, has been an Executive Director of Pintar Projek Sdn Bhd since 10 March 2005. He resigned as an Executive Director and was appointed as an Alternate Director to Dato' Mark Yeoh Seok Kah on 13 December 2022. He qualified as a teacher in 1963 from the Day Training Centre for Teaching in Ipoh, Perak, and was in the teaching profession from 1964 to 1981 prior to entering the business arena as a property developer in May 1981. Dato' Hj Mohamed Zainal Abidin also sits on the boards of several reputable private limited companies involved in construction, property development and resort operations such as Pakatan Perakbina Sdn Bhd, Seri Yakin Sdn Bhd and Syarikat Pelanchongan Pangkor Laut Sendirian Berhad.

YEOH KEONG SHYAN
(Alternate Director to Dato' Yeoh Soo Min)

Malaysian, male, aged 37, has been an Executive Director of Pintar Projek Sdn Bhd since 18 January 2011. He resigned as an Executive Director and was appointed as an Alternate Director to Dato' Yeoh Soo Min on 13 December 2022. He graduated from the University of Nottingham with an LLB (Hons) in 2008. He obtained the Capital Markets and Financial Advisory Services (CMFAS) Certification in 2010. He joined YTL Group in 2009 and is presently engaged in the YTL Hotels and Resorts as well as the Property Development Divisions.

DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

During the financial year, a total of 4 Board meetings were held and the details of attendance are as follows:

	Attendance
Tan Sri (Sir) Francis Yeoh Sock Ping	4
Dato' Mark Yeoh Seok Kah *(Alternate Director: Dato' Hj Mohamed Zainal Abidin Bin Hj Abdul Kadir)*	4
Dato' Yeoh Soo Min *(Alternate Director: Yeoh Keong Shyan)* *(appointed on 13 December 2022)*	2
Dato' Yeoh Seok Kian	4
Datuk Mark Victor Rozario *(appointed on 18 May 2023)*	1
Dato' Ahmad Fuaad Bin Mohd Dahalan	4
Dato' Zainal Abidin Bin Ahmad	4
Au Wei Lien *(appointed on 13 December 2022)*	2
Dato' Hj Mohamed Zainal Abidin Bin Hj Abdul Kadir *(resigned on 13 December 2022)*	2
Yeoh Keong Shyan *(resigned on 13 December 2022)*	2
Dato' Tan Guan Cheong *(resigned on 30 May 2023)*	4

Notes:

1. ***Family Relationship with Director and/or Major Unitholder***
   Tan Sri (Sir) Francis Yeoh Sock Ping, Dato' Yeoh Soo Min, Dato' Yeoh Seok Kian and Dato' Mark Yeoh Seok Kah ("Yeoh Siblings") are siblings. They are the children of Puan Sri Datin Seri Tan Kai Yong @ Tan Kay Neong ("Puan Sri Tan Kai Yong") who is deemed a major unitholder of YTL Hospitality REIT ("YTL REIT") and major shareholder of Pintar Projek Sdn Bhd (the "Manager"). Mr Yeoh Keong Shyan is a son of Tan Sri (Sir) Francis Yeoh Sock Ping. The Yeoh Siblings and Mr Yeoh Keong Shyan are collectively referred to as the "Yeoh Directors". Save as disclosed herein, none of the Directors of the Manager has any family relationship with any director of the Manager and/or major unitholder of YTL REIT.

2. ***Conflict of Interest or Potential Conflict of Interest***
   Yeoh Tiong Lay & Sons Holdings Sdn Bhd ("YTLSH") and YTL Corporation Berhad ("YTL Corp") are the penultimate and pre-penultimate holding company of the Manager, respectively. Puan Sri Tan Kai Yong is also a deemed major shareholder of YTLSH, YTL Corp and the subsidiaries and associated corporations of YTLSH and YTL Corp by virtue of her beneficial interest (held through Yeoh Tiong Lay & Sons Trust Company Limited, in its capacity as trustee) in Yeoh Tiong Lay & Sons Family Holdings Limited pursuant to Section 8 of the Companies Act 2016. The Yeoh Siblings are directors of YTLSH and YTL Corp, whilst the Yeoh Directors are also directors of various subsidiaries and/or associated corporations of YTLSH and/or YTL Corp. As YTLSH and YTL Corp, via various subsidiaries and/or associated corporations, are also involved in businesses in the hospitality industry, and due to the family relationship with Puan Sri Tan Kai Yong and/or the aforementioned directorships, the Yeoh Directors may in this context be perceived as having interests in businesses which may potentially compete indirectly with the YTL REIT Group.

3. ***Conviction of Offences (other than traffic offences)***
   None of the Directors of the Manager has been convicted of any offences within the past five (5) years.

4. ***Public Sanction or Penalty imposed***
   None of the Directors of the Manager has been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

for the financial year ended 30 June 2023

YTL Hospitality REIT ("YTL REIT" or "Trust") was established on 18 November 2005 pursuant to a trust deed (as amended and restated) ("Deed") entered into between Pintar Projek Sdn Bhd ("PPSB" or "Manager") and Maybank Trustees Berhad ("Trustee"), as the manager and trustee, respectively, of the Trust. YTL REIT has been listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") since 16 December 2005.

The Board of Directors of PPSB ("Board") is firmly committed to ensuring that the Manager implements and operates good corporate governance practices in its overall management of the Trust and its subsidiaries ("YTL REIT Group" or "Group").

In implementing its system of corporate governance, the Directors have been guided by the measures set out in the Guidelines on Listed Real Estate Investment Trusts ("REIT Guidelines"), the Malaysian Code on Corporate Governance ("Code") and the Guidelines on Corporate Governance for Capital Market Intermediaries ("Corporate Governance Guidelines") issued by the Securities Commission Malaysia ("SC"), and the Main Market Listing Requirements of Bursa Securities ("Listing Requirements").

This statement details YTL REIT's compliance with the Code and the applicable requirements under the Corporate Governance Guidelines during the financial year ended 30 June 2023.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

The Role of the Manager

YTL REIT is managed and administered by PPSB, with the primary objectives of:

(a) providing unitholders of the Trust ("Unitholders") with stable cash distributions with the potential for sustainable growth, principally from the ownership of properties; and

(b) enhancing the long-term value of YTL REIT's units ("Units").

The Manager is required to ensure that the business and operations of YTL REIT are carried on and conducted in a proper, diligent and efficient manner, and in accordance with acceptable and efficacious business practices in the real estate investment trust industry in the countries in which the Trust owns assets, namely Malaysia, Japan and Australia. Subject to the provisions of the Deed, the Manager has full and complete powers of management and must manage YTL REIT (including all assets and liabilities of the Trust) for the benefit of its Unitholders.

The Board recognises that an effective corporate governance framework is critical in order to achieve these objectives, fulfil its duties and obligations and ensure that YTL REIT continues to perform strongly.

The general functions, duties and responsibilities of the Manager include the following:

(a) to manage the YTL REIT Group's assets and liabilities for the benefit of Unitholders;

(b) to be responsible for the day-to-day management of the YTL REIT Group;

(c) to carry out activities in relation to the assets of the YTL REIT Group in accordance with the provisions of the Deed;

(d) to set the strategic direction of the YTL REIT Group and submit proposals to the Trustee on the acquisition, divestment or enhancement of assets of the Group;

(e) to issue an annual report and quarterly reports of YTL REIT to Unitholders within 2 months of YTL REIT's financial year end and the end of the periods covered, respectively; and

(f) to ensure that the YTL REIT Group is managed within the ambit of the Deed, the Capital Markets and Services Act 2007 (as amended) and other applicable securities laws, the Listing Requirements, the REIT Guidelines, the Corporate Governance Guidelines and other applicable laws.

Responsibilities of the Board

The Manager is led and managed by an experienced Board with a wide and varied range of expertise. This broad spectrum of skills and experience gives added strength to the leadership, thus ensuring the Manager is under the oversight and guidance of an accountable and competent Board. The Directors recognise the key role they play in charting the strategic direction, development and control of the Manager.

Key elements of the Board's stewardship responsibilities include:

- Ensuring that the strategic plans for the YTL REIT Group support long-term value creation for the benefit of its stakeholders and include strategies on economic, environmental and social considerations underpinning sustainability;
- Promoting good corporate governance culture within the YTL REIT Group which reinforces ethical, prudent and professional behaviour;

- Overseeing the conduct of the YTL REIT Group's businesses to evaluate and assess management performance to determine whether businesses are being properly managed;
- Ensuring there is a framework of prudent and effective internal control and risk management systems which enable risks to be identified, assessed and managed;
- Succession planning for the Board and senior management;
- Overseeing the development and implementation of a Unitholder/stakeholder communications policy;
- Reviewing the adequacy and integrity of the YTL REIT Group's management information and internal control systems; and
- Ensuring the integrity of the YTL REIT Group's financial and non-financial reporting.

The Board is led by the Executive Chairman who is responsible for instilling good corporate governance practices, leadership and effectiveness of the Board.

There is a clear balance of power, authority and accountability between the Executive Chairman, Tan Sri (Sir) Francis Yeoh Sock Ping, and the Chief Executive Officer, Dato' Mark Yeoh Seok Kah, between the running of the Board and the Group's business, respectively. The positions of the Executive Chairman and the Chief Executive Officer are separate and clearly defined, and are held by different members of the Board.

The Executive Chairman is responsible for leadership of the Board in ensuring the effectiveness of all aspects of its role, and is primarily responsible for leading the Board in setting the values and standards of the Group, including good corporate governance practices, the orderly and effective conduct of the meetings of the Board and Unitholders, leading discussions, encouraging active and open participation, managing the interface and encouraging constructive relations between the Board and management, ensuring the provision of accurate, timely and clear information to Directors and effective communications with stakeholders and facilitating the effective contribution of Non-Executive Directors.

The Chief Executive Officer is responsible for, amongst others, overseeing the day-to-day running of the business, developing and implementing Board policies and strategies, making operational decisions, serving as the conduit between the Board and management in ensuring the success of the Group's governance and management functions, ensuring effective communication with Unitholders and relevant stakeholders, providing strong leadership, i.e. effectively communicating the Board's vision, management philosophy and business strategy to employees and keeping the Board informed of salient aspects and issues concerning the Group's operations.

The Chief Executive Officer and Executive Directors are accountable to the Board for the profitability and development of the YTL REIT Group, consistent with the primary aim of enhancing long-term Unitholder value. The Independent Non-Executive Directors have the experience and business acumen necessary to carry sufficient weight in the Board's decisions and the presence of these Independent Non-Executive Directors brings an additional element of balance to the Board as they do not participate in the day-to-day running of the YTL REIT Group.

The differing roles of Executive and Non-Executive Directors are delineated, both having fiduciary duties to Unitholders. Executive Directors have a direct responsibility for business operations whereas Non-Executive Directors have the necessary skill and experience to bring an independent and objective judgment to bear on issues of strategy, performance and resources brought before the Board. The Executive Directors are responsible for the Manager's operations and for ensuring that the strategies proposed by the executive management are fully discussed and examined, and take account of the long term interests of the Unitholders.

In accordance with the Code, the Executive Chairman is not a member of the Audit Committee, which is chaired by and comprises Independent Non-Executive Directors. This promotes objectivity in the Board's deliberations and ensures there are effective checks and balances, as well as objective review by the Board of recommendations put forth by the Audit Committee.

In the discharge of their responsibilities, the Directors have established functions which are reserved for the Board and those which are delegated to management. Key matters reserved for the Board's approval include overall strategic direction, business expansion and restructuring plans, material acquisitions and disposals, expenditure over certain limits, issuance of new securities, change in income distribution policy and capital alteration plans. Further information on authorisation procedures, authority levels and other key processes can also be found in the *Statement on Risk Management & Internal Control* set out in this Annual Report.

Board Meetings and Procedures

Board meetings are scheduled with due notice in advance at least four times a year in order to review and approve the interim and annual financial statements. Additional meetings may also be convened on an ad-hoc basis when significant issues arise relating to the Trust. Meetings of the Audit Committee are conducted separately from those of the main Board to enable objective and independent discussions. The Board met four times during the financial year ended 30 June 2023.

The Directors are fully apprised of the need to determine and disclose potential or actual conflicts of interest which may arise in relation to transactions or matters which come before the Board. In accordance with applicable laws and regulations, the Directors formally disclose any direct or indirect interests or conflicts of interests in such transactions or matters as and when they arise and abstain from deliberations and voting at Board meetings as required.

The Directors have full and unrestricted access to all information pertaining to the business and affairs of the YTL REIT Group to enable them to discharge their duties. At least one week prior to Board meetings, all Directors receive the agenda together with a comprehensive set of Board papers containing information relevant to the business of the meeting. This allows the Directors to obtain further explanations or clarifications, where necessary, in order to be properly briefed before each meeting.

Board papers are presented in a consistent, concise and comprehensive format and include, where relevant to the proposal put forward for the Board's deliberation, approval or knowledge, progress reports on the YTL REIT Group's operations and detailed information on corporate proposals, major fund-raising exercises and significant acquisitions and disposals. Where necessary or prudent, professional advisers may be on hand to provide further information and respond directly to Directors' queries. In order to maintain confidentiality, Board papers on issues that are deemed to be price-sensitive may be handed out to Directors during the Board meeting.

The minutes of the Board and/or Board committee meetings are circulated and confirmed at the next meeting. Once confirmed, the minutes of the Board committee meetings are subsequently presented to the Board for notation.

Company Secretary

The Board is supported by a professionally-qualified and competent Company Secretary. The Company Secretary, Ms Ho Say Keng, is a Fellow of the Association of Chartered Certified Accountants, a registered member of the Malaysian Institute of Accountants and an affiliate member of the Malaysian Institute of Chartered Secretaries and Administrators, and is qualified to act as Company Secretary under Section 235(2)(a) of the Companies Act 2016.

The Company Secretary ensures that Board procedures are adhered to at all times during meetings and advises the Board on matters including corporate governance issues and the Directors' responsibilities in complying with relevant legislation and regulations. The Company Secretary works very closely with management for timely and appropriate information, which will then be passed on to the Directors.

In accordance with the Board's procedures, deliberations and conclusions in Board meetings are recorded by the Company Secretary, who ensures that accurate and proper records of the proceedings of Board meetings and resolutions passed are recorded and kept in the statutory register at the registered office of the Manager.

During the financial year under review, the Company Secretary attended training, seminars and regulatory briefings and updates relevant for the effective discharge of her duties. The Company Secretary carries out ongoing reviews of existing practices in comparison with any new or amended measures introduced in the Listing Requirements, REIT Guidelines and/or legislation, regulations and codes applicable to the governance of YTL REIT and updates the Board accordingly.

Board Charter

The Board's functions are governed and regulated by the Constitution of the Manager and the laws, rules and regulations governing companies in Malaysia, including the Companies Act 2016, Listing Requirements and REIT Guidelines. The Board's Charter was most recently updated and adopted on 27 June 2022, and a copy can be found under the *"Governance"* section on the Trust's website at www.ytlhospitalityreit.com.

The Board Charter serves several important functions, including as a primary reference to the Board of its role, fiduciary duties and responsibilities, its governance processes and legal framework within which it operates and is an induction tool for new Directors. The Board Charter clearly identifies the respective roles and responsibilities of the Board, Board committees, Directors and management and the issues and decisions reserved for the Board.

Policies contained in the Board Charter cover areas including anti-bribery and corruption, conflicts of interests, dealings in securities and fit and proper criteria for Directors.

The Board Charter is reviewed as and when changes arise and updated in accordance with the needs of the Manager and any new regulations that impact the discharge of the Board's responsibilities.

Business Conduct, Ethics and Whistleblowing

The Directors observe and adhere to the Code of Ethics for Company Directors established by the Companies Commission of Malaysia, which encompasses the formulation of corporate accountability standards in order to establish an ethical corporate environment.

The Manager is also guided by the corporate culture of its parent company, YTL Corporation Berhad ("YTL Corp"), which has an established track record for good governance and ethical conduct. Key guidance is contained in the Code of Conduct and Business Ethics of the YTL Group of Companies ("YTL Group"), which also sets out the whistleblowing policy and procedures, and the YTL Group's Anti-Bribery and Corruption Policy, as detailed in the following section. A copy of the Code of Conduct and Business Ethics can be found on the Trust's website at www.ytlhospitalityreit.com.

The Code of Conduct and Business Ethics sets out the acceptable general practices and ethics for the YTL REIT Group and includes policies and measures to address conflicts of interest, abuse of power, corruption, insider trading, money laundering and data protection.

Training modules and other methods of communication are employed on an ongoing basis to familiarise employees of the Manager with their duties and obligations in this area. Training carried out during the financial year under review focused on areas including data security and protection, cybersecurity awareness and an anti-bribery and corruption refresher course.

Anti-Bribery and Corruption Policy ("ABC Policy")

The objective of the ABC Policy is to further enforce the YTL Group's Code of Conduct and Business Ethics in order to ensure that all Directors and employees understand their responsibilities in compliance with the YTL Group's zero tolerance for bribery and corruption within the organisation. This is in line with the corporate liability provision in Section 17A of the Malaysian Anti-Corruption Commission Act 2009 ("MACC Act") which came into force on 1 June 2020.

The ABC Policy outlines the YTL Group's strategies in identifying, preventing and managing bribery and corruption issues. The policies and procedures put in place are guided by the Guidelines on Adequate Procedures issued pursuant to Section 17A(5) of the MACC Act. The ABC Policy applies to all Directors, managers and employees of the Manager in dealing with external parties in the commercial context. The policy will be reviewed at least once every three years to ensure that it continues to remain relevant, appropriate and effective to enforce the principles highlighted therein and to ensure continued compliance with the prevailing law. A copy of the ABC Policy can be found on the Trust's website at www.ytlhospitalityreit.com.

A comprehensive implementation plan has been established to communicate and disseminate the ABC Policy on an ongoing basis throughout the YTL Group through online training modules and other communication methods. Electronic communications put in place over the past three years to comply with physical distancing guidelines implemented in response to the COVID-19 pandemic have proven highly effective and the YTL Group has continued to employ these methods as part of the overall dissemination and training process.

Directors and employees of the YTL Group in Malaysia are required to read and understand the ABC Policy and the Code of Conduct and Business Ethics, successfully complete the online training modules to reinforce their understanding of the policy and sign the YTL Group's Integrity Pledge in acknowledgement of their obligations and responsibilities.

Compliance with the ABC Policy continues to be monitored closely, both on an ongoing basis and in conjunction with the annual assessment of the Group's corruption risks. The annual risk assessment is carried out to identify the corruption risks to which the Group is exposed and the appropriateness of the mitigation measures established to minimise the exposure to these risks.

Sustainability Governance

The Board oversees governance of the YTL REIT Group's sustainability matters which includes setting its environmental, social and governance ("ESG") strategies, priorities and targets, overseeing the progress of ESG strategy and performance and reviewing and addressing the YTL REIT Group's material ESG risks and opportunities. Further information can be found in the *Managing Sustainability* section in this Annual Report and the *YTL Group Sustainability Report 2023* which will be published later this year and will be available for download at www.ytl.com/sustainability.

The Manager's key methods for communicating its sustainability strategies, priorities and targets as well as performance against these targets to internal and external stakeholders include the Annual Report of the Trust, the YTL Group Sustainability Report, which is issued annually, and the YTL Group's Sustainability website at www.ytl.com/sustainability.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

for the financial year ended 30 June 2023

The Directors are kept apprised of the key ESG issues relevant and specific to the YTL REIT Group through briefings from management on performance, targets and operational updates, and also stay abreast with more general developments in the ESG arena through training programmes, further details of which are set out in the section below on *Board Commitment*.

ESG risks are incorporated into the Board's process for addressing and managing significant risks that may have a considerable impact on YTL REIT as they form part of the overall risk management framework, further details of which can be found in the *Statement on Risk Management & Internal Control* set out in this Annual Report.

Composition of the Board

The following changes to the composition of the Board took place during the financial year under review:

- Dato' Hj Mohamed Zainal Abidin Bin Hj Abdul Kadir and Mr Yeoh Keong Shyan resigned from the Board on 13 December 2022
- Dato' Yeoh Soo Min and Miss Au Wei Lien were appointed to the Board on 13 December 2022
- Dato' Hj Mohamed Zainal Abidin Bin Hj Abdul Kadir and Mr Yeoh Keong Shyan were appointed as Alternate Directors to Dato' Yeoh Seok Kah and Dato' Yeoh Soo Min, respectively, on 13 December 2022
- Datuk Mark Victor Rozario was appointed to the Board on 18 May 2023
- Dato' Tan Guan Cheong resigned from the Board on 30 May 2023

The Board currently comprises 8 Directors (excluding 2 Alternate Directors) consisting of 4 executive members and 4 non-executive members, all of whom are independent.

The Independent Directors currently comprise 50.0% of the Board. This is in compliance with the provisions of the Listing Requirements and the REIT Guidelines for at least one-third of the Board to be independent and the applicable recommendation under the Code for at least half of the Board to comprise independent directors.

Board and Senior Management Appointments

The appointment of Directors is undertaken by the Board as a whole whereby the Executive Chairman and/or the Chief Executive Officer make recommendations on the suitability of candidates nominated for appointment to the Board and, thereafter, the final decision lies with the entire Board to ensure that the resulting mix of experience and expertise of members of the Board is sufficient to address the issues affecting the Manager. The Board is of the view that its current practice and procedures are suitable and appropriate to fulfil the needs of the Trust and to comply with the applicable Listing Requirements. As previously reported, the Board will continue to assess the necessity of delegating this function to a separate nominating committee and will do so if it is deemed appropriate at the relevant time.

The Directors understand the importance of having a diverse Board to leverage the varying perspectives, experience and expertise required to achieve effective stewardship and management, and this forms a key part of the periodic assessment of the Board's composition.

In its deliberations, the Board assesses suitable candidates with due regard for diversity, taking into account the required mix of skills, experience, age, gender, ethnicity, time commitment, background and perspective. Nevertheless, in identifying future candidates, the Board will also endeavour to utilise independent sources including external human resources consultants and specialised databases, as appropriate.

The Board recognises the importance of encouraging and developing female talent at all levels. There are currently two female directors on the Board comprising 25% of the Board. This is deemed to comply with the requirement under the Corporate Governance Guidelines.

Meanwhile, members of senior management are appointed by the Executive Chairman and/or the Chief Executive Officer based on relevant industry experience and with due regard for diversity in skills, experience, age, background and gender.

Board Remuneration

Directors' remuneration is decided in line with the objective recommended by the Code to determine the remuneration for Directors so as to attract and retain Directors of the calibre needed to successfully carry on the Manager's operations. The Executive Directors' remuneration consists of basic salary, other emoluments and other customary benefits as appropriate to a senior management member. In general, the component parts of remuneration are structured so as to link rewards to the overall performance of YTL REIT. In the case of Non-Executive Directors, the level of remuneration reflects the contribution, experience and responsibilities undertaken by the particular non-executive concerned.

As previously reported, the Board has continued to assess the need to delegate this function to a separate committee and concluded that its current practice and procedures remain suitable and appropriate to fulfil the needs of the Trust and are in compliance with the Listing Requirements. In this context, it is pertinent to note that the Directors and senior management are remunerated by the Manager and not by YTL REIT.

The following tables provide an overview of the remuneration of the Directors for the financial year ended 30 June 2023:-

Remuneration of Executive and Non-Executive Directors for the financial year ended 30 June 2023

	Salaries and other emoluments RM'000	Directors' fees RM'000	Meeting attendance allowances RM'000	Benefits-in-kind RM'000	Total RM'000
Executive Directors	6,066	-	-	2	6,068
Non-Executive Directors	-	747	31	-	778

Range of remuneration per annum	Executive Directors	Non-Executive Directors
RM50,000 and below	-	1[2]
RM50,001 – RM200,000	1[1]	1[3]
RM200,001 – RM400,000	-	3[4]
RM1,000,001 – RM2,000,000	2	-
RM2,000,001 and above	1	-

Notes:-

Details of the remuneration of individual directors and members of senior management are not disclosed as the Directors and senior management are remunerated by the Manager and not by YTL Hospitality REIT.

(1) *For the period from 1 July 2022 until the Director's resignation from the Board on 13 December 2022*

(2) *For the period from the Director's appointment to the Board on 18 May 2023 until 30 June 2023*

(3) *For the period from the Director's appointment to the Board on 13 December 2022 until 30 June 2023*

(4) *Including the remuneration of one Director for the period from 1 July 2022 until his resignation from the Board on 30 May 2023*

CORPORATE GOVERNANCE OVERVIEW STATEMENT
for the financial year ended 30 June 2023

Board Commitment

The Directors are fully cognisant of the importance and value of attending seminars, training programmes and conferences in order to update themselves on developments and changes in the REIT industry, as well as wider economic, financial and governance issues to enhance their skills, knowledge and expertise in their respective fields. The Board will continue to evaluate and determine the training needs of its Directors on an ongoing basis.

All the Directors have undergone training programmes during the financial year ended 30 June 2023. The conferences, seminars and training programmes attended by one or more of the Directors covered the following areas:-

Seminars/Conferences/Training	Attended by
■ **Risk Management/Compliance/Anti-Corruption/ESG/ Sustainability**	
The Securities Commission Malaysia's Audit Oversight Board: Conversation with Audit Committees – "How the Audit Committees and Auditors can work together towards reliable audited financial statements" (Sessions 1 & 2) (17 November & 6 December 2022)	Dato' Ahmad Fuaad Bin Mohd Dahalan
Malaysian Institute of Management Hybrid Conference: Building Towards a Corrupt-Free Nation – Fighting Corruption and Embracing a Culture of Compliance for Good Governance (15 December 2022)	Dato' Yeoh Soo Min
Preventive Measures and Compliance for Your Condo or Building (15 December 2022)	Yeoh Keong Shyan *(Alternate Director to Dato' Yeoh Soo Min)*
Invest Malaysia Webinar: Reshaping Malaysia's Narrative Series 1: Strengthening Resilience & Sustaining Growth (8 March 2023)	Dato' Yeoh Soo Min
Anti-Bribery & Corruption (ABC) Refresher Course (March 2023)	Tan Sri (Sir) Francis Yeoh Sock Ping Dato' Mark Yeoh Seok Kah Dato' Ahmad Fuaad Bin Mohd Dahalan Dato' Zainal Abidin Bin Ahmad
ICDM: Mandatory Accreditation Programme (4 – 6 April 2023)	Au Wei Lien
Institute of Singapore Chartered Accountants/SAC Capital: Sustainability E-Training for Directors (17 May 2023)	Tan Sri (Sir) Francis Yeoh Sock Ping
Sustainable Finance (31 May 2023)	Tan Sri (Sir) Francis Yeoh Sock Ping Dato' Mark Yeoh Seok Kah Dato' Yeoh Soo Min Dato' Zainal Abidin Bin Ahmad Au Wei Lien Dato' Hj Mohamed Zainal Abidin Bin Hj Abdul Kadir *(Alternate Director to Dato' Mark Yeoh Seok Kah)* Yeoh Keong Shyan *(Alternate Director to Dato' Yeoh Soo Min)*

Seminars/Conferences/Training	Attended by
■ **Risk Management/Compliance/Anti-Corruption/ESG/ Sustainability (continued)**	
Sustainability Talk - Nature Action, A Session with Martijn Wilder AM, Founder and CEO of Pollination (31 May 2023)	Datuk Mark Victor Rozario
■ **Leadership and Business Management**	
YTL LEAD Conference 2022 (9 November 2022)	Tan Sri (Sir) Francis Yeoh Sock Ping Dato' Mark Yeoh Seok Kah Dato' Yeoh Seok Kian Dato' Ahmad Fuaad Bin Mohd Dahalan Dato' Zainal Abidin Bin Ahmad
■ **Cybersecurity/Technology/Finance/Economy/Investment**	
Cybersecurity Training – Imposter Among Us (July 2022)	Tan Sri (Sir) Francis Yeoh Sock Ping Dato' Mark Yeoh Seok Kah Dato' Ahmad Fuaad Bin Mohd Dahalan Dato' Zainal Abidin Bin Ahmad
Cybersecurity Training – Cyberattacks (September 2022)	Tan Sri (Sir) Francis Yeoh Sock Ping Dato' Mark Yeoh Seok Kah Dato' Ahmad Fuaad Bin Mohd Dahalan Dato' Zainal Abidin Bin Ahmad
Cybersecurity Training – Best Practices (October 2022)	Tan Sri (Sir) Francis Yeoh Sock Ping Dato' Mark Yeoh Seok Kah Dato' Ahmad Fuaad Bin Mohd Dahalan Dato' Zainal Abidin Bin Ahmad
Directors Guide to Machine Learning and Artificial Intelligence (3 April 2023)	Tan Sri (Sir) Francis Yeoh Sock Ping Dato' Mark Yeoh Seok Kah Dato' Yeoh Soo Min Dato' Yeoh Seok Kian Dato' Ahmad Fuaad Bin Mohd Dahalan Dato' Zainal Abidin Bin Ahmad Yeoh Keong Shyan *(Alternate Director to Dato' Yeoh Soo Min)*
40th JAMECA-MAJECA Joint Conference: Deepening Economic Relations Between Japan and Malaysia through Multi-Layered Co-Creation (25 May 2023)	Dato' Yeoh Seok Kian
Cyber Attack Nexus Singapore 2023 (15 & 16 June 2023)	Datuk Mark Victor Rozario

CORPORATE GOVERNANCE OVERVIEW STATEMENT
for the financial year ended 30 June 2023

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Integrity in Financial Reporting

The Directors are responsible for ensuring that financial statements of the Trust are drawn up in accordance with applicable approved accounting standards in Malaysia, the REIT Guidelines and the Deed. The *Statement of Directors' Responsibilities* made pursuant to paragraph 15.26(a) of the Listing Requirements is set out in this Annual Report.

In presenting the financial statements, the Manager has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates to present a true and fair assessment of the Company's position and prospects. Interim financial statements are reviewed by the Trustee and the Audit Committee and approved by the Directors prior to release to the relevant regulatory authorities.

Audit Committee

The Manager has in place an Audit Committee which comprises three Independent Non-Executive Directors, in compliance with the Code, namely Datuk Mark Victor Rozario, Dato' Ahmad Fuaad Bin Mohd Dahalan and Dato' Zainal Abidin Bin Ahmad. The Chairman of the Audit Committee is Datuk Mark Victor Rozario, in accordance with the recommendations of the Code that the chairman of the Audit Committee should not be the chairman of the Board. Datuk Mark Victor Rozario was designated as the chairman of the Audit Committee on 30 May 2023, following the resignation of Dato' Tan Guan Cheong.

The members of the Audit Committee possess a wide range of necessary skills to discharge their duties, and are financially literate and able to understand matters under the purview of the Audit Committee including the financial reporting process. The members of the Audit Committee also intend to continue to undertake professional development by attending training to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

The Audit Committee holds quarterly meetings to review matters including the YTL REIT Group's financial reporting, the audit plans for the financial year and recurrent related party transactions, as well as to deliberate the findings of the internal and external auditors.

The Audit Committee met four times during the financial year ended 30 June 2023. Full details of the composition and summary of the work carried out by the Audit Committee during the financial year can be found in the *Audit Committee Report* set out in this Annual Report. This information and the terms of reference of the Audit Committee are available under the *"Governance"* section on the Trust's website at www.ytlhospitalityreit.com.

The Audit Committee has established formal and professional arrangements for maintaining an appropriate relationship with the Trust's external auditors, HLB Ler Lum Chew PLT ("HLB"). The external auditors also attend each Annual General Meeting ("AGM") in order to address clarifications sought pertaining to the audited financial statements by Unitholders.

The Audit Committee's *Auditor Independence Policy* guides its assessment of the suitability, objectivity and independence of the external auditors. This policy was updated during the last financial year to, amongst others, extend the cooling off period to three years (from two years previously) for appointment of a former audit partner of the external audit firm as a member of the Audit Committee, and to include additional assessment criteria based on information presented in the *Annual Transparency Report* of the external auditors, in line with the Code. None of the Audit Committee members were formerly audit partners of the Trust's external auditors.

Details of the audit and non-audit fees paid/payable to HLB for the financial year ended 30 June 2023 are as follows:-

	Trust RM'000	Group RM'000
Statutory audit fees paid/payable to HLB	101	130
Non-audit fees paid/payable to HLB	6	6
Total	**107**	**136**

Risk Management and Internal Control

The Board acknowledges its overall responsibility for maintaining a sound system of risk management and internal control to safeguard the investment of the Unitholders and the assets of the YTL REIT Group, and that these controls are designed to provide reasonable, but not absolute, assurance against the risk of occurrence of material errors, fraud or losses.

Details of the YTL REIT Group's system of risk management and internal control are contained in the *Statement on Risk Management & Internal Control* and the *Audit Committee Report* as set out in this Annual Report.

Conflicts of Interest and Related Party Transactions

The Deed provides that the Manager, the Trustee and any delegate of either of them shall avoid conflicts of interest arising or, if conflicts arise, shall ensure that the YTL REIT Group is not disadvantaged by the transaction concerned. The Manager must not make improper use of its position in managing the YTL REIT Group to gain, directly or indirectly, an advantage for itself or for any other person or to cause detriment to the interests of Unitholders.

In order to deal with any conflict-of-interest situations that may arise, any related party transaction, dealing, investment or appointment carried out for or on behalf of the YTL REIT Group involving parties related to the Trust must be executed on terms that are the best available to the Trust and which are no less favourable than an arm's length transaction between independent parties.

The Manager may not act as principal in the sale and purchase of real estate, securities and any other assets to and from the YTL REIT Group. "Acting as principal" includes a reference to:

(a) dealing in or entering into a transaction on behalf of a person associated with the Manager;

(b) acting on behalf of a corporation in which the Manager has a controlling interest; or

(c) the Manager acting on behalf of a corporation in which the Manager's interest and the interests of its Directors together constitute a controlling interest.

In addition, the Manager must not, without the prior approval of the Trustee, invest any monies available for investment under the Deed in any securities, real estate or other assets in which the Manager or any officer of the Manager has a financial interest or from which the Manager or any officer of the Manager derives a benefit.

In dealing with any related party transactions that may arise, the Manager ensures that the provisions in the REIT Guidelines and the Listing Requirements pertaining to related party transactions are fully complied with in any applicable transactions.

Internal Audit

The Manager's internal audit function is undertaken by the Internal Audit department of YTL Corp ("YTLIA"). YTLIA reports directly to the Audit Committee of YTL Corp and to the Board on matters pertaining to the Manager and the Trust.

The Head of Internal Audit, Mr Choong Hon Chow, is a member of the Malaysian Institute of Accountants and a Fellow of the Association of Chartered Certified Accountants (ACCA) UK. He started his career with the external audit division of a large public accounting firm before moving on to the internal audit profession in public listed companies and gained valuable and extensive internal audit experience covering many areas of diversified commercial businesses and activities. He has a total of 40 years of internal and external audit experience.

During the financial year ended 30 June 2023, YTLIA comprised 9 full-time personnel. The personnel of YTLIA are free from any relationships or conflicts of interest which could impair their objectivity and independence.

The internal audit function adopts the framework based on the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

The activities of the internal audit function during the year under review included:-

- Developing the annual internal audit plan and proposing this plan to the Audit Committee;
- Conducting scheduled internal audit engagements, focusing primarily on the adequacy and effectiveness of internal controls and recommending improvements where necessary;
- Conducting follow-up reviews to assess if appropriate action has been taken to address issues highlighted in audit reports;
- Presenting significant audit findings to the Audit Committee for consideration;
- Conducting reviews of recurrent related party transactions;
- Conducting discussions with management in identifying significant concerns and risk areas perceived by management for inclusion in the internal audit plan; and
- Conducting discussions with management to identify, analyse, assess and prioritise the internal and external corruption risks, for the purpose of establishing appropriate processes, systems and controls to mitigate the specific corruption risks exposure.

Further details of the YTL REIT Group's internal audit function are contained in the *Statement on Risk Management & Internal Control* and the *Audit Committee Report* as set out in this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

for the financial year ended 30 June 2023

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Communication with Unitholders

The Manager values dialogue with Unitholders and investors as a means of effective communication that enables the Board to convey information about the YTL REIT Group's performance, corporate strategy and other matters affecting Unitholders' interests. The Board recognises the importance of timely dissemination of information to Unitholders and, accordingly, ensures that they are well informed of any major developments of YTL REIT. Such information is communicated through annual reports, the Trust's various disclosures and announcements to Bursa Securities, including quarterly and annual results, and the corporate website.

Corporate information, annual financial results, governance information, business reviews and future plans are disseminated through the Annual Report, whilst current corporate developments are communicated via the Trust's website, www.ytlhospitalityreit.com, in addition to prescribed information, including financial results, announcements, circulars, prospectuses and notices, which is released through the official website of Bursa Securities.

The Executive Chairman, Chief Executive Officer and/or the Executive Directors meet with analysts, institutional Unitholders and investors throughout the year to provide updates on strategies and new developments. However, price-sensitive information and information that may be regarded as undisclosed material information about YTL REIT is not disclosed in these sessions until after the requisite announcements to Bursa Securities have been made.

Whilst efforts are made to provide as much information as possible to its Unitholders and stakeholders, the Directors are cognisant of the legal and regulatory framework governing the release of material and sensitive information so as to not mislead its Unitholders. Therefore, the information that is price-sensitive or that may be regarded as undisclosed material information about the YTL REIT Group is not disclosed to any party until after the prescribed announcement to Bursa Securities has been made.

Conduct of General Meetings

The AGM is the principal forum for dialogue with Unitholders. The Board provides opportunities for Unitholders to raise questions pertaining to issues in the Annual Report and operational performance of YTL REIT for the financial year. The Notice of AGM is sent to Unitholders at least 28 days prior to the AGM in accordance with the Code, which also meets the criteria of the Listing Requirements and Companies Act 2016 which require the Notice of AGM to be sent 21 days prior to the AGM, thus allowing Unitholders to make adequate preparation.

The Executive Chairman, Chief Executive Officer and Executive Directors take the opportunity to present a comprehensive review of the financial and non-financial performance of YTL REIT as well as progress and long-term strategies. The Directors provide appropriate answers in response to Unitholders' questions during the meeting thereby ensuring a high level of accountability, transparency and identification with YTL REIT's strategy and goals.

The Directors are mindful of the recommendation under the Code that all directors must attend general meetings and fully appreciate the need for their attendance at all such meetings. All Directors attended the Company's tenth AGM held on 13 October 2022.

Extraordinary general meetings are held as and when required to seek Unitholders' approval. The Chief Executive Officer and Executive Directors take the opportunity to fully explain the rationale for proposals put forth for approval and the implications of such proposals for the Trust, and to reply to Unitholders' questions.

Where applicable, each item of special business included notice of the meeting is accompanied by an explanatory statement for the proposed resolution to facilitate full understanding and evaluation of the issues involved. All resolutions are put to the vote by electronic poll voting and an independent scrutineer is appointed to verify poll results. The results of the electronic poll voting are announced in a timely matter, usually within half an hour of the voting process to enable sufficient time for the results to be tabulated and verified by the independent scrutineer.

Where general meetings are held on a virtual basis, the Board utilises available platforms and technologies that support meaningful engagement with Unitholders by ensuring smooth broadcast of the general meeting and enabling interactive participation by Unitholders via facilities to submit questions before and during the general meeting. Questions posed by Unitholders are made visible to all meeting participants during the meeting.

The Manager engages professional service providers to manage and administer the Trust's general meetings who have in place the necessary data privacy and protection and cybersecurity policies and procedures to safeguard the information of the Trust and its unitholders.

The Manager endeavours to post the minutes of general meetings on the Trust's website under the *"Meetings"* page at https://www.ytlhospitalityreit.com/meetings no later than 30 business days after the general meeting.

The forthcoming eleventh AGM will be held on a fully virtual basis, the details of which can be found in the *Notice of Annual General Meeting* in this Annual Report.

This statement was approved by the Board on 31 July 2023.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

for the financial year ended 30 June 2023

During the financial year under review, the Board of Directors ("Board") of Pintar Projek Sdn Bhd ("PPSB" or "Manager") reviewed the system of internal control and risk management of YTL Hospitality REIT ("YTL REIT" or "Trust") and its subsidiaries ("YTL REIT Group" or "Group"), to ensure compliance with the applicable provisions of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the principles and practices of the Malaysian Code on Corporate Governance ("Code"), the Guidelines on Listed Real Estate Investment Trusts ("REIT Guidelines") and the Guidelines on Corporate Governance for Capital Market Intermediaries ("Corporate Governance Guidelines") issued by the Securities Commission Malaysia.

YTL REIT was established on 18 November 2005 pursuant to a trust deed (as amended and restated) ("Trust Deed") entered into between PPSB and Maybank Trustees Berhad ("Trustee"), as the manager and trustee, respectively, of the Trust. The Manager and the Trustee administer the Trust in accordance with the provisions of the Trust Deed, which governs matters including the management of the Trust, issuance of units, investments in assets, distributions, related party transactions and conflicts of interest, powers of the Trustee and responsibilities and remuneration of the Manager and the Trustee.

The Board acknowledges its overall responsibility for maintaining a sound system of risk management and internal control to safeguard the investment of its unitholders and the assets of the YTL REIT Group, and that these controls are designed to provide reasonable, but not absolute, assurance against the risk of occurrence of material errors, fraud or losses.

This statement sets out an overview of YTL REIT's compliance with the applicable provisions of the Code and the Corporate Governance Guidelines during the financial year ended 30 June 2023.

RESPONSIBILITIES OF THE BOARD

The Board is ultimately responsible for maintaining a sound system of risk management and internal control which includes the establishment of an appropriate control environment framework to address the need to safeguard unitholders' investments and the assets of the YTL REIT Group, and for reviewing the adequacy and integrity of the system. The system of internal control covers not only financial controls but operational and compliance controls and risk management.

However, the Board recognises that reviewing the YTL REIT Group's system of risk management and internal control is a concerted and continuing process, designed to minimise the likelihood of fraud and error, and to manage rather than eliminate the risk of failure to achieve business objectives. Accordingly, the system of risk management and internal control can only provide reasonable but not absolute assurance against material misstatement, fraud and loss.

The Board believes that the YTL REIT Group's system of risk management and internal control, financial or otherwise in place for the financial year under review, should provide reasonable assurance regarding the achievement of the objectives of ensuring effectiveness and efficiency of operations, reliability and transparency of financial information and compliance with laws and regulations.

PRINCIPAL FEATURES & PROCESSES OF THE YTL REIT GROUP'S SYSTEM OF INTERNAL CONTROL

The Board is committed to maintaining a sound internal control structure to fulfil the Manager's duties and obligations under the Trust Deed, which includes processes for continuous monitoring and review of effectiveness of control activities and to govern the manner in which the YTL REIT Group and its staff conduct themselves.

The principal features which form part of the YTL REIT Group's system of internal control can be summarised as follows:-

- **Authorisation Procedures:** The YTL REIT Group has a clear definition of authorisation procedures and a clear line of accountability, with strict authorisation, approval and control procedures within the Board and the senior management. Responsibility levels are communicated throughout the YTL REIT Group which set out, among others, authorisation levels, segregation of duties and other control procedures to promote effective and independent stewardship in the best interests of unitholders.

- **Auditors' appointment:** The appointment of the external auditors, who are nominated by the Manager, is approved by the Trustee. The remuneration of the external auditors is also approved by the Trustee based on the Manager's recommendation.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL
for the financial year ended 30 June 2023

- **Authority Levels:** The YTL REIT Group has delegated authority levels for tenders, capital expenditure projects, acquisitions and disposals of businesses and other significant transactions to the Executive Directors. The approval of capital and revenue proposals above certain limits is reserved for decision by the Board and the Trustee. Other investment decisions are delegated for approval in accordance with authority limits. Comprehensive appraisal and monitoring procedures are applied to all major investment decisions.

  The authority of the Directors is required for decisions on key treasury matters, including financing of corporate and investment funding requirements, foreign currency and interest rate risk management, investments, insurance and designation of authorised signatories.

- **Financial Performance:** Interim financial results are reviewed by the Audit Committee and approved by the Board upon recommendation of the Audit Committee before release to Bursa Securities. The full year financial results and analyses of the YTL REIT Group's state of affairs are disclosed to unitholders after review and audit by the external auditors.

- **Internal Compliance:** The YTL REIT Group monitors compliance with its internal financial controls through management reviews and reports which are internally reviewed by key personnel to enable it to gauge achievement of annual targets. Updates of internal policies and procedures are undertaken to reflect changing risks or resolve operational deficiencies, as well as changes to legal and regulatory compliance requirements relevant to the YTL REIT Group. Internal audit visits are systematically arranged over specific periods to monitor and scrutinise compliance with procedures and assess the integrity of financial information provided.

- **Internal Audit Function:** The Manager's internal audit function is undertaken by the Internal Audit department of its parent company, YTL Corporation Berhad, ("YTLIA") which provides assurance on the efficiency and effectiveness of the internal control systems implemented by Management, and reports directly to the Audit Committee on matters pertaining to the Manager and the Trust.

  A description of the work of the internal audit function can be found in the *Audit Committee Report*, whilst additional details about the personnel and resources of YTLIA are contained in the *Corporate Governance Overview Statement* set out in this Annual Report. This information is also available under the "*Governance*" section on the Trust's website at www.ytlhospitalityreit.com.

  YTLIA operates independently of the work it audits and provides periodic reports to the Audit Committee, reporting on the outcome of the audits conducted which highlight the effectiveness of the system of internal control and significant risks. The Audit Committee reviews and evaluates the key concerns and issues raised by YTLIA and ensures that appropriate and prompt remedial action is taken by management.

  The Manager's system of internal control will continue to be reviewed, enhanced and updated in line with changes in the operating environment. The Board will seek regular assurance on the continuity and effectiveness of the internal control system through appraisals by YTLIA. The Board is of the view that the current system of internal control in place is effective to safeguard its interests of the YTL REIT Group.

KEY FEATURES & PROCESSES OF THE YTL REIT GROUP'S RISK MANAGEMENT FRAMEWORK

The Group's strong financial profile is the result of a system of internal control and risk management designed to mitigate risks which arise in the course of business.

The Board acknowledges that all areas of the YTL REIT Group's business activities involve some degree of risk and is committed to ensuring that there is an effective risk management framework which allows management to manage risks within defined parameters and standards, and promotes profitability of the YTL REIT Group's operations in order to enhance unitholder value.

The Board assumes overall responsibility for the YTL REIT Group's risk management framework. Identifying, evaluating and managing any significant risks faced by the Group is an ongoing process which is undertaken by senior management at each level of operations and by the Audit Committee, which assesses and analyses these findings and reports to the Board.

At the same time, YTLIA, in the performance of its internal audit function, will identify and evaluate any significant risks faced by the YTL REIT Group and report these findings to the Audit Committee. During the financial year under review, the Board's functions in the risk management framework were exercised primarily by the Executive Directors through their participation in management meetings to ensure the adequacy and integrity of the system of internal control. Emphasis is placed on reviewing and updating the process for identifying and evaluating the significant risks affecting the business, and policies and procedures by which these risks are managed.

The YTL REIT Group's activities expose it to a variety of financial risks, including foreign currency exchange risk, interest rate risk, credit risk, liquidity risk, business/market risk, corruption risk and regulatory/compliance risk. The YTL REIT Group's overall financial risk management objective is to ensure that the YTL REIT Group creates value for its unitholders. The YTL REIT Group focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance. Financial risk management is carried out through regular risk review analysis, internal control systems and adherence to the YTL REIT Group's financial risk management policies. The Board reviews these risks and approves the appropriate control environment framework. Further discussion and details on the YTL REIT Group's risk management is contained in the *Management Discussion & Analysis* in this Annual Report.

Management is responsible for creating a risk-aware culture within the YTL REIT Group and for the identification and evaluation of significant risks applicable to their areas of business, together with the design and operation of suitable internal controls. These risks are assessed on a continual basis and may be associated with a variety of internal and external sources including control breakdowns, disruption in information systems, competition, natural catastrophe and regulatory requirements. Significant changes in the business and the external environment which affect significant risks will be reported by management to the Board in developing a risk mitigation action plan. Where areas for improvement in the system are identified, the Board considers the recommendations made by the Audit Committee and the internal auditors.

The Board will pursue its ongoing process of identifying, assessing and managing key business, operational and financial risks faced by its business units as well as regularly reviewing planned strategies to determine whether risks are mitigated and well-managed, and to ensure compliance with the guidelines issued by the relevant authorities. This is to ensure the YTL REIT Group is able to respond effectively to the constantly changing business environment in order to protect and enhance stakeholders' interests and unitholder value.

REVIEW BY EXTERNAL AUDITORS

The external auditors, HLB Ler Lum Chew PLT, have reviewed this Statement on Risk Management & Internal Control for inclusion in the Annual Report for the financial year ended 30 June 2023, in compliance with Paragraph 15.23 of the Listing Requirements, and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

CONCLUSION

The Board is of the view that the system of risk management and internal control being instituted throughout the YTL REIT Group is sound and effective. The monitoring, review and reporting arrangements in place give reasonable assurance that the structure and operation of controls are appropriate for the YTL REIT Group's operations and that risks are at an acceptable level throughout its businesses.

The Chief Executive Officer is primarily responsible for the financial management of YTL REIT and has provided assurance to the Board that the YTL REIT Group's risk management and internal control system is operating adequately and effectively. Reviews of all the control procedures will be continuously carried out to ensure the ongoing effectiveness and adequacy of the system of risk management and internal control, so as to safeguard unitholders' investments and the YTL REIT Group's assets.

This statement was approved by the Board on 31 July 2023.

AUDIT COMMITTEE REPORT

COMPOSITION

Dato' Tan Guan Cheong
(resigned on 30 May 2023)
(Chairman/Independent Non-Executive Director)

Datuk Mark Victor Rozario
(appointed on 18 May 2023 and redesignated as Chairman on 30 May 2023)
(Chairman/Independent Non-Executive Director)

Dato' Ahmad Fuaad Bin Mohd Dahalan
(Member/Independent Non-Executive Director)

Dato' Zainal Abidin Bin Ahmad
(Member/Independent Non-Executive Director)

TERMS OF REFERENCE

The terms of reference of the Audit Committee can be found under the *"Governance"* section on YTL Hospitality REIT ("YTL REIT")'s website at www.ytlhospitalityreit.com.

NUMBER OF MEETINGS HELD AND DETAILS OF ATTENDANCE

The Audit Committee shall meet at quarterly intervals or such other intervals as the Audit Committee shall decide. During the financial year, a total of 4 Audit Committee meetings were held and the details of attendance are as follows:

	Attendance
Dato' Tan Guan Cheong	4
Dato' Ahmad Fuaad Bin Mohd Dahalan	4
Dato' Zainal Abidin Bin Ahmad	4
Datuk Mark Victor Rozario	1

SUMMARY OF WORK CARRIED OUT DURING FINANCIAL YEAR

The Audit Committee carried out the following work during the financial year ended 30 June 2023 in the discharge of its functions and duties:

1. **Overseeing Financial Reporting**

   (a) Reviewed the following quarterly financial results and annual financial statements of YTL REIT ("Financial Reports") prior to their recommendation to the Board of Directors for approval:

   - Quarterly financial results for the fourth quarter of financial year ended 30 June 2022, and the annual audited financial statements for the financial year ended 30 June 2022 at the Audit Committee meeting held on 1 August 2022;
   - The quarterly results of the first, second and third quarters of the financial year ended 30 June 2023 at the Audit Committee meetings held on 23 November 2022, 22 February 2023 and 24 May 2023, respectively.

   (b) At the Audit Committee meetings, the Finance Manager presented the Financial Reports wherein the following matters were reviewed and confirmed, with clarification and/or additional information provided wherever required by the Chief Executive Officer primarily in charge of the financial management of YTL REIT:

   - Appropriate accounting policies had been adopted and applied consistently, and other statutory and regulatory requirements had been complied with;
   - YTL REIT has adequate resources to continue in operation for the foreseeable future and that there are no material uncertainties that could lead to significant doubt as to the Group's ability to continue as a going concern;
   - Significant judgements made by management in respect of matters such as valuation of investment properties, revaluation of freehold land and buildings, valuation uncertainty, fraud risk including management override of controls, revenue recognition, impairment assessment of trade and accrued lease receivables, hedge of net investments in Australia and Japan,

critical accounting policies and financial statement disclosures and the underlying assumptions and/or estimates used were reasonable in accordance with the requirements of the Malaysian Financial Reporting Standards ("MFRS");

- Adequate processes and controls were in place for effective and efficient financial reporting and disclosures under the MFRS and Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Listing Requirements");
- The Financial Reports were fairly presented in conformity with the relevant accounting standards in all material aspects.

2. External Audit

(a) Reviewed with the external auditors, HLB Ler Lum Chew PLT ("HLB"):

- their final report on the audit of the financial statements for financial year ended 30 June 2022 setting out their comments and conclusions on the significant audit and accounting matters highlighted, including management's judgements, estimates and/or assessments made, and adequateness of disclosures in the financial statements;
- the audit plan for the financial year ended 30 June 2023 outlining, amongst others, their scope of work, areas of audit emphasis, multi-location audit, and development in laws and regulations affecting financial reporting and the responsibilities of directors/audit committee members and auditors.

(b) Reviewed the audit fees proposed by HLB together with management and recommended the negotiated fees agreed by HLB to the Board of Directors for approval.

(c) Had discussions with HLB twice during the financial year, namely on 1 August 2022 and 24 May 2023, without the presence of management, to apprise on matters in regard to the audit and financial statements. No issues were raised by HLB.

(d) Reviewed the profiles of the audit engagement team which enabled the Audit Committee to assess their qualification, expertise, resources, and independence, as well as the effectiveness of the audit process. HLB also provided written confirmation of their independence in all of the reports presented to the Audit Committee. The Audit Committee also reviewed on a regular basis, the nature and extent of the non-audit services provided by HLB and was satisfied with the suitability, performance, independence and objectivity of HLB.

(e) Assessed the performance of HLB for the financial year ended 30 June 2022 and recommended to the Board of Directors for HLB to continue as the external auditors of YTL REIT.

3. Internal Audit

(a) Reviewed with the internal auditors the internal audit report, the audit findings and recommendations, management's responses and/or actions taken thereto, and ensured that material findings were satisfactorily addressed by management.

(b) Reviewed and adopted the risk-based internal audit plan for financial year ending 30 June 2024 to ensure sufficient scope and coverage of activities of YTL REIT and the Group.

(c) Reviewed internal audit resourcing, with focus on ensuring that the function has sufficient resources together with the right calibre of personnel to perform effectively, and that the head of internal audit has adequate authority to discharge his functions objectively and independently.

4. Related Party Transactions ("RPT") and Recurrent RPT of a Revenue or Trading Nature ("RRPT")

(a) Reviewed, on a quarterly basis, the RRPT entered into by YTL REIT and/or its subsidiaries with related parties to ensure that the Group's internal policies and procedures governing RRPT are adhered to, and disclosure requirements of the Listing Requirements are observed.

(b) Received updates on the directorships and shareholdings held by the Directors of the Company and persons connected with them via the general notices given under and in accordance with Section 221 of the Companies Act, 2016 tabled at board meetings. These disclosures enabled an assessment of the potential or actual conflicts of interest which may arise in relation to RPT or RRPT.

(c) Reviewed the following RPT and/or RRPT entered into by YTL REIT and/or its subsidiaries with related parties to ensure the transactions were in the best interests of YTL REIT and its unitholders; were fair, reasonable and on normal commercial terms; and were not detrimental to the interests of the minority unitholders of YTL REIT, prior to its recommendation to the Board of Directors for approval:

- Rental revisions and refurbishments for AC Hotel Kuala Lumpur Titiwangsa, AC Hotel Penang Bukit Jambul and AC Hotel Kuantan City Centre ("AC Hotels") in consideration of YTL REIT agreeing to pay for the costs of the refurbishment works of the AC Hotels.

5. Annual Report

(a) Reviewed the Audit Committee Report, and Statement on Risk Management and Internal Control before recommending these to the Board of Directors for approval for inclusion in 2022 Annual Report.

INTERNAL AUDIT FUNCTION

The objective of the Internal Audit ("IA") is to help management evaluate the effectiveness and efficiency of the internal control systems. The IA is part of YTL REIT and the Group's governance system, and according to the Malaysian Code on Corporate Governance, the IA is in charge of supervising internal control activities. IA's goal is to focus mainly on risk-based audits related to operations and compliance that are aligned with the risks of YTL REIT and the Group to ensure that the relevant controls addressing those risks are reviewed.

During the financial year, the IA Department evaluated the adequacy and effectiveness of key controls in responding to risks within YTL REIT's governance, operations and information systems regarding:

- Reliability and integrity of financial and operational information;
- Effectiveness and efficiency of operations;
- Safeguarding of assets; and
- Compliance with relevant laws, regulations and contractual obligations.

The work of the internal audit function during the year under review include:

1. Developed the annual internal audit plan and proposed the plan to the Audit Committee.
2. Conducted scheduled internal audit engagements, focusing primarily on the effectiveness of internal controls and recommended improvements where necessary.
3. Conducted follow-up reviews to assess if appropriate action has been taken to address issues highlighted in previous audit reports.
4. Conducted recurrent related party transactions reviews to assess accuracy and completeness of reporting for presentation to the Audit Committee, and ensure compliance with the Listing Requirements.
5. Conducted discussions with management in identifying significant concerns and risk areas perceived by management for inclusion in the internal audit plan.

Costs amounting to RM22,465 were incurred in relation to the internal audit function for the financial year ended 30 June 2023.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors of Pintar Projek Sdn Bhd ("Directors"), the manager of YTL Hospitality REIT ("YTL REIT" or "Trust") are required to prepare financial statements for each financial year which give a true and fair view of the financial position of YTL REIT and its subsidiaries ("Group") as at the end of the financial year and of the financial performance and cash flows of the Group and of the Trust for the financial year then ended.

In preparing the financial statements for the financial year ended 30 June 2023, the Directors have:

- considered the applicable approved accounting standards in Malaysia;
- used appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent; and
- prepared the financial statements on a going concern basis.

The Directors are responsible for ensuring that the Group and the Trust keep accounting records which disclose with reasonable accuracy the financial position of the Group and of the Trust which enable them to ensure that the financial statements comply with the Securities Commission Malaysia's Guidelines on Listed Real Estate Investment Trusts, the deed dated 18 November 2005 (as amended and restated), Malaysian Financial Reporting Standards, International Financial Reporting Standards and other applicable laws.

The Directors are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and the Trust, and to detect and prevent fraud and other irregularities.

ANALYSIS OF UNITHOLDINGS

as at 21 July 2023

Issued and fully paid units : 1,704,388,889 Units (voting right : 1 vote per unit)

DISTRIBUTION OF UNITHOLDINGS

Size of holding	No. of Unitholders	%	No. of Units	%
1 - 99	520	3.42	5,225	0.00
100 - 1,000	3,486	22.96	2,703,653	0.16
1,001 - 10,000	6,789	44.71	33,788,072	1.98
10,001 - 100,000	3,655	24.07	124,819,255	7.33
100,001 - to less than 5% of issued units	734	4.83	682,791,795	40.06
5% and above of issued units	1	0.01	860,280,889	50.47
Total	**15,185**	**100.00**	**1,704,388,889**	**100.00**

THIRTY LARGEST UNITHOLDERS

(as per Record of Depositors)

	Name	No. of Units	%
1	YTL Corporation Berhad	860,280,889	50.47
2	YTL Corporation Berhad	74,115,600	4.35
3	East-West Ventures Sdn Bhd	62,500,000	3.67
4	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (AHAM AM)	34,409,800	2.02
5	Syarikat Pelanchongan Pangkor Laut Sendirian Berhad	24,250,000	1.42
6	YTL Power International Berhad	20,496,900	1.20
7	Business & Budget Hotels (Kuantan) Sdn Bhd	18,750,000	1.10
8	YTL Power International Berhad	14,628,000	0.86
9	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (AMUNDI)	13,689,200	0.80
10	Megahub Development Sdn Bhd	13,250,000	0.78
11	HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for Zurich Life Insurance Malaysia Berhad (NP-OTHER-REITS)	13,024,600	0.76
12	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (AM INV)	9,843,000	0.58
13	HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for Allianz Life Insurance Malaysia Berhad (P)	8,907,800	0.52

ANALYSIS OF UNITHOLDINGS
as at 21 July 2023

	Name	No. of Units	%
14	Amanah Raya Berhad - Kumpulan Wang Bersama	8,860,000	0.52
15	HSBC Nominees (Asing) Sdn Bhd - SIX SIS for Bank Sarasin CIE	8,400,000	0.49
16	HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for Zurich Life Insurance Malaysia Berhad (LIFE PAR)	8,353,100	0.49
17	Hong Leong Assurance Berhad - As Beneficial Owner (LIFE PAR)	8,350,000	0.49
18	YTL Power International Berhad	7,964,600	0.47
19	Steeloak International Limited	7,900,000	0.46
20	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (ARIM)	7,896,700	0.46
21	Citigroup Nominees (Tempatan) Sdn Bhd - Kumpulan Wang Persaraan (Diperbadankan) (AHAM AM EQ)	7,433,000	0.44
22	HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for Zurich General Insurance Malaysia Berhad (GI-REITS)	7,394,500	0.43
23	Citigroup Nominees (Asing) Sdn Bhd - Exempt An for Citibank New York (NORGES BANK 22)	7,226,700	0.42
24	Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Kong Lih Ching	6,561,200	0.38
25	Citigroup Nominees (Tempatan) Sdn Bhd - Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	5,510,700	0.32
26	Khoo Chai Ee	5,366,300	0.31
27	Dato' Mark Yeoh Seok Kah	5,000,000	0.29
28	Hong Leong Assurance Berhad - As Beneficial Owner (UNITLINKED OP)	4,918,000	0.29
29	CGS-CIMB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Khoo Chai Pek (MY1030)	4,667,700	0.27
30	Khoo Chai Pek	4,565,300	0.27
	Total	**1,284,513,589**	**75.37**

ANALYSIS OF UNITHOLDINGS
as at 21 July 2023

SUBSTANTIAL UNITHOLDERS

	No. of Units Held			
Name	**Direct**	**%**	**Indirect**	**%**
YTL Corporation Berhad	937,464,189	55.00	61,839,500 [(1)]	3.63
Yeoh Tiong Lay & Sons Holdings Sdn Bhd	-	-	1,099,303,689 [(2)]	64.50
Yeoh Tiong Lay & Sons Family Holdings Limited	-	-	1,099,303,689 [(3)]	64.50
Yeoh Tiong Lay & Sons Trust Company Limited	-	-	1,099,303,689 [(4)]	64.50
Puan Sri Datin Seri Tan Kai Yong @ Tan Kay Neong	-	-	1,099,303,689 [(5)]	64.50

(1) *Deemed interests by virtue of interests held by YTL Power International Berhad (**"YTL Power"**) and Business & Budget Hotels (Kuantan) Sdn Bhd (**"BBHK"**) pursuant to Section 8 of the Companies Act, 2016 (**"Act"**).*

(2) *Deemed interests by virtue of interests held by YTL Corporation Berhad, YTL Power, BBHK, Megahub Development Sdn Bhd, East-West Ventures Sdn Bhd and Syarikat Pelanchongan Pangkor Laut Sendirian Berhad pursuant to Section 8 of the Act.*

(3) *Deemed interests pursuant to Section 8 of the Act arising from the ownership of 100% of Yeoh Tiong Lay & Sons Holdings Sdn Bhd.*

(4) *Deemed interests pursuant to Section 8 of the Act arising from the ownership of 100% of Yeoh Tiong Lay & Sons Family Holdings Limited (**"YTLSF"**) in its capacity as trustee.*

(5) *Deemed interests by virtue of her beneficial interest (held through Yeoh Tiong Lay & Sons Trust Company Limited in its capacity as trustee) in YTLSF pursuant to Section 8 of the Act.*

STATEMENT OF INTERESTS OF DIRECTORS OF THE MANAGER

Pintar Projek Sdn Bhd in YTL Hospitality REIT as at 21 July 2023

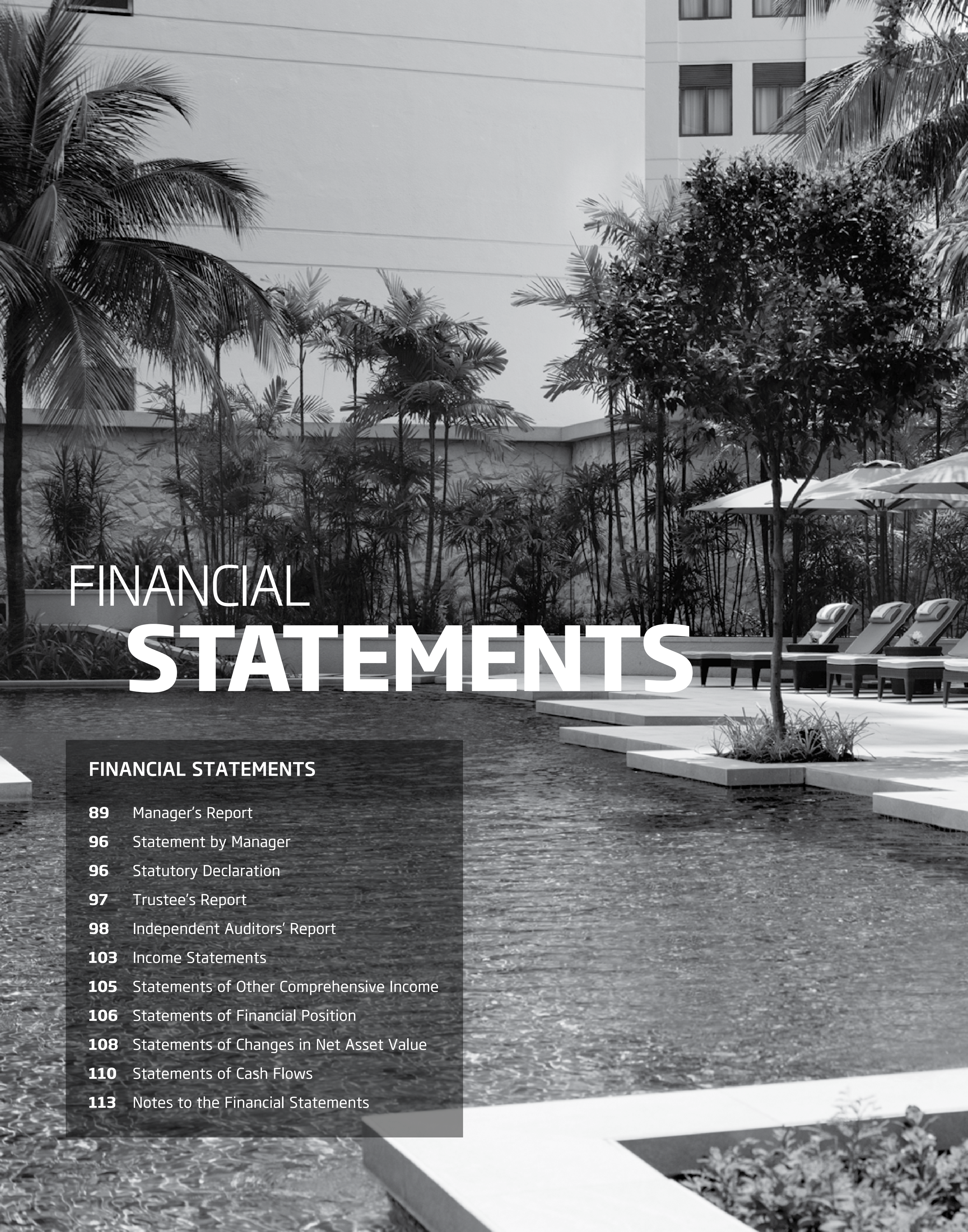
	No. of Units Held			
Name	**Direct**	**%**	**Indirect**	**%**
Tan Sri (Sir) Francis Yeoh Sock Ping, PSM, KBE	2,975,900	0.18	916,000 (1)	0.05
Dato' Mark Yeoh Seok Kah	5,000,000	0.29	1,000,000 (1)	0.06
Dato' Yeoh Soo Min	154,300	0.01	618,000 (1)(2)	0.04
Dato' Hj Mohamed Zainal Abidin Bin Hj Abdul Kadir (Alternate Director to Dato' Yeoh Seok Kian)	100,000	0.01	64,250,000 (3)	3.77
Yeoh Keong Shyan (Alternate Director to Dato' Yeoh Soo Min)	100,000	0.01	-	-

(1) *Deemed interests by virtue of interests held by spouse and/or children pursuant to Section 59(11)(c) of the Act.*

(2) *Deemed interests by virtue of interests held by Tan & Yeoh Properties Sdn Bhd pursuant to Section 8 of the Act.*

(3) *Deemed interests by virtue of interests held by East-West Ventures Sdn Bhd and Tanjong Jara Beach Hotel Sdn Bhd pursuant to Section 8 of the Act.*

Other than as disclosed above, none of other Directors held any interest in units of YTL Hospitality REIT.



FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

MANAGER'S REPORT

The Directors of Pintar Projek Sdn. Bhd. ("Manager"), the manager of YTL Hospitality REIT ("YTL REIT" or "Trust"), is pleased to present the report to unitholders of YTL REIT together with the audited financial statements of YTL REIT and its subsidiaries ("Group") for the financial year ended 30 June 2023.

PRINCIPAL ACTIVITY OF THE MANAGER

The principal activity of the Manager is the management of real estate investment trusts. There has been no significant change in the nature of this activity during the financial year under review.

THE TRUST AND ITS INVESTMENT OBJECTIVE

YTL REIT was established on 18 November 2005 pursuant to a trust deed ("Principal Deed") entered into between the Manager and Maybank Trustees Berhad, the trustee of YTL REIT and is classified under the real estate investment trusts sector. The Principal Deed was registered with the Securities Commission Malaysia and had been amended and restated by a second restated deed dated 25 November 2019 ("Second Restated Deed").

YTL REIT was listed on the Main Market of Bursa Malaysia Securities Berhad on 16 December 2005 and is an income and growth type fund. The investment objective of YTL REIT is to own and invest in real estate and real estate-related assets, whether directly or indirectly through the ownership of single-purpose companies whose principal assets comprise real estate.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

DIRECTORS

The Directors who served on the Board of the Manager during the financial year until the date of this report of the Trust are:-

Tan Sri (Sir) Francis Yeoh Sock Ping, PSM, KBE
Dato' Mark Yeoh Seok Kah
Dato' Yeoh Soo Min (appointed on 13 December 2022)
Dato' Yeoh Seok Kian
Datuk Mark Victor Rozario (appointed on 18 May 2023)
Dato' Ahmad Fuaad Bin Mohd Dahalan
Dato' Zainal Abidin Bin Ahmad
Au Wei Lien (appointed on 13 December 2022)
Dato' Tan Guan Cheong (resigned on 30 May 2023)
Dato' Hj. Mohamed Zainal Abidin Bin Hj. Abdul Kadir (resigned and appointed as Alternate Director to Dato' Mark Yeoh Seok Kah on 13 December 2022)
Yeoh Keong Shyan (resigned and appointed as Alternate Director to Dato' Yeoh Soo Min on 13 December 2022)

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangement subsisted to which the Manager is a party, with the object or objects of enabling the Directors of the Manager to acquire benefits by means of the acquisition of units in or debentures of YTL REIT or any other body corporate.

For the financial year ended 30 June 2023, no Director has received or become entitled to receive any benefit by reason of a contract made by the Manager for YTL REIT or a related corporation with the Director or with a firm of which he/she is a member, or with a company in which he/she has a substantial financial interest, except as disclosed in the notes to the financial statements.

DIRECTORS' INTERESTS

The following Directors of the Manager who held office at the end of the financial year had, according to the register of unitholdings in YTL REIT, interests in the units of YTL REIT as follows:-

	Balance at 1.7.2022 or date of appointment	No. of units acquired	No. of units disposed	Balance at 30.6.2023
Direct interest				
Tan Sri (Sir) Francis Yeoh Sock Ping, PSM, KBE	2,975,900	-	-	2,975,900
Dato' Mark Yeoh Seok Kah	5,000,000	-	-	5,000,000
Dato' Yeoh Soo Min	154,300	-	-	154,300
Dato' Hj. Mohamed Zainal Abidin Bin Hj. Abdul Kadir (Alternate Director to Dato' Mark Yeoh Seok Kah)	100,000	-	-	100,000
Yeoh Keong Shyan (Alternate Director to Dato' Yeoh Soo Min)	100,000	-	-	100,000
Indirect interest				
Tan Sri (Sir) Francis Yeoh Sock Ping, PSM, KBE	916,000(1)	-	-	916,000(1)
Dato' Mark Yeoh Seok Kah	1,000,000(1)	-	-	1,000,000(1)
Dato' Yeoh Soo Min	618,000(1)(2)	-	-	618,000(1)(2)
Dato' Hj. Mohamed Zainal Abidin Bin Hj. Abdul Kadir (Alternate Director to Dato' Mark Yeoh Seok Kah)	64,250,000(3)	-	-	64,250,000(3)

(1) Deemed interests by virtue of interests held by spouse and/or children pursuant to Section 59(11)(c) of the Companies Act 2016.

(2) Deemed interests by virtue of interests held by Tan & Yeoh Properties Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

(3) Deemed interests by virtue of interests held by East-West Ventures Sdn. Bhd. and Tanjong Jara Beach Hotel Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

Other than as disclosed above, Directors who held office at the end of the financial year did not have any interests in the units of YTL REIT.

BREAKDOWN OF UNITHOLDINGS

Set out below is the analysis of unitholdings of YTL REIT as at the reporting date:-

Unit class	No. of Unitholders	%	No. of Units held	%
Less than 100	523	3.44	5,226	0.00
100 to 1,000	3,485	22.93	2,702,853	0.16
1,001 to 10,000	6,797	44.72	33,898,472	1.99
10,001 to 100,000	3,659	24.08	124,901,354	7.33
100,001 to less than 5% of issued units	733	4.82	682,600,095	40.05
5% and above of issued units	1	0.01	860,280,889	50.47
	15,198	100.00	1,704,388,889	100.00

MATERIAL CONTRACTS

Set out below are the details of the material contracts involving the Manager and the major unitholders' interests, still subsisting at the reporting date:-

Name	Pintar Projek Sdn. Bhd.
Date of agreement	25 November 2019
General nature	Second Restated Deed
Consideration passing from the Trust	As disclosed in Note 7 to the financial statements
Mode of satisfaction of the consideration	By cash
Relationship with the major unitholder	70%-owned subsidiary company

Name	Star Hill Hotel Sdn. Bhd.
Date of agreement	8 March 2005, 18 October 2006, 18 October 2006, 5 May 2017, 20 June 2019 and 30 July 2020
Deed of novation	16 December 2005, 16 May 2007 and 15 November 2011
General nature	Agreement for lease, Supplemental Agreement and Second Supplemental Agreement for lease of two properties
Consideration passing to the Trust	Annual lease rental of RM52,415,096
Mode of satisfaction of the consideration	By cash
Relationship with the major unitholder	Wholly-owned subsidiary company

MATERIAL CONTRACTS (CONT'D.)

Name	Cameron Highlands Resort Sdn. Bhd.
Date of agreement	15 November 2011 and 30 July 2020
General nature	Agreement for lease and Supplemental Agreement
Consideration passing to the Trust	Annual lease rental of RM4,836,592
Mode of satisfaction of the consideration	By cash
Relationship with the major unitholder	Wholly-owned subsidiary company

Name	Business & Budget Hotels (Penang) Sdn. Bhd.
Date of agreement	15 November 2011 and 30 July 2020
General nature	Agreement for lease and Supplemental Agreement
Consideration passing to the Trust	Annual lease rental of RM9,915,013
Mode of satisfaction of the consideration	By cash
Relationship with the major unitholder	51%-owned subsidiary company

Name	Prisma Tulin Sdn. Bhd.
Date of agreement	15 November 2011 and 30 July 2020
General nature	Agreement for lease and Supplemental Agreement
Consideration passing to the Trust	Annual lease rental of RM9,915,013
Mode of satisfaction of the consideration	By cash
Relationship with the major unitholder	Wholly-owned subsidiary company

Name	Business & Budget Hotels (Kuantan) Sdn. Bhd.
Date of agreement	15 November 2011 and 30 July 2020
General nature	Agreement for lease and Supplemental Agreement
Consideration passing to the Trust	Annual lease rental of RM7,254,888
Mode of satisfaction of the consideration	By cash
Relationship with the major unitholder	50%-owned associated company

Name	Niseko Village K.K.
Date of agreement	22 December 2011, 26 September 2018 and 30 July 2020
General nature	Agreement for lease of two properties and Supplemental Agreement for lease of a property
Consideration passing to the Group	Annual lease rental of RM28,918,433
Mode of satisfaction of the consideration	By cash
Relationship with the major unitholder	Wholly-owned subsidiary company

MATERIAL CONTRACTS (CONT'D.)

Name	East-West Ventures Sdn. Bhd.
Date of agreement	15 November 2011, 5 May 2017 and 30 July 2020
General nature	Agreement for lease, Supplemental Agreement and Second Supplemental Agreement
Consideration passing to the Trust	Annual lease rental of RM24,903,956
Mode of satisfaction of the consideration	By cash
Relationship with the major unitholder	70%-owned subsidiary company of holding company of the major unitholder

Name	Syarikat Pelanchongan Pangkor Laut Sendirian Berhad
Date of agreement	15 November 2011 and 30 July 2020
General nature	Agreement for sub-lease and Supplemental Agreement
Consideration passing to the Trust	Annual lease rental of RM10,156,843
Mode of satisfaction of the consideration	By cash
Relationship with the major unitholder	57%-owned subsidiary company of holding company of the major unitholder

Name	Tanjong Jara Beach Hotel Sdn. Bhd.
Date of agreement	15 November 2011 and 30 July 2020
General nature	Agreement for lease and Supplemental Agreement
Consideration passing to the Trust	Annual lease rental of RM8,464,035
Mode of satisfaction of the consideration	By cash
Relationship with the major unitholder	Company related to a director

Name	YTL Land Sdn. Bhd.
Date of agreement	27 August 2020
General nature	Car park agreement
Consideration passing to the Trust	Annual fee of RM2,139,348
Mode of satisfaction of the consideration	By cash
Relationship with the major unitholder	Wholly-owned subsidiary company

Name	YTL Majestic Hotel Sdn. Bhd.
Date of agreement	8 May 2018 and 30 July 2020
General nature	Agreement for sub-lease and Supplemental Agreement
Consideration passing to the Trust	Annual lease rental of RM30,139,278
Mode of satisfaction of the consideration	By cash
Relationship with the major unitholder	Wholly-owned subsidiary company

MATERIAL LITIGATION

There was no material litigation as at the date of this report.

SOFT COMMISSION

During the financial year, the Manager did not receive any soft commission (ie. goods and services) from its broker, by virtue of transactions conducted by the Trust.

MANAGER'S REMUNERATION

Pursuant to the Second Restated Deed, the Manager is entitled to receive from the Trust:-

(a) a base fee of up to 1.0% per annum of the gross asset value of the Group;

(b) a performance fee of up to 5.0% of the Group's net property income, but before deduction of property management fees payable to any property manager appointed to manage any real estate;

(c) an acquisition fee of 1.0% of the acquisition price of any real estate or single-purpose company purchased for the Group (pro rated if applicable to the proportion of the interest of the Group in the asset acquired); and

(d) a divestment fee of 0.5% of the sale price of any asset being real estate or a single-purpose company sold or divested by the Group (pro rated if applicable to the proportion of the interest of the Group in the asset sold).

The remuneration received by the Manager during the financial year is disclosed in Note 7 to the financial statements.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the financial statements of the Group and of the Trust were made out, the Manager took reasonable steps:-

(a) to ascertain that proper action has been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there are no known bad debts to be written off and that no allowance for doubtful debts is required; and

(b) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records of the Group and of the Trust in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Manager is not aware of any circumstances:-

(a) which would neccessitate the writing off of bad debts and render the allowance for doubtful debts in the financial statements of the Group and of the Trust inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Trust misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Trust misleading or inappropriate.

At the date of this report, there does not exist:-

(a) any charge on the assets of the Group and of the Trust which has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liability of the Group and of the Trust which has arisen since the end of the financial year.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONT'D.)

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors of the Manager, will or may affect the ability of the Group and of the Trust to meet its obligations as and when they fall due.

OTHER STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

The Directors of the Manager state that:-

At the date of this report, they are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Trust which would render any amount stated in the financial statements misleading.

In their opinion,

(a) the results of the operations of the Group and of the Trust during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Trust for the financial year in which this report is made.

AUDITORS

The auditors, HLB Ler Lum Chew PLT, have expressed their willingness to continue in office.

Signed on behalf of the Board of Pintar Projek Sdn. Bhd. in accordance with a resolution of the Directors,

DATO' YEOH SEOK KIAN

DATO' MARK YEOH SEOK KAH

Dated: 31 July 2023

STATEMENT BY MANAGER

In the opinion of the Directors of Pintar Projek Sdn. Bhd. ("Manager"), the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, the Securities Commission Malaysia's Guidelines on Listed Real Estate Investment Trusts and the deed dated 18 November 2005 (as amended and restated) so as to give a true and fair view of the financial position of YTL Hospitality REIT ("Trust") and its subsidiaries ("Group") as at 30 June 2023 and financial performance and cash flows of the Group and of the Trust for the financial year then ended.

Signed on behalf of the Board of Pintar Projek Sdn. Bhd. in accordance with a resolution of the Directors,

DATO' YEOH SEOK KIAN

DATO' MARK YEOH SEOK KAH

Dated: 31 July 2023

STATUTORY DECLARATION

I, Dato' Mark Yeoh Seok Kah, being the Director of Pintar Projek Sdn. Bhd. primarily responsible for the financial management of YTL Hospitality REIT, do solemnly and sincerely declare that to the best of my knowledge and belief the accompanying financial statements are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

DATO' MARK YEOH SEOK KAH

Subscribed and solemnly declared by the
abovenamed Dato' Mark Yeoh Seok Kah
at Kuala Lumpur on 31 July 2023

Before me:

Commissioner for Oaths

TRUSTEE'S REPORT

to the Unitholders of YTL Hospitality REIT

We have acted as trustee of YTL Hospitality REIT ("Trust") for the financial year ended 30 June 2023. To the best of our knowledge, Pintar Projek Sdn. Bhd., the manager of the Trust has managed the Trust in accordance with the roles and responsibilities and limitation imposed on the investment powers of the management company under the deed dated 18 November 2005 (as amended and restated) ("Deed"), the Securities Commission Malaysia's Guidelines on Listed Real Estate Investment Trusts, the Capital Markets and Services Act 2007 and other applicable laws during the financial year ended 30 June 2023.

We are of the opinion that:

(i) the valuation/pricing of the Trust's units are adequate and such valuation/pricing is carried out in accordance with the Deed and other regulatory requirements; and

(ii) the income distributions declared and paid during the financial year ended 30 June 2023 are in line with and are reflective of the objectives of the Trust.

For **Maybank Trustees Berhad**
[Company No.: 196301000109 (5004-P)]

NORHAZLIANA BINTI MOHAMMED HASHIM
Head, Unit Trust & Corporate Operations

Dated: 31 July 2023
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

to the Unitholders of YTL Hospitality REIT

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of YTL Hospitality REIT ("Trust") and its subsidiaries ("Group"), which comprise the Statements of Financial Position as at 30 June 2023 of the Group and of the Trust, and the Income Statements, Statements of Other Comprehensive Income, Statements of Changes in Net Asset Value and Statements of Cash Flows of the Group and of the Trust for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 103 to 169.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Trust as at 30 June 2023, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, the Securities Commission Malaysia's Guidelines on Listed Real Estate Investment Trusts and the deed dated 18 November 2005 (as amended and restated).

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Trust in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Trust for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Trust as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Valuation of investment properties

The risk

Investment properties of the Group amounting to RM2,793 million, represent 54% of total assets are the most quantitatively material account balance in the financial statements.

The investment properties are stated at their fair values based on independent professional valuations using the income capitalisation approach, which capitalise the estimate rental income stream, net projected operating costs, using a capitalisation and/or discount rate derived from market yield were reflected accordingly in the key assumptions used in determining the fair value of the investment properties.

We focused on this area due to the magnitude of the balance and the complexities in determining the fair value of the investment properties, which involves significant judgement and estimation that could result in material misstatement.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

Key Audit Matters (cont'd.)

1. Valuation of investment properties (cont'd.)

The risk (cont'd.)

Our response:

Our and component auditors' audit procedures included the following:

- evaluated the qualifications and competence of the external valuers based on their membership of recognised professional body.
- discussed the methodology and assumptions used in the valuation.
- evaluated the Group's disclosures on those assumptions to which the outcome of the valuation is most sensitive, that is, those that have the most significant effect on the determination of the fair value of the investment properties, by comparing them to the information disclosed in the valuation reports.

2. Revaluation of freehold land and buildings

The risk

The valuation of freehold land and buildings comprises 39% of total assets and is measured at fair value.

Freehold land is carried at the revalued amount less accumulated impairment losses and buildings are carried at the revalued amounts less accumulated depreciation and accumulated impairment losses. Valuation is carried out on the freehold land and buildings by the independent valuer once a year.

The valuation of freehold land and buildings is significant to our audit due to their magnitude, complex valuation method and high dependency on a range of estimates (amongst others, forecast income, discount rate and capitalisation rate) which are based on current and future market or economic conditions.

Our response:

Our and component auditors' audit procedures included the following:

- evaluated the competence, capabilities and objectivity of the professional valuers' specialist.
- checked the accuracy and relevance of the input data used in the valuations.
- used component auditors' internal valuation specialist in assessing appropriateness of methodologies used and the reasonableness of the key assumptions applied in the valuations.
- evaluated the Group's disclosures on those assumptions to which the outcome of the valuation is most sensitive, that is, those that have the most significant effect on the determination of the valuation of the land and buildings, by comparing them to the information disclosed in the valuation reports.

INDEPENDENT AUDITORS' REPORT
to the Unitholders of YTL Hospitality REIT

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Manager are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements of the Group and of the Trust and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Trust does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Trust, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Trust or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors of the Manager for the Financial Statements

The Directors of the Manager of the Trust are responsible for the preparation of financial statements of the Group and of the Trust that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, the Securities Commission Malaysia's Guidelines on Listed Real Estate Investment Trusts and the deed dated 18 November 2005 (as amended and restated). The Directors of the Manager are also responsible for such internal control as the Directors of the Manager determine is necessary to enable the preparation of financial statements of the Group and of the Trust that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Trust, the Directors of the Manager are responsible for assessing the Group's and the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors of the Manager either intend to liquidate the Group or the Trust or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Trust as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd.)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Trust, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors of the Manager.
- Conclude on the appropriateness of the Directors of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Trust or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Trust, including the disclosures, and whether the financial statements of the Group and of the Trust represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors of the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors of the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors of the Manager, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Trust for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT
to the Unitholders of YTL Hospitality REIT

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

Other Matters

This report is made solely to the unitholders of the Trust, and for no other purpose. We do not assume responsibility to any other person for the content of this report.

HLB LER LUM CHEW PLT
201906002362 & AF 0276
Chartered Accountants

WONG CHEE HONG
03160/09/2024 J
Chartered Accountant

Dated : 31 July 2023
Kuala Lumpur

INCOME STATEMENTS

for the financial year ended 30 June 2023

		Group		Trust	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue					
- Hotel revenue	4	**313,407**	189,334	**-**	-
- Property revenue	4	**173,423**	174,523	**146,145**	146,044
Total revenue		**486,830**	363,857	**146,145**	146,044
Operating expenses					
- Hotel operating expenses	5	**(224,503)**	(138,310)	**-**	-
- Property operating expenses	5	**(11,056)**	(10,729)	**(7,441)**	(7,388)
Total operating expenses		**(235,559)**	(149,039)	**(7,441)**	(7,388)
Net property income		**251,271**	214,818	**138,704**	138,656
Finance income	6	**1,894**	151	**81,081**	78,653
Other income - others	6	**2,334**	2,101	**626**	315
Expenses					
- Manager's fees	7	**(9,976)**	(9,121)	**(9,976)**	(9,121)
- Trustee's fees	8	**(1,485)**	(1,447)	**(1,485)**	(1,447)
- Depreciation		**(60,421)**	(60,967)	**(3)**	(2)
- Finance costs	9	**(93,879)**	(60,361)	**(93,787)**	(60,271)
- Administration expenses		**(3,668)**	(3,246)	**(392)**	(369)
- Auditors' remuneration		**(796)**	(736)	**(129)**	(120)
- Tax agent's fees		**(198)**	(228)	**(12)**	(12)
- Valuation fees		**(482)**	(433)	**(407)**	(382)
- Unrealised (loss)/gain on foreign exchange		**(6,012)**	12,829	**3,398**	(20,851)
Changes in fair value					
- Fair value of investment properties:					
- As per valuation reports	12	**36,762**	54,877	**16,147**	9,368
- Unbilled lease income	12	**7,468**	(71,517)	**5,827**	(60,668)
- Revaluation gain on properties		**23,820**	10,300	**-**	-
Profit before tax		**146,632**	87,020	**139,592**	73,749
Income tax expense	10	**(5,411)**	(3,148)	**(1,355)**	(1,476)
Profit after tax		**141,221**	83,872	**138,237**	72,273

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

INCOME STATEMENTS

for the financial year ended 30 June 2023

		Group		Trust	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit after tax		**141,221**	83,872	**138,237**	72,273
Distribution adjustments					
– Accrued lease income – unbilled		**15,635**	(82,114)	**13,995**	(73,470)
– Depreciation		**60,421**	60,967	**3**	2
– Fair value changes on properties		**(68,050)**	6,340	**(21,974)**	51,300
– Net income from foreign operations		**(28,376)**	14,720	**-**	-
– Unrealised foreign translation differences		**6,012**	(12,829)	**(3,398)**	20,851
Income available for distribution		**126,863**	70,956	**126,863**	70,956
Net income distribution					
– Interim income distribution paid on 30 March 2023 (2022: paid on 31 March 2022)		**52,154**	32,179	**52,154**	32,179
– Final income distribution (2022: paid on 30 August 2022)		**74,709**	35,230	**74,709**	35,230
Total income distribution		**126,863**	67,409	**126,863**	67,409
Income distribution per unit					
Interim income distribution					
– Gross (sen)		**3.0600**	1.8880	**3.0600**	1.8880
Final income distribution					
– Gross (sen)		**4.3833**	2.0670	**4.3833**	2.0670
Total income distribution per unit (sen)		**7.4433**	3.9550	**7.4433**	3.9550
Earnings per unit					
– after manager's fees (sen)	11	**8.29**	4.92	**8.11**	4.24
– before manager's fees (sen)	11	**8.87**	5.46	**8.70**	4.78

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF OTHER COMPREHENSIVE INCOME

for the financial year ended 30 June 2023

		Group		Trust	
	Note	**2023 RM'000**	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Profit after tax		**141,221**	83,872	**138,237**	72,273
Other comprehensive income/(loss)					
Item that may be reclassified subsequently to income statement					
- currency translation differences		**29,500**	(94,361)	**-**	-
Item that will not be reclassified subsequently to income statement					
- surplus on revaluation of properties		**90,797**	145,327	**-**	-
Total comprehensive income		**261,518**	134,838	**138,237**	72,273
Profit after tax is made up as follows:-					
Realised and distributable		**155,239**	56,236	**126,863**	70,956
Unrealised items		**(14,018)**	27,636	**11,374**	1,317
		141,221	83,872	**138,237**	72,273
Total comprehensive income is made up as follows:-					
Profit after tax		**141,221**	83,872	**138,237**	72,273
Surplus on revaluation of properties		**90,797**	145,327	**-**	-
Unrealised currency translation differences		**29,500**	(94,361)	**-**	-
		261,518	134,838	**138,237**	72,273

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

as at 30 June 2023

		Group		Trust	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
ASSETS					
Non-current assets					
Investment properties	12	**2,792,750**	2,754,328	**2,275,000**	2,258,000
Property, plant and equipment	13	**2,085,578**	1,971,944	**-**	-
Unbilled lease income	14	**22,004**	30,172	**22,004**	30,172
Right-of-use asset	15	**198**	201	**198**	201
Investment in subsidiaries	16	**-**	-	**538,714**	533,522
Amount due from subsidiaries	16	**-**	-	**1,368,547**	1,345,006
Deferred tax assets	17	**3,096**	2,137	**-**	-
		4,903,626	4,758,782	**4,204,463**	4,166,901
Current assets					
Inventories	18	**710**	524	**-**	-
Trade receivables	19	**10,811**	36,079	**-**	28,838
Other receivables & prepayments	20	**28,525**	23,215	**671**	660
Amount due from subsidiaries	16	**-**	-	**120,201**	121,905
Income tax assets		**7**	17	**-**	-
Deposits with licensed financial institutions	21	**74,660**	11,151	**74,660**	1,118
Cash at banks		**108,939**	72,482	**6,249**	5,419
		223,652	143,468	**201,781**	157,940
Total assets		**5,127,278**	4,902,250	**4,406,244**	4,324,841
UNITHOLDERS' FUNDS AND LIABILITIES					
Unitholders' funds					
Unitholders' capital	22	**1,690,806**	1,690,806	**1,690,806**	1,690,806
Undistributed realised income		**213,784**	185,408	**200,394**	200,394
Reserves	23	**1,002,813**	896,534	**354,705**	343,331
Total unitholders' funds/Net asset value ("NAV")		**2,907,403**	2,772,748	**2,245,905**	2,234,531

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION
as at 30 June 2023

		Group		Trust	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-current liabilities					
Borrowings	24	**1,076,500**	950,852	**1,076,500**	950,852
Medium Term Notes	25	**815,000**	465,000	**-**	-
Lease liability	15	**202**	203	**202**	203
Other payables	26	**1,261**	1,127	**-**	-
Amount due to a subsidiary	16	**-**	-	**815,000**	465,000
		1,892,963	1,417,182	**1,891,702**	1,416,055
Current liabilities					
Borrowings	24	**174,481**	272,698	**174,481**	272,698
Medium Term Notes	25	**-**	350,000	**-**	-
Trade payables	27	**6,486**	2,475	**-**	-
Other payables	26	**67,219**	50,927	**19,447**	16,357
Amount due to a subsidiary	16	**-**	-	**-**	349,970
Income tax liabilities		**4,017**	990	**-**	-
Provision for income distribution	28	**74,709**	35,230	**74,709**	35,230
		326,912	712,320	**268,637**	674,255
Total liabilities		**2,219,875**	2,129,502	**2,160,339**	2,090,310
Total unitholders' funds and liabilities		**5,127,278**	4,902,250	**4,406,244**	4,324,841
NAV before distribution		**3,034,266**	2,840,157	**2,372,768**	2,301,940
NAV after distribution		**2,907,403**	2,772,748	**2,245,905**	2,234,531
Number of units in circulation ('000)	22	**1,704,389**	1,704,389	**1,704,389**	1,704,389
NAV per unit (RM)					
– before income distribution		**1.780**	1.666	**1.392**	1.351
– after income distribution		**1.706**	1.627	**1.318**	1.311

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN NET ASSET VALUE

for the financial year ended 30 June 2023

		Distributable	<-------------- Non-distributable	------------>		
	Unitholders' Capital RM'000	Undistributed Realised Income RM'000	Unrealised Loss RM'000	Currency Translation Reserves RM'000	Revaluation Reserve RM'000	Total Unitholders' Funds RM'000
Group - 2023						
At 1 July 2022	**1,690,806**	**185,408**	**(187,825)**	**(149,554)**	**1,233,913**	**2,772,748**
Operations for the financial year ended 30 June 2023						
Profit/(Loss) for the year	-	**155,239**	**(14,018)**	-	-	**141,221**
Revaluation gain	-	-	-	-	**90,797**	**90,797**
Currency translation differences	-	-	-	**748**	**28,752**	**29,500**
Total other comprehensive income	-	-	-	**748**	**119,549**	**120,297**
Total comprehensive income/(loss) for the year	-	**155,239**	**(14,018)**	**748**	**119,549**	**261,518**
Unitholders transactions						
Distributions paid	-	**(52,154)**	-	-	-	**(52,154)**
Provision for income distribution (Note 28)	-	**(74,709)**	-	-	-	**(74,709)**
Decrease in net assets resulting from unitholders transactions	-	**(126,863)**	-	-	-	**(126,863)**
At 30 June 2023	**1,690,806**	**213,784**	**(201,843)**	**(148,806)**	**1,353,462**	**2,907,403**
Group - 2022						
At 1 July 2021	1,690,806	197,144	(216,024)	(88,598)	1,121,991	2,705,319
Operations for the financial year ended 30 June 2022						
Profit for the year	-	56,236	27,636	-	-	83,872
Reclassification	-	(563)	563	-	-	-
Revaluation gain	-	-	-	-	145,327	145,327
Currency translation differences	-	-	-	(60,956)	(33,405)	(94,361)
Total other comprehensive (loss)/ income	-	-	-	(60,956)	111,922	50,966
Total comprehensive income/(loss) for the year	-	55,673	28,199	(60,956)	111,922	134,838
Unitholders transactions						
Distributions paid	-	(32,179)	-	-	-	(32,179)
Provision for income distribution (Note 28)	-	(35,230)	-	-	-	(35,230)
Decrease in net assets resulting from unitholders transactions	-	(67,409)	-	-	-	(67,409)
At 30 June 2022	1,690,806	185,408	(187,825)	(149,554)	1,233,913	2,772,748

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN NET ASSET VALUE
for the financial year ended 30 June 2023

		Distributable	<-------------- Non-distributable	------------->		
	Unitholders' Capital RM'000	Undistributed Realised Income RM'000	Unrealised Income RM'000	Currency Translation Reserves RM'000	Revaluation Reserve RM'000	Total Unitholders' Funds RM'000
Trust - 2023						
At 1 July 2022	**1,690,806**	**200,394**	**343,331**	-	-	**2,234,531**
Operations for the financial year ended 30 June 2023						
Profit for the year	-	**126,863**	**11,374**	-	-	**138,237**
Total comprehensive income for the year	-	**126,863**	**11,374**	-	-	**138,237**
Unitholders transactions						
Distributions paid	-	**(52,154)**	-	-	-	**(52,154)**
Provision for income distribution (Note 28)	-	**(74,709)**	-	-	-	**(74,709)**
Decrease in net assets resulting from unitholders transactions	-	**(126,863)**	-	-	-	**(126,863)**
At 30 June 2023	**1,690,806**	**200,394**	**354,705**	-	-	**2,245,905**
Trust - 2022						
At 1 July 2021	1,690,806	197,410	341,451	-	-	2,229,667
Operations for the financial year ended 30 June 2022						
Profit for the year	-	70,956	1,317	-	-	72,273
Reclassification	-	(563)	563	-	-	-
Total comprehensive income for the year	-	70,393	1,880	-	-	72,273
Unitholders transactions						
Distributions paid	-	(32,179)	-	-	-	(32,179)
Provision for income distribution (Note 28)	-	(35,230)	-	-	-	(35,230)
Decrease in net assets resulting from unitholders transactions	-	(67,409)	-	-	-	(67,409)
At 30 June 2022	1,690,806	200,394	343,331	-	-	2,234,531

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

for the financial year ended 30 June 2023

	Group		Trust	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	**146,632**	87,020	**139,592**	73,749
Adjustments for:				
Amortisation of transaction costs	**2,100**	2,096	**2,100**	2,096
Depreciation	**60,421**	60,967	**3**	2
Fair value changes	**(68,050)**	6,340	**(21,974)**	51,300
Interest income	**(1,894)**	(151)	**(81,081)**	(78,653)
Interest expense	**91,549**	58,049	**91,549**	58,049
Loss on disposal of property, plant and equipment	**30**	4	**-**	-
Unrealised loss/(gain) on foreign exchange	**6,012**	(12,829)	**(3,398)**	20,851
Operating profit before changes in working capital	**236,800**	201,496	**126,791**	127,394
Increase in inventories	**(175)**	(196)	**-**	-
Decrease/(Increase) in receivables	**35,963**	(101,391)	**42,822**	(87,225)
Increase in payables	**19,702**	16,287	**3,090**	5,900
Inter-company balances	**-**	-	**208**	16,637
Cash generated from operations	**292,290**	116,196	**172,911**	62,706
Income tax paid	**(3,290)**	(3,978)	**-**	-
Income tax refunded	**-**	342	**-**	-
Net cash from operating activities	**289,000**	112,560	**172,911**	62,706
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	**1,894**	151	**81,081**	78,653
Acquisition of property, plant and equipment	**(15,554)**	(5,189)	**-**	-
Enhancements of investment properties	**(853)**	(7,132)	**(853)**	(7,132)
Proceeds from disposal of equipment	**-**	6	**-**	-
Net cash (used in)/from investing activities	**(14,513)**	(12,164)	**80,228**	71,521

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS
for the financial year ended 30 June 2023

	Group		Trust	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
CASH FLOWS FROM FINANCING ACTIVITIES				
Distribution paid	**(87,384)**	(72,285)	**(87,384)**	(72,285)
Interest paid	**(91,539)**	(58,038)	**(91,539)**	(58,038)
Proceeds from borrowings	**5,192**	10,986	**-**	-
Transaction costs paid	**(2,827)**	(17)	**(8)**	(17)
Payment of lease liability	**(11)**	(11)	**(11)**	(11)
Net cash used in financing activities	**(176,569)**	(119,365)	**(178,942)**	(130,351)
Net changes in cash and cash equivalents	**97,918**	(18,969)	**74,197**	3,876
Effect on exchange rate changes	**2,048**	(4,100)	**175**	(295)
Cash and cash equivalents at beginning of the financial year	**83,633**	106,702	**6,537**	2,956
Cash and cash equivalents at end of the financial year	**183,599**	83,633	**80,909**	6,537

NOTES TO THE STATEMENTS OF CASH FLOWS

Cash and cash equivalents comprise:-				
Deposits with licensed financial institutions	**74,660**	11,151	**74,660**	1,118
Cash at banks	**108,939**	72,482	**6,249**	5,419
	183,599	83,633	**80,909**	6,537

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS
for the financial year ended 30 June 2023

Reconciliation of liabilities arising from financing activities

	Group		Trust	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Borrowings				
At beginning of the financial year	**2,038,753**	2,085,463	**1,223,753**	1,275,463
Cash (outflow)/inflow				
Interest paid	**(91,539)**	(58,038)	**(91,539)**	(58,038)
Proceeds from borrowings	**5,192**	10,986	**-**	-
Transaction costs paid	**(2,827)**	(17)	**(8)**	(17)
Payment of lease liability	**(11)**	(11)	**(11)**	(11)
Non-cash changes				
Additional investment in subsidiary (Note 16)*	**-**	-	**5,192**	5,986
Inter-company balance**	**-**	-	**(2,819)**	-
Finance costs	**93,649**	60,145	**93,649**	60,145
Currency translation differences	**22,966**	(59,775)	**22,966**	(59,775)
At end of the financial year	**2,066,183**	2,038,753	**1,251,183**	1,223,753

* The additional investment in subsidiary is settled via capitalisation of debt.

** Capitalised transaction costs on the refinancing of term loan paid by subsidiary.

The reconciliation of borrowings are made up of the following balances:-

		Group		Trust	
	Note	**2023 RM'000**	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Non-current liabilities					
Borrowings	24	**1,076,500**	950,852	**1,076,500**	950,852
Medium Term Notes	25	**815,000**	465,000	**-**	-
Lease liability	15	**202**	203	**202**	203
Current liabilities					
Borrowings	24	**174,481**	272,698	**174,481**	272,698
Medium Term Notes	25	**-**	350,000	**-**	-
		2,066,183	2,038,753	**1,251,183**	1,223,753

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The principal activity of Pintar Projek Sdn. Bhd. ("Manager"), the manager of YTL Hospitality REIT ("YTL REIT" or "Trust"), is the management of real estate investment trusts.

YTL REIT was established on 18 November 2005 pursuant to a trust deed ("Principal Deed") entered into between the Manager and Maybank Trustees Berhad ("Trustee") and is classified under the real estate investment trusts sector. The Principal Deed was registered with the Securities Commission Malaysia ("SC") and had been amended and restated by a second restated deed dated 25 November 2019 ("Second Restated Deed").

The consolidated financial statements reported for the financial year ended 30 June 2023 relates to the Trust and its subsidiaries ("Group").

The address of the registered office of the Manager is as follows:-

33rd Floor, Menara YTL
205 Jalan Bukit Bintang
55100 Kuala Lumpur

The address of the principal place of business of the Manager is as follows:-

25th Floor, Menara YTL
205 Jalan Bukit Bintang
55100 Kuala Lumpur

YTL REIT was listed on the Main Market of Bursa Malaysia Securities Berhad on 16 December 2005 and is an income and growth type fund. The investment objective of YTL REIT is to own and invest in real estate and real estate-related assets, whether directly or indirectly through the ownership of single-purpose companies whose principal assets comprise real estate.

For financial reporting purpose, YTL REIT is regarded as a subsidiary of YTL Corporation Berhad, which is incorporated in Malaysia. Accordingly, the ultimate holding company is Yeoh Tiong Lay & Sons Family Holdings Limited, which is incorporated in Jersey.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and the Trust have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards, accounting principles generally acceptable in Malaysia, the SC's Guidelines on Listed Real Estate Investment Trusts ("Listed REIT Guidelines") and the Second Restated Deed.

These financial statements have been prepared on the historical cost convention (unless stated otherwise in the significant accounting policies).

(b) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Trust's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand (RM'000), unless otherwise stated.

2. BASIS OF PREPARATION (CONT'D.)

(c) Changes in accounting policies and disclosures

The Group and the Trust adopted the following accounting standards, interpretations and amendments to the standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") for annual financial year beginning on or after 1 July 2022.

MFRS and IC Interpretations (Including The Consequential Amendments)
Annual Improvements to MFRS Standards 2018−2020
Amendments to MFRS 3, Business Combinations – Reference to the Conceptual Framework
Amendments to MFRS 112, Income Taxes – International Tax Reform – Pillar Two Model Rules (paragraphs 4A and 88A)
Amendments to MFRS 116, Property, Plant and Equipment – Proceeds before Intended Use
Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract

The adoption of the above accounting standards, interpretations and amendments did not have any significant financial impact to the Group and the Trust.

(d) The new or revised financial reporting standards effective for financial year beginning on or after 1 July 2023

The following are accounting standards, amendments and interpretations of the MFRS Framework that have been issued by the MASB but have not been adopted by the Group and the Trust.

MFRS and IC Interpretations (Including The Consequential Amendments)	Effective date
MFRS 17, Insurance Contracts	1 January 2023
Amendments to MFRS 17, Insurance Contracts	1 January 2023
Amendments to MFRS 17, Insurance Contracts – Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Amendments to MFRS 101, Presentation of Financial Statements – Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112, Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 112, Income Taxes – International Tax Reform – Pillar Two Model Rules (paragraphs 88B-88D)	1 January 2023
Amendments to MFRS 16, Leases – Lease Liabilities in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101, Presentation of Financial Statements – Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101, Presentation of Financial Statements – Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107, Statement of Cash Flows and MFRS 7, Financial Instruments: Disclosures – Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced by the MASB Board

2. BASIS OF PREPARATION (CONT'D.)

(d) The new or revised financial reporting standards effective for financial year beginning on or after 1 July 2023 (cont'd.)

The Group and the Trust plan to apply the accounting standards, amendments and interpretations when they become effective except for MFRS 17, Insurance Contracts as it is not applicable to the Group and the Trust.

The initial applications of the accounting standards, amendments or interpretations are not expected to have any material financial impact to the current period and prior period financial statements of the Group and the Trust.

(e) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRS requires the Directors of the Manager to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed below:-

(i) Fair value estimates for investment properties

The Group and the Trust carry investment properties at fair value, which requires extensive use of accounting estimates and judgements. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group and the Trust use different valuation methodologies. Any changes in fair value of these investment properties would affect income statement.

(ii) Revaluation of properties

The Group's properties which are reported at valuation are based on valuation performed by independent professional valuers. Two primary valuation approaches are used: the Income Capitalisation approach and the Discounted Cash Flow approach from which a best estimate of fair value is derived at a point in time. The key assumptions and estimates used in these valuation approaches include:

- Forecast future hotel income, based on the location, type and quality of the property, which are supported by forecast occupancy and average daily rate information or external evidence such as current industry averages and trading benchmarks for similar properties.
- The capitalisation rates and discount rates derived from recent comparable market transactions, adjusted for prolonged economic uncertainty and which reflects the uncertainty in the amount and timing of cash flows.

(iii) Depreciation of property, plant and equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(iv) Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities or assets arising from investment properties that are measured using the fair value model, management has reviewed the Group's investment property portfolio and concluded that they are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the Group's deferred taxation on investment properties, management has determined that the presumption that investment properties measured using the fair value model are recovered through sale is not rebutted.

2. BASIS OF PREPARATION (CONT'D.)

(f) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Trust and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Trust.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the entity. They are shown separately in the consolidated statement of comprehensive income, statement of changes in net asset value and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(i) Acquisitions

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in income statement.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previously held equity interest in the acquiree over the (b) fair values of the identifiable assets acquired net of the fair values of the liabilities and any contingent liabilities assumed, is recorded as goodwill.

2. BASIS OF PREPARATION (CONT'D.)

(f) Basis of consolidation (cont'd.)

(ii) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to income statement or transferred directly to undistributed income if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in income statement.

The accounting policy on investment in subsidiaries are disclosed in Note 3(f) to the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Investment properties

(i) Investment properties carried at fair value

Investment properties consist of freehold and leasehold land & buildings which are held for long term rental yield or for capital appreciation or both.

Investment properties are measured initially at cost and subsequently at fair value with any change therein recognised in income statement for the period in which they arise.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in income statement in the period in which the item is derecognised.

A property interest held under operating lease is classified and accounted for as investment property as the Group holds it to earn rental income or for capital appreciation or both.

(ii) Determination of fair value

An external, independent valuation firm, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property portfolio at least once a financial year, in compliance with the SC's Listed REIT Guidelines. The frequency of revaluation of the Group's real estate assets is at least once during each financial year.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows is then applied to the net annual cash flows to arrive at the property valuation.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(a) Investment properties (cont'd.)

(ii) Determination of fair value (cont'd.)

Valuation reflect, where appropriate:-

- the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, and the market's general perception of their creditworthiness;
- the allocation of property taxes, maintenance and insurance responsibilities between the Group and the lessee; and
- the remaining economic life of the property.

When lease renewals are pending with anticipated reversionary increases, it is assumed that all notices and where appropriate counter-notices have been served validly and within the appropriate time.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in income statement in the period in which the item is derecognised.

Any increase or decrease arising from changes in the fair value is credited or charged directly to income statement as a net appreciation or depreciation in the value of the investment properties.

(b) Leases

(i) As lessee

A lease is recognised as a right-of-use ("ROU") asset and a corresponding liability at the date on which the leased asset is available for use (i.e. the commencement date).

Contracts may contain both lease and non-lease components. Consideration in the contract is allocated to the lease and non-lease components based on their relative standalone prices.

In determining the lease term, facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option are considered. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The lease term is reassessed upon the occurrence of a significant event or change in circumstances that is within the control of the Group and the Trust and affect whether the Group and the Trust are reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities.

ROU assets

ROU assets are initially measured at cost comprising the following:-

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(b) Leases (cont'd.)

(i) As lessee (cont'd.)

ROU assets (cont'd.)

ROU assets that are not investment properties are subsequently measured at cost, less accumulated depreciation and impairment loss (if any). The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

If the Group and the Trust are reasonably certain to exercise a purchase option, the ROU assets are depreciated over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:-

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under residual value guarantees;
- The exercise price of a purchase and extension options if it is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group and the Trust exercising that option.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group and the Trust, the lessee's incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on sales are recognised in the statement of comprehensive income in the period in which the condition that triggers those payments occurs.

Lease liabilities are presented as a separate line item in the statement of financial position. Interest expense on the lease liability is presented within the finance cost in the income statement.

Short-term leases and leases of low-value assets

The Group and the Trust have elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. Payments associated with short-term leases and low-value assets are recognised on a straight-line basis as an expense over the lease term.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(b) Leases (cont'd.)

(ii) As lessor

As a lessor, the Group and the Trust determine at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group and the Trust make an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to the lessee. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

Finance leases

The Group and the Trust classify a lease as a finance lease if the lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

Operating leases

The Group and the Trust classify a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group and the Trust recognise lease payments received under operating lease as lease income on a straight-line basis over the lease term.

Where assets are leased out under an operating lease, the asset is included in the lessor's statement of financial position based on the nature of the asset.

Separating lease and non-lease components

If an arrangement contains lease and non-lease components, the Group and the Trust allocate the consideration in the contract to the lease and non-lease components based on the stand-alone selling prices in accordance with the principles in MFRS 15, Revenue from Contracts with Customers.

(c) Property, plant & equipment and depreciation

Property, plant & equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

Freehold land and buildings are initially recognised at cost. Freehold land is subsequently carried at the revalued amount less accumulated impairment losses. Buildings are subsequently carried at the revalued amounts less accumulated depreciation and accumulated impairment losses while equipment and other assets are carried at cost less accumulated depreciation and any accumulated impairment losses. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(c) Property, plant & equipment and depreciation (cont'd.)

Depreciation on property, plant & equipment is calculated on the straight-line basis at rates required to write off the cost of the property, plant & equipment over their estimated useful lives.

The principal annual rates of depreciation used are as follows:-

Buildings	4%
Equipment	4% – 25%
Other assets *	12.5% – 19%

* Other assets include assets under construction with no depreciation. Upon completion, assets under construction are transferred to categories of property, plant & equipment depending on nature of assets and depreciation commences when they are ready for their intended use.

After the revaluation of the hotel assets, management has reassessed the useful life of the building and determined it to be 25 years.

Residual values, useful life and depreciation method of assets are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant & equipment.

Gains and losses on disposals are determined by comparing net disposal proceeds with net carrying amount and are recognised in the income statement.

Increases in carrying amounts arising from revaluation, including currency translation differences, are recognised in other comprehensive income, unless they offset previous decreases in the carrying amounts of the same asset, in which case, they are recognised in income statement. Decreases in carrying amounts that offset previous increases of the same asset are recognised in other comprehensive income. All other decreases in carrying amounts are recognised in income statement.

When an asset is revalued, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset. The net amount is then restated to the revalued amount of the asset.

Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to undistributed income.

(d) Impairment of non-financial assets

The carrying amounts of assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there is separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(d) Impairment of non-financial assets (cont'd.)

An impairment loss is charged to the income statement immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same asset.

Any subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

(e) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is based on the first-in-first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

(f) Investment in subsidiaries

In the Trust's separate financial statements, investments in subsidiaries are accounted for at cost less accumulated impairment losses. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments are recognised in the income statement.

(g) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Trust become a party to the contractual provisions of the financial instrument.

When financial assets (unless they are trade receivables without significant financing component) are recognised initially, they are measured at fair value, plus or minus, in the case of a financial assets not at fair value through profit or loss, directly attributable transaction costs. Trade receivables without a financing component are initially measured at the transaction price.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely for payment of principal and interest ("SPPI").

The Group and the Trust determine the classification of their financial assets at initial recognition and are not reclassified subsequent to their initial recognition unless the Group and the Trust change their business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model. The categories of financial assets include amortised cost.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(g) Financial assets (cont'd.)

Amortised cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Interest income from these financial assets is included in interest income using the effective interest rate method. Gains and losses are recognised in income statement when the loans and receivables are derecognised or impaired, and through the amortisation process.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in income statement.

All financials assets are subject to review for impairment as disclosed in Note 3(h) below.

(h) Impairment of financial assets

The Group and the Trust assess on a forward looking basis the expected credit loss ("ECL") associated with its financial assets carried at amortised cost. ECL represents a probability-weighted estimate of the credit losses.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Trust consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on historical experience and informed credit assessment and including forward looking information, where available.

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset. An impairment loss is recognised in income statement and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group and the Trust assess whether financial assets are credit-impaired.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the procedures for recovery of amounts due.

The recognition and measurement of impairment loss on financial assets are as disclosed in Note 34(a) to the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(i) Cash and cash equivalents

Cash and cash equivalents consist of cash at banks and deposits with licensed financial institutions.

Cash and cash equivalents are categorised and measured as amortised cost in accordance with policy in Note 3(g).

(j) Interest-bearing borrowings

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in income statement using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(k) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are recognised in the statements of financial position when, and only when, the Group and the Trust become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as amortised cost.

Amortised cost

The Group's and the Trust's other financial liabilities include trade and other payables, amount due to a subsidiary and borrowings.

Trade and other payables and amount due to a subsidiary are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

For other financial liabilities, gains and losses are recognised in income statement when the liabilities are derecognised, and through amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(l) Hedges of net investment in foreign operations

The Group applies hedge accounting by designating a non-derivative financial liability as a hedge of a net investment in the foreign operations, with the corresponding foreign currency differences arising on the translation being reclassified to the Group's foreign currency translation reserve. To the extent that the hedge is ineffective, such differences are recognised in the income statement. When the hedged net investment is disposed of, the relevant amount in the foreign currency translation reserve is transferred to the income statement as part of the gain or loss on disposal.

The Group uses loans as hedge of its exposure to foreign exchange risk on its investments in foreign subsidiaries. The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, whether the hedging relationships are highly effective in offsetting changes in fair values of the hedged items.

Movements of the hedge in other comprehensive income are shown in Note 23(a).

(m) Provisions

A provision is recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation (legal or constructive) as a result of a past event and a reliable estimate can be made of the amount. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Provision for income distribution

Provision for income distribution is recognised when any distribution is declared, determined or publicly recommended by the Directors of the Manager but not distributed at the reporting date.

(n) Contract liabilities

A contract liability is the obligation to transfer goods and services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

(o) Income tax and deferred tax

Income tax on the profit or loss for the financial year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributable to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences or unabsorbed tax losses can be utilised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(o) Income tax and deferred tax (cont'd.)

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 3(a), the amount of deferred tax recognised is measured using the tax rates that would apply on the sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. The Group intends to consume substantially all economic benefit through generation of rental income and these income will be subjected to income tax at prevailing rate. For freehold land, for the best interest of the unitholders, it would be sold to other real estate investment trusts and property trust funds approved by the SC, which the gain accruing from the sale will be exempted from real property gain tax.

(p) Revenue recognition

(i) Revenue from contracts with customers

Revenue from contracts with customers introduces a single revenue recognition model applicable to all types of customer contracts, regardless of the entity's business. This model, which follows five key steps, is based on the principle that revenue is recognised when control of goods or services is transferred to a customer, which may be overtime or at a point in time.

Hotel revenue

The Group generates revenue mainly from providing the service of room rentals to tenants within the hotel and rental of spaces for functions and banquets. The Group also generates revenue from the sale of goods such as food and beverage, as well as minor services such as telecommunication, garage, commissions and services.

Revenue is recognised when the terms of a contract have been satisfied, which occurs when control has been transferred to customers and performance obligations are satisfied. For room revenue, this occurs evenly throughout the duration of the tenant's use on a straight line basis. For functions and banquets, revenue is recognised at a point in time when the performance obligation is satisfied, generally at the provision of the space. Revenue is measured as the amount of consideration the Group expects to receive, which is known at the commencement of the contract. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

Amounts collected in advance for future services are recorded as contract liability and are recognised as revenue when the services are provided.

(ii) Revenue from other sources

Specific revenue recognition criteria for other revenue and income earned by the Group are as follows:-

(a) Rental income from operating leases and other related charges

Property revenue

Rental income from operating leases is recognised in income statement on a straight-line basis over the term of the lease.

(b) Interest income

Interest income is recognised as it accrues using the effective interest method in income statement.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(q) Employee benefits

(i) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the financial year when employees have rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as expenses when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(ii) Post-employment benefits

The Group has various post-employment benefit schemes in accordance with local conditions and practices in the industries in which it operates. These benefit plans are either defined contribution or defined benefit plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation.

Defined contribution plan

The Group's contributions to a defined contribution plan are charged to income statement in the period to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(r) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currency using exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in income statement.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(r) Foreign currency (cont'd.)

(ii) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in foreign currency translation reserve relating to that particular foreign operation is recognised in income statement.

(s) Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments.

(t) Fair value measurement

(i) Financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the reporting date. The quoted market prices used for financial assets are the current bid prices, the appropriate quoted market prices used for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions based on market conditions that are existing at each reporting date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analysis, are also used to determine the fair values of the financial instruments.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

(ii) Non-financial assets

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

4. REVENUE

	Group		Trust	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue from contracts with customers				
Hotel revenue				
– Rental of rooms	**249,911**	113,792	**-**	-
– Food and beverage income	**52,239**	36,511	**-**	-
– Other hotel operating income	**11,257**	39,031	**-**	-
	313,407	189,334	**-**	-
Rental income from operating leases				
Property revenue (Note 12)				
– Rental income billing	**186,919**	90,371	**158,001**	70,536
– Accrued lease income – unbilled	**(15,635)**	82,114	**(13,995)**	73,470
– Car park income	**2,139**	2,038	**2,139**	2,038
	173,423	174,523	**146,145**	146,044
Total revenue	**486,830**	363,857	**146,145**	146,044

The hotel revenue is recognised at a point of time and denominated in one segment and one country (refer Note 37 of the financial statements).

The accrued lease income is recognised pursuant to the requirements of MFRS 16, Leases to recognise revenue on a straight-line basis over the tenure of the lease in accordance to the supplemental agreements executed, as disclosed in Note 33(b) of the financial statements.

5. OPERATING EXPENSES

	Group		Trust	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Hotel operating expenses				
- Operating expenses	**130,382**	68,793	**-**	-
- Repair and maintenance expenses	**12,658**	9,188	**-**	-
- Utilities	**6,671**	5,797	**-**	-
- Property taxes	**11,719**	11,868	**-**	-
- Insurance	**848**	707	**-**	-
- General and administration expenses	**50,720**	35,523	**-**	-
- Other direct expenses	**11,505**	6,434	**-**	-
	224,503	138,310	**-**	-
Property operating expenses (Note 12)				
- Property taxes	**7,686**	7,839	**5,444**	5,362
- Insurance	**2,872**	2,890	**1,997**	2,026
- Property maintenance	**498**	-	**-**	-
	11,056	10,729	**7,441**	7,388
Total operating expenses	**235,559**	149,039	**7,441**	7,388

The staff benefit expense recognised in hotel operating expenses is in respect of the following:-

	Group		Trust	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Salaries, wages and bonus	**60,549**	38,876	**-**	-
Defined contribution plan	**21,735**	13,591	**-**	-
	82,284	52,467	**-**	-

6. FINANCE & OTHER INCOME

	Group		Trust	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Finance income from financial assets measured at amortised cost				
- Financial institution deposits interests	**1,894**	151	**171**	63
- Subsidiary loan interests	**-**	-	**80,910**	78,590
Finance income	**1,894**	151	**81,081**	78,653
Other income - others includes the following items				
- Currency exchange gains - realised	**437**	315	**437**	315
- Management fee income	**-**	-	**189**	-

7. MANAGER'S FEES

		Group/Trust	
	Note	**2023 RM'000**	**2022 RM'000**
Base fee	7(a)	**4,950**	4,824
Performance fee	7(b)	**5,026**	4,297
		9,976	9,121

(a) Pursuant to the Second Restated Deed, the base fee, accrued and payable monthly, represents 0.1% per annum of the gross asset value of the Group.

(b) Pursuant to the Second Restated Deed, the performance fee, accrued and payable monthly, represents 2% of the net property income of the Group recorded during the financial year.

8. TRUSTEE'S FEES

Pursuant to the Second Restated Deed, the Trustee's fees, accrued monthly and payable every half year to the Trustee, represents 0.03% per annum of the gross asset value of the Group.

9. FINANCE COSTS

		Group		Trust	
		2023	**2022**	**2023**	**2022**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Interest expense					
– Term loans	24	**53,886**	24,471	**53,886**	24,471
– Medium Term Notes	25	**37,653**	33,567	**-**	-
– Subsidiary	16	**-**	-	**37,653**	33,567
– Lease liability	15	**10**	11	**10**	11
Incidental cost incurred to administer the borrowing facilities					
– Amortisation of transaction costs		**2,100**	2,096	**2,100**	2,096
– Facility fee		**214**	216	**124**	126
– Transaction costs		**16**	-	**14**	-
		93,879	60,361	**93,787**	60,271

10. INCOME TAX EXPENSE

		Group		Trust	
		2023	**2022**	**2023**	**2022**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Current income tax					
– Malaysian income tax					
– current year		**53**	6	**-**	-
– Foreign income tax*					
– current year		**6,239**	3,537	**1,355**	1,476
– under provision in prior years		**9**	-	**-**	-
Deferred tax					
– Origination and reversal of temporary differences	17	**(890)**	(395)	**-**	-
		5,411	3,148	**1,355**	1,476

The Trust has provided approximately 100% (2022: 95%) of the distributable income to unitholders, which is more than 90% of the taxable income, which income at the Trust level is exempted from tax in accordance with the amended Section 61A of Income Tax Act 1967.

* Included withholding taxes from the foreign interest income received from shareholder loan interest.

10. INCOME TAX EXPENSE (CONT'D.)

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and the Trust is as follows:-

	Group		Trust	
	2023 **RM'000**	**2022** **RM'000**	**2023** **RM'000**	**2022** **RM'000**
Profit before tax	**146,632**	87,020	**139,592**	73,749
Income tax using Malaysian statutory tax rate of 24% (2022: 24%)	**35,191**	20,885	**33,502**	17,700
Expenses not deductible for tax purposes	**28,519**	26,947	**7,514**	9,908
Utilisation of capital allowances	**(8,056)**	(7,455)	**(8,056)**	(7,455)
Income exempted from tax	**(41)**	(15)	**(41)**	(15)
Income not subject to tax	**(48,968)**	(34,209)	**(31,564)**	(18,662)
Different tax rates in other countries	**(1,243)**	(3,005)	**-**	-
Under provision in prior years	**9**	-	**-**	-
Income tax expense	**5,411**	3,148	**1,355**	1,476

11. EARNINGS PER UNIT

	Group		Trust	
	2023 **RM'000**	**2022** **RM'000**	**2023** **RM'000**	**2022** **RM'000**
Profit for the year after manager's fees	**141,221**	83,872	**138,237**	72,273
Profit for the year before manager's fees	**151,197**	92,993	**148,213**	81,394
Weighted average number of units ('000)	**1,704,389**	1,704,389	**1,704,389**	1,704,389
Earnings per unit after manager's fees (sen)	**8.29**	4.92	**8.11**	4.24
Earnings per unit before manager's fees (sen)	**8.87**	5.46	**8.70**	4.78

12. INVESTMENT PROPERTIES

	Group		Trust	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
At beginning of the financial year	**2,754,328**	2,772,788	**2,258,000**	2,241,500
Enhancements	**853**	7,132	**853**	7,132
Changes in fair value:				
- Per valuation reports	**36,762**	54,877	**16,147**	9,368
- Unbilled lease income	**7,468**	(71,517)	**5,827**	(60,668)
Unbilled lease income (Note 14)	**(7,468)**	71,517	**(5,827)**	60,668
Currency translation differences	**807**	(80,469)	**-**	-
At end of the financial year	**2,792,750**	2,754,328	**2,275,000**	2,258,000
Analysis of investment properties:-				
Freehold land & building	**1,878,250**	1,849,328	**1,360,500**	1,353,000
Leasehold land & building	**390,500**	385,500	**390,500**	385,500
Registered lease & building	**524,000**	519,500	**524,000**	519,500
	2,792,750	2,754,328	**2,275,000**	2,258,000

12. INVESTMENT PROPERTIES (CONT'D.)

The fair value of the investment properties as at 30 June 2023 are as follows:-

Description of property	Tenure	Remaining lease period (years)	Initial acquisition cost RM'000	Fair value as at 30.6.2023 RM'000	% of fair value to Net Asset Value as at 30.6.2023 %	Fair value as at 30.6.2022 RM'000	% of fair value to Net Asset Value as at 30.6.2022 %
Real Estate - Commercial							
JW Marriott Hotel Kuala Lumpur	Freehold		331,024	**527,500**	**18.14**	526,500	18.99
The Ritz-Carlton, Kuala Lumpur - Suite Wing (Parcel 1)	Freehold		125,000	**218,000**	**7.50**	216,000	7.79
The Ritz-Carlton, Kuala Lumpur - Suite Wing (Parcel 2)	Freehold		73,881	**106,000**	**3.65**	105,000	3.79
The Ritz-Carlton, Kuala Lumpur - Hotel Wing	Freehold		253,017	**362,000**	**12.45**	361,000	13.02
Pangkor Laut Resort	Registered lease	72	98,365	**124,000**	**4.27**	122,000	4.40
Tanjong Jara Resort	Leasehold	44	88,050	**107,000**	**3.68**	105,000	3.79
AC Hotel Kuala Lumpur Titiwangsa	Freehold		101,207	**147,000**	**5.06**	144,500	5.21
AC Hotel Penang Bukit Jambul	Leasehold	71	101,778	**126,000**	**4.33**	125,000	4.51
AC Hotel Kuantan City Centre	Leasehold	69	75,980	**95,500**	**3.28**	94,500	3.41
Cameron Highlands Resort	Leasehold	85	50,649	**62,000**	**2.13**	61,000	2.20
The Majestic Hotel Kuala Lumpur	Registered lease	68	384,221	**400,000**	**13.76**	397,500	14.33
Hilton Niseko Village	Freehold		206,930*	**314,787**	**10.83**	299,925	10.82
The Green Leaf Niseko Village	Freehold		194,090*	**202,963**	**6.98**	196,403	7.08
			2,084,192	**2,792,750**	**96.06**	2,754,328	99.34
Net Asset Value				**2,907,403**		2,772,748	

* Initial acquisition cost translated at the exchange rate as at 30 June 2023.

12. INVESTMENT PROPERTIES (CONT'D.)

The following are recognised in income statement in respect of investment properties:-

		Group		Trust	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Rental income	4	**173,423**	174,523	**146,145**	146,044
Direct operating expenses:-					
– income generating investment properties	5	**(11,056)**	(10,729)	**(7,441)**	(7,388)
Changes in fair value of investment properties*		**44,230**	(16,640)	**21,974**	(51,300)

* The changes in fair value of investment properties of the Group and of the Trust include unbilled lease income amounting to RM7.468 million and RM5.827 million (2022: (RM71.517 million) and (RM60.668 million)) respectively.

Investment properties of the Group and of the Trust with carrying amounts of RM2,435.750 million and RM1,918.000 million (2022: RM2,402.328 million and RM1,906.000 million) respectively, are charged as security for financings granted to the Group and the Trust as disclosed in Notes 24 and 25 to the financial statements.

Fair value information

The fair value of investment properties of the Group and the Trust are categorised as Level 3. The different levels of the fair value hierarchy are defined in Note 35(b) to the financial statements. A valuation is carried out on each property at least once each financial year. The properties are valued by independent professional valuers, Savills (Malaysia) Sdn Bhd, Azmi & Co Sdn Bhd, Savills Japan Valuation G.K. and Colliers International Japan KK on 31 May 2023 using the income capitalisation approach, also known as the investment approach. In the income capitalisation approach, capitalisation rates are applied to the income of the investment properties to determine the value of the investment properties.

During the current financial year, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

12. INVESTMENT PROPERTIES (CONT'D.)

Fair value information (cont'd.)

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Income approach which capitalises the estimate rental income stream, net projected operating costs, using a discount rate derived from market yield.	Malaysian Properties - Capitalisation rate of 6.00% to 7.00% (2022: 6.00% to 7.00%) - Reversion capitalisation rate of 6.50% to 7.50% (2022: 6.50% to 7.00%)	The higher the capitalisation rate, the lower the fair value.
	Japanese Properties - Discount rate of 4.60% to 4.70% (2022: 4.60% to 4.70%) - Capitalisation rate of 4.80% to 5.00% (2022: 4.80% to 5.00%)	The higher the discount rate, the lower the fair value. The higher the capitalisation rate, the lower the fair value.

The investment properties are valued using the income capitalisation method, where a property's fair value is estimated based on the normalised net operating income generated by the property, which is divided by the capitalisation (discount) rate based on current market-derived yield rates which reflect the expected return on investments commensurate with the risk exposure associated to the asset.

The significant unobservable input is the adjustment for factors specific to the hotel properties. The extent and direction of this adjustment depends on the number and characteristics of the observable market transactions in similar properties that are used as the starting point for valuation. Although this input is a subjective judgement, management considers that the overall valuation would not be materially affected by reasonably possible alternative assumptions.

13. PROPERTY, PLANT AND EQUIPMENT

Group - 2023	Freehold land RM'000	Buildings RM'000	Equipment RM'000	Other assets RM'000	Total RM'000
Cost/Valuation					
At 1.7.2022	675,532	1,203,979	234,075	43,650	2,157,236
Additions	-	3,871	3,733	7,950	15,554
Transfers	-	1,675	3,658	(5,333)	-
Disposals	-	-	(153)	-	(153)
Revaluation surpluses	-	90,790	-	7	90,797
Revaluation adjustments	-	(47,958)	-	-	(47,958)
Reversal of impairment	-	23,820	-	-	23,820
Currency translation differences	14,396	27,611	5,185	1,002	48,194
At 30.6.2023	689,928	1,303,788	246,498	47,276	2,287,490
Representing:					
At cost	-	-	246,498	47,276	293,774
At valuation	689,928	1,303,788	-	-	1,993,716
At 30.6.2023	689,928	1,303,788	246,498	47,276	2,287,490
Accumulated depreciation					
At 1.7.2022	-	4,008	139,590	41,694	185,292
Depreciation charge	-	48,204	11,963	251	60,418
Disposals	-	-	(123)	-	(123)
Revaluation adjustments	-	(47,958)	-	-	(47,958)
Currency translation differences	-	92	3,295	896	4,283
At 30.6.2023	-	4,346	154,725	42,841	201,912
Net book value					
At cost	-	-	91,773	4,435	96,208
At valuation	689,928	1,299,442	-	-	1,989,370
At 30.6.2023	689,928	1,299,442	91,773	4,435	2,085,578

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Group - 2022	Freehold land RM'000	Buildings RM'000	Equipment RM'000	Other assets RM'000	Total RM'000
Cost/Valuation					
At 1.7.2021	602,538	1,218,835	240,622	43,572	2,105,567
Additions	–	1,782	453	2,954	5,189
Transfers	–	1,544	11	(1,555)	–
Disposals	–	–	(147)	–	(147)
Revaluation surpluses	91,060	55,595	–	–	146,655
Revaluation loss	–	(1,262)	–	(66)	(1,328)
Revaluation adjustments	–	(47,870)	–	–	(47,870)
Reversal of impairment	–	10,300	–	–	10,300
Currency translation differences	(18,066)	(34,945)	(6,864)	(1,255)	(61,130)
At 30.6.2022	675,532	1,203,979	234,075	43,650	2,157,236
Representing:					
At cost	–	–	234,075	43,650	277,725
At valuation	675,532	1,203,979	–	–	1,879,511
At 30.6.2022	675,532	1,203,979	234,075	43,650	2,157,236
Accumulated depreciation					
At 1.7.2021	–	4,061	130,801	42,659	177,521
Depreciation charge	–	47,933	12,805	227	60,965
Transfers	–	–	(26)	26	–
Disposals	–	–	(137)	–	(137)
Revaluation adjustments	–	(47,870)	–	–	(47,870)
Currency translation differences	–	(116)	(3,853)	(1,218)	(5,187)
At 30.6.2022	–	4,008	139,590	41,694	185,292
Net book value					
At cost	–	–	94,485	1,956	96,441
At valuation	675,532	1,199,971	–	–	1,875,503
At 30.6.2022	675,532	1,199,971	94,485	1,956	1,971,944

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

The fair value of the property, plant and equipment are as follows:-

Description of property	Tenure	Initial acquisition cost* RM'000	Fair value as at 30.6.2023 RM'000	% of fair value to Net Asset Value as at 30.6.2023 %	Fair value as at 30.6.2022 RM'000	% of fair value to Net Asset Value as at 30.6.2022 %
Real Estate - Commercial						
Sydney Harbour Marriott	Freehold	820,527	**1,559,048**	**53.62**	1,481,233	53.42
Brisbane Marriott	Freehold	373,060	**278,222**	**9.57**	257,310	9.28
Melbourne Marriott	Freehold	174,898	**248,308**	**8.54**	233,401	8.42
		1,368,485	**2,085,578**	**71.73**	1,971,944	71.12
Net Asset Value			**2,907,403**		2,772,748	

* Translated at the exchange rate as at 30 June 2023.

Property, plant and equipment at net book value amounting to RM2,085.578 million (2022: RM1,971.944 million) are charged as security for a term loan facility granted to the Trust as disclosed in Note 24 to the financial statements.

A valuation is carried out on the freehold land and buildings at least once during each financial year. The latest annual valuation exercise was conducted by independent professional valuers, CIVAS (NSW) Pty Limited on 31 May 2023, using the income capitalisation approach, also known as the investment approach.

Had the revalued properties been carried at cost less accumulated depreciation, the net book values of the properties that would have been included in the financial statements are as follows:-

	Group 2023 RM'000	Group 2022 RM'000
Freehold land	**161,392**	158,025
Buildings	**614,368**	636,160
	775,760	794,185

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Fair value information

The Group's freehold land and buildings are valued based on unobservable inputs and classified in Level 3 of the fair value hierarchy. The different levels of the fair value hierarchy are defined in Note 35(b) to the financial statements.

During the current financial year, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Discounted cash flow method is the total of discounted income stream and present value of the properties' anticipated sale value in arriving at the total present market value.	Discount rate of 7.75% (2022: 6.50% to 7.00%)	The higher the discount rate, the lower the fair value.
	Capitalisation rate of 5.25% to 5.50% (2022: 4.50% to 5.25%)	The higher the capitalisation rate, the lower the fair value.

A discounted cash flow analysis has been prepared taking into account the ability of the property to generate income over a 10-year period based on certain assumptions. Provision is made for room rate and occupancy growth throughout the time horizon and also capital expenditure through a furniture, fittings and equipment reserve. Each year's net operating income during the period is discounted to arrive at the present value of expected future cash flows. The property's anticipated sale value at the end of the period (i.e. its terminal or reversionary value) is also discounted to its present value and added to the discounted income stream to arrive at the total present market value of the property.

The significant unobservable input is the adjustment for factors specific to the hotel properties. The extent and direction of this adjustment depends on the number and characteristics of the observable market transactions in similar properties that are used as the starting point for valuation. Although this input is a subjective judgement, management considers that the overall valuation would not be materially affected by reasonably possible alternative assumptions.

14. UNBILLED LEASE INCOME

	Group/Trust	
	2023 RM'000	**2022 RM'000**
Unbilled lease income	**22,004**	30,172

The above unbilled lease income of the Group and of the Trust included the changes in fair value of investment properties amounting to RM7.468 million and RM5.827 million (2022: (RM71.517 million) and (RM60.668 million)), respectively.

The unbilled lease income is to be billed from financial years 2023 to 2029.

Credit risks relating to unbilled lease income are disclosed in Note 34(a) to the financial statements.

15. RIGHT-OF-USE ASSET AND LEASE LIABILITY

The Trust has lease contract for a piece of land under registered lease with remaining lease term of 72 (2022: 73) years as at the end of the financial year.

Set out below are the carrying amount of the right-of-use asset recognised and the movements during the current financial year:-

	Group/Trust	
	2023 RM'000	**2022 RM'000**
At beginning of the financial year	**201**	203
Depreciation of right-of-use asset	**(3)**	(2)
At end of the financial year	**198**	201

Set out below are the carrying amount of lease liability and the movements during the current financial year:-

	Group/Trust	
	2023 RM'000	**2022 RM'000**
At beginning of the financial year	**203**	203
Accretion of interest	**10**	11
Lease rental payments	**(11)**	(11)
At end of the financial year	**202**	203

The following are the amounts recognised in income statements:-

	Group		Trust	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Depreciation of right-of-use asset	**3**	2	**3**	2
Interest expense on lease liability	**10**	11	**10**	11
Lease expense - short-term and low value leases	**191**	243	**-**	-

Total cash outflow for leases of the Group was RM0.202 million (2022: RM0.254 million).

16. INVESTMENT IN SUBSIDIARIES

	Trust	
	2023 RM'000	**2022 RM'000**
Unquoted shares, at cost		
At beginning of the financial year	**533,522**	527,536
Additional investment via capitalisation of debt	**5,192**	5,986
At end of the financial year	**538,714**	533,522

Details of the subsidiaries are as follows:-

Name of subsidiary	Place of incorporation	Principal activities	Effective equity interest 2023 %	Effective equity interest 2022 %
Held by the Trust				
* Starhill REIT Niseko G.K.	Japan	Purchase, possession, disposal, lease and management of real properties	**100**	100
Starhill Hospitality REIT (Australia) Sdn. Bhd.	Malaysia	Investment holding	**100**	100
YTL REIT MTN Sdn. Bhd.	Malaysia	To undertake the issuance of medium term notes	**100**	100
Held through Starhill Hospitality REIT (Australia) Sdn. Bhd.				
Starhill Hotel (Australia) Sdn. Bhd.	Malaysia	Investment holding	**100**	100
* Starhill REIT (Australia) Pty. Ltd.	Australia	Trustee company	**100**	100
* Starhill Hospitality (Australia) Pty. Ltd.	Australia	Trustee company	**100**	100
* Starhill Hospitality REIT (Australia) Trust	Australia	Real estate investment	**100**	100
Held through Starhill Hotel (Australia) Sdn. Bhd.				
* Starhill Hotel (Brisbane) Pty. Ltd.	Australia	Hotel operator	**100**	100
* Starhill Hotel (Sydney) Pty. Ltd.	Australia	Hotel operator	**100**	100
* Starhill Hotel (Melbourne) Pty. Ltd.	Australia	Hotel operator	**100**	100
Held through Starhill Hospitality REIT (Australia) Trust				
* Starhill Hospitality REIT (Brisbane) Trust	Australia	Real estate investment	**100**	100
* Starhill Hospitality REIT (Sydney) Trust	Australia	Real estate investment	**100**	100
* Starhill Hospitality REIT (Melbourne) Trust	Australia	Real estate investment	**100**	100

* Subsidiaries not audited by HLB Ler Lum Chew PLT

16. INVESTMENT IN SUBSIDIARIES (CONT'D.)

The amounts due from subsidiaries pertain mainly to loans, loan interest, advances and payments on behalf. The outstanding amounts are unsecured, interest free and payable on demand save for loans.

Details of the foreign currency loans are as follows:-

(a) The loan in Australian Dollar of RM1,100.784 million (2022: RM1,077.815 million) with tenure of ten years bears interest payable quarterly at a weighted average interest rate of 6.28% (2022: fixed rate of 5.86%) per annum. During the current financial year, the loan was renewed for ten years with bullet repayment on 31 October 2032, where the interest rate has changed from fixed to floating rate.

(b) Two loans in Japanese Yen totalling RM267.763 million (2022: RM267.191 million) with tenure of fifteen and thirty years bear interest payable monthly at the rate of 5% (2022: 5%) per annum. The loans shall be repaid by way of bullet repayments on 21 December 2026 and 25 September 2048, respectively. Upon maturity, the Trust allows the loans to be renewed for another fifteen years, where the interest rate is to be mutually agreed upon at a later stage.

The amount due to a subsidiary relates to advances totalling RM815.000 million (2022: RM815.000 million) from the proceeds of issuance of medium term notes as disclosed in Note 25 to the financial statements at the same repayment terms.

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly or indirectly by the parent company do not differ from the proportion of ordinary shares held.

There were no changes during the year (2022: Nil) in the Group's ownership interest in its significant subsidiaries.

The loans and advances are receivable/repayable by the Trust:-

	Amount due from subsidiaries RM'000	Amount due to a subsidiary RM'000
2023		
Within 1 year	**120,201**	**-**
Later than 1 year and not later than 5 years	**154,646**	**815,000**
Later than 5 years	**1,213,901**	**-**
	1,488,748	**815,000**
2022		
Within 1 year	121,905	349,970
Later than 1 year and not later than 5 years	154,316	465,000
Later than 5 years	1,190,690	-
	1,466,911	814,970

17. DEFERRED TAX ASSETS

		Group	
	Note	2023 RM'000	2022 RM'000
At beginning of the financial year		**2,137**	1,796
Charged to income statement	10	**890**	395
Currency translation differences		**69**	(54)
At end of the financial year		**3,096**	2,137

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off income tax assets against income tax liabilities and when deferred taxes relate to the same tax authority. The following amounts determined after appropriate offsetting are shown in the statements of financial position:-

	Group	
	2023 RM'000	2022 RM'000
Deferred tax provided are in respect of:-		
Deferred tax assets		
Provision for employee benefits	**3,043**	2,118
Others	**53**	19
	3,096	2,137

Deferred tax assets have not been recognised in respect of the following items:-

	Group	
	2023 RM'000	2022 RM'000
Unutilised tax losses	**-**	1,798
Potential tax benefits calculated at 30% (2022: 30%) tax rate	**-**	539

Deferred tax assets have not been recognised as it not probable that taxable profits will be available against which the deductible temporary differences can be utilised.

18. INVENTORIES

	Group	
	2023 RM'000	2022 RM'000
Beverage inventories	**710**	524

The Group's cost of inventories recognised as expenses and included in "hotel operating expenses" amounted to approximately RM10.774 million (2022: RM5.940 million).

19. TRADE RECEIVABLES

	Group		Trust	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Trade receivables	**10,811**	36,079	**-**	28,838

There was no allowance for impairment losses on trade receivables during the financial year (2022: Nil).

The Group's and the Trust's amounts due from companies related to the Manager of approximately RM28.838 million in the previous financial year relate to rental due in respect of agreements and are generally subject to normal trade terms.

The trade credit terms of trade receivables range from 30 to 90 (2022: 30 to 90) days.

Credit risks relating to trade receivables are disclosed in Note 34(a) to the financial statements.

20. OTHER RECEIVABLES & PREPAYMENTS

	Group		Trust	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Other receivables	**9,376**	6,360	**21**	7
Prepayments	**19,149**	16,855	**650**	653
	28,525	23,215	**671**	660

Included in the other receivables of the Group is RM8.887 million (2022: RM5.891 million) recoverable from Australian tax authorities for withholding tax on foreign source distribution received by a subsidiary.

21. DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

The weighted average effective interest rate of deposits placed with licensed banks of the Group and of the Trust were 2.5% and 2.8% (2022: 1.5% and 1.7%) per annum, respectively.

The average maturities of deposits of the Group and of the Trust ranged from 1 to 34 days (2022: 1 to 35 days).

22. UNITHOLDERS' CAPITAL

	Group/Trust Number of units	
	2023 '000	**2022 '000**
Issued and fully paid		
At beginning and end of the financial year	**1,704,389**	1,704,389

	2023 RM'000	**2022 RM'000**
Issued and fully paid		
At beginning and end of the financial year	**1,690,806**	1,690,806

23. RESERVES

		Group		Trust	
	Note	**2023 RM'000**	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Currency translation reserves	23(a)	**(148,806)**	(149,554)	**-**	-
Revaluation reserve	23(b)	**1,353,462**	1,233,913	**-**	-
Non-distributable unrealised (loss)/income	23(c)	**(201,843)**	(187,825)	**354,705**	343,331
		1,002,813	896,534	**354,705**	343,331

(a) Currency translation reserves

	Group	
	2023 RM'000	**2022 RM'000**
At beginning of the financial year	**(149,554)**	(88,598)
Net currency translation differences from financial statement of foreign subsidiaries and net of investment hedge in foreign operations	**748**	(60,956)
At end of the financial year	**(148,806)**	(149,554)

23. RESERVES (CONT'D.)

(b) Revaluation reserve

	Group	
	2023 RM'000	**2022 RM'000**
At beginning of the financial year	**1,233,913**	1,121,991
Revaluation gain of properties	**90,797**	145,327
Currency translation differences	**28,752**	(33,405)
At end of the financial year	**1,353,462**	1,233,913

The revaluation reserve represents increases in the fair value of freehold land and buildings.

(c) Non-distributable unrealised (loss)/income

	Group		Trust	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
At beginning of the financial year	**(187,825)**	(216,024)	**343,331**	341,451
Unrealised (loss)/income for the year	**(14,018)**	27,636	**11,374**	1,317
Reclassification	**-**	563	**-**	563
At end of the financial year	**(201,843)**	(187,825)	**354,705**	343,331

24. BORROWINGS - SECURED

	Group/Trust	
	2023 RM'000	**2022 RM'000**
Non-current		
Term loans	**1,081,690**	954,846
Capitalised transaction costs	**(5,190)**	(3,994)
	1,076,500	950,852
Current		
Term loans	**174,563**	273,249
Capitalised transaction costs	**(82)**	(551)
	174,481	272,698
Total borrowings	**1,250,981**	1,223,550

24. BORROWINGS - SECURED (CONT'D.)

(i) The term loan denominated in Australian Dollar of AUD348.842 million (2022: AUD347.124 million) is equivalent to RM1,081.690 million (2022: RM1,053.905 million). One of the tranches at AUD90.000 million was refinanced on 28 June 2023. The term loan is repayable by bullet payments of AUD258.842 million and AUD90.000 million on 28 June 2025 and 28 June 2026, respectively, bears a weighted average interest rate of 4.92% (2022: 2.13%) per annum and is secured by:-

(a) a first legal charge over properties as disclosed in Note 13 to the financial statements; and

(b) an assignment of fire insurance policies in relation to the secured properties.

(ii) The term loan denominated in Japanese Yen of JPY5,401.250 million (2022: JPY5,401.250 million), which is equivalent to RM174.563 million (2022: RM174.190 million), is repayable by bullet payment on 26 September 2023, bears a weighted average interest rate of 0.82% (2022: 0.81%) per annum and is secured by:-

(a) a first legal charge over certain properties as disclosed in Note 12 to the financial statements; and

(b) an assignment of fire insurance policies in relation to the secured properties.

25. MEDIUM TERM NOTES ("MTNs")

	Group	
	2023 RM'000	**2022 RM'000**
Non-current		
Medium Term Notes	**815,000**	465,000
Current		
Medium Term Notes	**-**	350,000
Total MTNs	**815,000**	815,000

The MTNs of the Group were issued pursuant to an MTNs issuance programme of up to RM1,650 million constituted by a Trust Deed and Programme Agreement, both dated 11 May 2016. As at end of the reporting period, RM815 million (2022: RM815 million) were issued as follows:-

(a) A nominal value of RM385 million of MTNs was issued on 3 November 2017 to finance the acquisition of The Majestic Hotel Kuala Lumpur by the Trust. The MTNs are redeemable on 1 November 2024 at nominal value.

(b) A nominal value of RM265 million of MTNs was issued on 23 November 2017 to refinance the existing borrowings of the Trust. The MTNs had been redeemed on 23 November 2022, refinanced at the same nominal value and redeemable on 23 November 2027 at nominal value.

(c) A nominal value of RM85 million of MTNs was issued on 28 June 2019 to finance the renovation costs carried out at JW Marriott Hotel Kuala Lumpur. The MTNs had been redeemed on 28 June 2023, refinanced at the same nominal value and redeemable on 28 June 2028 at nominal value.

(d) A nominal value of RM80 million of MTNs was issued on 23 May 2022 to redeem matured MTNs totalling RM75 million and to finance the renovation costs carried out at certain properties for RM5 million. The MTNs are redeemable on 21 May 2027 at nominal value.

25. MEDIUM TERM NOTES ("MTNs") (CONT'D.)

The MTNs bear coupon rates ranging from 3.42% to 5.46% (2022: 3.27% to 5.05%) per annum, payable semi-annually in arrears and are secured by certain properties as disclosed in Note 12 to the financial statements.

The fair value of the MTNs is RM814.882 million (2022: RM816.417 million) and is categorised as Level 2 of the fair value hierarchy. The different levels of the fair value hierarchy are defined in Note 35(b) to the financial statements.

The above fair value, which is determined for disclosure purpose, is calculated based on the present value of future cash flows discounted at the market rate of interest at the end of the financial year. The interest rates used to determine fair value range from 4.78% to 5.46% (2022: 3.42% to 4.26%) per annum.

26. OTHER PAYABLES

	Group		Trust	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Non-current				
Other payables	**1,261**	1,127	**-**	-

Included in the other payables of the Group is the long service leave of approximately RM1.261 million (2022: RM1.127 million).

	Group		Trust	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Current				
Other payables	**40,283**	26,794	**11,914**	9,483
Accruals	**15,021**	18,372	**7,533**	6,874
Contract liabilities	**11,915**	5,761	**-**	-
	67,219	50,927	**19,447**	16,357

The Group's and the Trust's amounts due to the Manager and the companies related to the Manager, which amounted to RM11.497 million (2022: RM9.892 million) and RM11.497 million (2022: RM9.483 million), respectively are unsecured, interest free and payable on demand.

Contract liabilities represent revenues collected but not earned as at the end of the financial year. This primarily compose of advance deposits from customers who prepay for hotel accommodation.

26. OTHER PAYABLES (CONT'D.)

The significant changes to contract liabilities balances during the year are as follows:-

	Group	
	2023	**2022**
	RM'000	**RM'000**
Contract liabilities as at the beginning of the year recognised as revenue during the year	**(5,684)**	(1,266)
Advance deposits received during the year	**62,985**	16,050

27. TRADE PAYABLES

The credit terms of trade payables granted to the Group is 30 days (2022: 30 days).

28. PROVISION FOR INCOME DISTRIBUTION

	Group/Trust	
	2023	**2022**
	RM'000	**RM'000**
At beginning of the financial year	**35,230**	40,106
Provision made during the financial year	**126,863**	67,409
Distribution paid during the financial year	**(87,384)**	(72,285)
At end of the financial year	**74,709**	35,230

Pursuant to the Second Restated Deed, it is the policy of the Manager to distribute at least 90% of the distributable income for each financial year.

For the 6 months from 1 January 2023 to 30 June 2023, the Manager has declared a final income distribution of 4.3833 sen per unit (2022: 2.0670 sen per unit), totalling RM74,708,478 (2022: RM35,229,718) which will be paid on 30 August 2023. Total distribution paid and declared for the financial year ended 30 June 2023 is 7.4433 sen per unit, totalling RM126,862,778, representing approximately 100% of the total distributable income for the financial year ended 30 June 2023 (2022: 3.9550 sen per unit, totalling RM67,408,580, representing approximately 95% of the total distributable income).

28. PROVISION FOR INCOME DISTRIBUTION (CONT'D.)

Distribution to unitholders is from the following sources:-

	Group	
	2023 **RM'000**	**2022** **RM'000**
Net property income	**251,271**	214,818
Finance income	**1,894**	151
Other income	**2,334**	2,101
Changes in fair value	**68,050**	(6,340)
Less: Expenses	**(176,917)**	(123,710)
Less: Income tax expense	**(5,411)**	(3,148)
Profit after tax	**141,221**	83,872
Distribution adjustments:-		
Depreciation	**60,421**	60,967
Fair value changes	**(68,050)**	6,340
Accrued lease income - unbilled	**15,635**	(82,114)
Net income from foreign operations	**(28,376)**	14,720
Unrealised foreign translation differences	**6,012**	(12,829)
Income available for distribution/Total distributable income/Total realised income	**126,863**	70,956
Less: Income distribution	**(126,863)**	(67,409)
Undistributed realised income	**-**	3,547
Distributable income per unit (sen)	**7.4433**	4.1631
Gross distribution per unit (sen)	**7.4433**	3.9550
Net distribution per unit (sen)	**7.4433**	3.9550

29. TRANSACTIONS WITH STOCKBROKING COMPANIES

No transactions with stockbroking companies were made during the financial year.

30. UNITHOLDING BY THE MANAGER

As at 30 June 2023, the Manager did not hold any unit in the Trust.

31. UNITHOLDERS RELATED TO THE MANAGER

	<---2023--->		
	No. of units held '000	Percentage of total units %	Market value RM'000
YTL Corporation Berhad	**937,464**	**55.00**	**890,591**
YTL Power International Berhad	**43,090**	**2.53**	**40,935**
Business & Budget Hotels (Kuantan) Sdn. Bhd.	**18,750**	**1.10**	**17,813**
Megahub Development Sdn. Bhd.	**13,250**	**0.78**	**12,587**
East-West Ventures Sdn. Bhd.	**62,500**	**3.67**	**59,375**
Syarikat Pelanchongan Pangkor Laut Sendirian Berhad	**24,250**	**1.42**	**23,038**
Tanjong Jara Beach Hotel Sdn. Bhd.	**1,750**	**0.10**	**1,662**
	1,101,054	**64.60**	**1,046,001**

	<---2022--->		
	No. of units held '000	Percentage of total units %	Market value RM'000
YTL Corporation Berhad	937,464	55.00	885,904
YTL Power International Berhad	43,090	2.53	40,720
Business & Budget Hotels (Kuantan) Sdn. Bhd.	18,750	1.10	17,719
Megahub Development Sdn. Bhd.	13,250	0.78	12,521
East-West Ventures Sdn. Bhd.	62,500	3.67	59,062
Syarikat Pelanchongan Pangkor Laut Sendirian Berhad	24,250	1.42	22,916
Tanjong Jara Beach Hotel Sdn. Bhd.	1,750	0.10	1,654
	1,101,054	64.60	1,040,496

The market value of the units held by the companies related to the Manager is determined by using the closing market value of the Trust as at 30 June 2023 of RM0.950 per unit (2022: RM0.945 per unit).

Pintar Projek Sdn. Bhd., the manager of the Trust is also a subsidiary of YTL Corporation Berhad, a public listed company. YTL Corporation Berhad is therefore deemed to have control over the Trust as Pintar Projek Sdn. Bhd. governs the financial and operating policies of the Trust.

32. SIGNIFICANT RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The following significant transactions which have been transacted with companies related to the Manager and the major unitholder are as follows:-

			Group/Trust	
Entity	Relationship	Nature of transaction	2023 RM'000	2022 RM'000
Business & Budget Hotels (Penang) Sdn. Bhd.	Subsidiary company of the major unitholder	Lease rental of investment property	**8,948**	8,948
Business & Budget Hotels (Kuantan) Sdn. Bhd.	Associated company of the major unitholder	Lease rental of investment property	**6,547**	6,547
Cameron Highlands Resort Sdn. Bhd.	Subsidiary company of the major unitholder	Lease rental of investment property	**4,365**	4,365
YTL Majestic Hotel Sdn. Bhd.	Subsidiary company of the major unitholder	Lease rental of investment property	**28,244**	28,244
Prisma Tulin Sdn. Bhd.	Subsidiary company of the major unitholder	Lease rental of investment property	**8,948**	8,948
Star Hill Hotel Sdn. Bhd.	Subsidiary company of the major unitholder	Lease rental of investment properties	**47,676**	47,676
YTL Land Sdn. Bhd.	Subsidiary company of the major unitholder	Rental of car park space	**2,139**	2,038
Tanjong Jara Beach Hotel Sdn. Bhd.	Company related to a director of the manager	Lease rental of investment property	**7,638**	7,638
East-West Ventures Sdn. Bhd.	Subsidiary company of the holding company of major unitholder	Lease rental of investment property	**22,474**	22,474
Syarikat Pelanchongan Pangkor Laut Sendirian Berhad	Subsidiary company of the holding company of major unitholder	Lease rental of investment property	**9,166**	9,166

32. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D.)

			Group	
Entity	Relationship	Nature of transaction	2023 RM'000	2022 RM'000
Niseko Village K.K.	Subsidiary company of the major unitholder	Lease rental of investment properties	**27,278**	28,479

			Trust	
Entity	Relationship	Nature of transaction	2023 RM'000	2022 RM'000
Starhill Hospitality REIT (Australia) Sdn. Bhd.	Subsidiary company	Shareholder loan interests	**67,353**	63,718
		Management fee	**135**	-
Starhill Hotel (Australia) Sdn. Bhd.	Subsidiary company	Management fee	**54**	-
Starhill REIT Niseko G.K.	Subsidiary company	Shareholder loan interests	**13,557**	14,872
YTL REIT MTN Sdn. Bhd.	Subsidiary company	Interest expenses	**37,653**	33,567
		Administrative charges	**134**	120
		Advances	**-**	5,000

The above lease rental of investment properties included the unbilled accrued lease income.

The Manager is of the opinion that these transactions are conducted in the normal course of business and have been established on terms and conditions negotiated by the related parties.

33. CAPITAL COMMITMENTS AND OPERATING LEASE ARRANGEMENT

(a) Capital commitment

	Group/Trust	
	2023 RM'000	**2022 RM'000**
Contracted but not provided for	**1,475**	-

The commitment in the current financial year relates to replacement and maintenance works for certain Malaysian hotel properties.

(b) Operating lease arrangement

The Group leases out its investment properties for monthly lease payments. These lease arrangements are classified as an operating lease because the risk and rewards incidental to ownership of the assets are not substantially transferred.

Pursuant to the rental variations announcement on 30 July 2020, supplemental agreements were executed for all the Malaysian and Japanese properties (except The Green Leaf Niseko Village) to (i) reduce the lease rentals by fifty percent (50%) for twenty-four months commencing 1 July 2020 until 30 June 2022 ("Rental Adjustment Period") and (ii) pay the difference between the original rentals and reduced rentals ("Rental Differences") on a staggered basis within seven years after the Rental Adjustment Period or over the remaining tenures of the existing leases whichever is earlier.

Undiscounted lease payments including the Rental Differences from the operating leases to be received after the reporting date are as follows:-

	Group		Trust	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Not later than 1 year	**202,910**	186,945	**172,735**	158,001
Between 1 to 2 years	**160,709**	202,888	**130,407**	172,735
Between 2 to 3 years	**160,709**	160,686	**130,407**	130,407
Between 3 to 4 years	**134,278**	160,686	**108,044**	130,407
Between 4 to 5 years	**64,106**	134,256	**53,416**	108,044
Later than 5 years	**432,474**	496,034	**187,917**	241,333
	1,155,186	1,341,495	**782,926**	940,927

34. FINANCIAL RISK MANAGEMENT

The Group's and the Trust's operations are subject to the following risks:-

(a) Credit risk;

(b) Liquidity risk;

(c) Interest rate risk; and

(d) Foreign currency exchange risk

(a) Credit risk

Credit risk is the risk of a financial loss to the Group and the Trust if a lessee or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Trust's exposure to credit risk arise principally from its receivables from lessees, trade receivables or other financial assets (including cash & bank balances), the Group and the Trust minimise credit risk by dealing with high credit rating counterparties.

Unbilled lease income and trade receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally security deposits are obtained and credit evaluations are performed on customers requiring credit over a certain amount.

The gross carrying amounts of credit impaired trade receivables are written off when there is no realistic prospect of recovery. This is generally when there is indication that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

There is no impairment of unbilled lease income and trade receivables balances as the rate of default and expected loss rate is low.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statements of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. The Group and the Trust use ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due from the contractual obligations, which are deemed to have higher credit risk, are monitored individually.

34. FINANCIAL RISK MANAGEMENT (CONT'D.)

(a) Credit risk (cont'd.)

Unbilled lease income and trade receivables (cont'd.)

Exposure to credit risk, credit quality and collateral (cont'd.)

The exposure of credit risk for unbilled lease income and trade receivables as at the end of the reporting period by geographic region was:-

	Group		Trust	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Domestic	**22,004**	59,010	**22,004**	59,010
Australia	**10,811**	7,241	**-**	-
	32,815	66,251	**22,004**	59,010

Recognition and measurement of impairment losses

The Group and the Trust use individual assessment to measure expected credit losses ("ECLs") of unbilled lease income and trade receivables for respective business segments, taking into account of all relevant credit information and forward-looking macroeconomic information.

Hotel Operations

The trade receivables are primarily from corporate engagement and are provided with credit terms of 30 to 90 days. The past due above 90 days if significant are assessed to measure ECLs. In addition, advance deposits from customers who prepay for hotel accommodation will be taking into assessment consideration.

Property Rental

The trade receivables are lessees which are paying rental pursuant to the agreement and rental is due in 30 days.

The following table provides information about the exposure to credit risk and ECLs for unbilled lease income and trade receivables as at the end of the reporting period:-

Group	Note	2023 RM'000	2022 RM'000
Non-current assets			
Unbilled lease income	14	**22,004**	30,172
Current assets			
- Current (not past due)		**9,909**	8,108
- Past due 1 - 90 days		**875**	21,045
- Past due 91 - 180 days		**27**	5,539
- Past due more than 180 days		**-**	1,387
Trade receivables	19	**10,811**	36,079
		32,815	66,251

34. FINANCIAL RISK MANAGEMENT (CONT'D.)

(a) Credit risk (cont'd.)

Unbilled lease income and trade receivables (cont'd.)

Recognition and measurement of impairment losses (cont'd.)

Trust	Note	2023 RM'000	2022 RM'000
Non-current assets			
Unbilled lease income	14	**22,004**	30,172
Current assets			
- Current (not past due)		-	5,929
- Past due 1 - 90 days		-	16,344
- Past due 91 - 180 days		-	5,207
- Past due more than 180 days		-	1,358
Trade receivables	19	-	28,838
		22,004	59,010

There was no allowance for impairment losses during the financial year (2022: Nil).

Other receivables

Credit risk on other receivables are mainly arising from the withholding tax on foreign sourced distribution income received by a subsidiary and recoverable from Australian tax authorities.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

There is no impairment of other receivables balances as the rate of default and expected loss rate is low.

Inter-company balances

The Trust provides unsecured advances to subsidiaries and where necessary makes payments for expenses on behalf of its subsidiaries. The Trust monitors the results of the subsidiaries regularly.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

Management has taken reasonable steps to ensure that inter-company receivables are stated at the realisable values. As at the end of the reporting period, there was no indication that the advances extended to the subsidiaries are not recoverable after considering the value of underlying properties held by subsidiaries.

34. FINANCIAL RISK MANAGEMENT (CONT'D.)

(a) Credit risk (cont'd.)

Cash and cash equivalents

Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

In view of the low credit risk of the financial institutions, the loss allowance is not material and hence, is not provided for.

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Trust will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Trust's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group and the Trust maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

The table below summarises the maturity profile of the Group's and the Trust's financial liabilities as at the end of the reporting period based on contractual undiscounted repayment obligations:-

	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	Over 5 years RM'000
Group - 2023					
Financial liabilities					
Borrowings	**1,411,108**	**243,272**	**871,399**	**296,437**	**-**
MTNs	**941,285**	**41,444**	**414,187**	**485,654**	**-**
Lease liability	**766**	**11**	**11**	**32**	**712**
Trade payables	**6,486**	**6,486**	**-**	**-**	**-**
Other payables	**56,565**	**55,304**	**1,261**	**-**	**-**
	2,416,210	**346,517**	**1,286,858**	**782,123**	**712**
Group - 2022					
Financial liabilities					
Borrowings	1,323,553	312,047	202,576	808,930	-
MTNs	871,661	375,787	16,590	479,284	-
Lease liability	777	11	11	32	723
Trade payables	2,475	2,475	-	-	-
Other payables	46,293	45,166	1,127	-	-
	2,244,759	735,486	220,304	1,288,246	723

34. FINANCIAL RISK MANAGEMENT (CONT'D.)

(b) Liquidity risk (cont'd.)

	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	Over 5 years RM'000
Trust - 2023					
Financial liabilities					
Borrowings	**1,411,108**	**243,272**	**871,399**	**296,437**	**-**
Lease liability	**766**	**11**	**11**	**32**	**712**
Other payables	**19,447**	**19,447**	**-**	**-**	**-**
Subsidiary	**941,285**	**41,444**	**414,187**	**485,654**	**-**
	2,372,606	**304,174**	**1,285,597**	**782,123**	**712**
Trust - 2022					
Financial liabilities					
Borrowings	1,323,553	312,047	202,576	808,930	-
Lease liability	777	11	11	32	723
Other payables	16,357	16,357	-	-	-
Subsidiary	871,661	375,787	16,590	479,284	-
	2,212,348	704,202	219,177	1,288,246	723

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Trust's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Trust's exposure to interest rate risk arise primarily from their floating rate borrowings, which is partially offset by the deposits held at variable rates. The Group and the Trust manage their cash flow interest rate risk by using a mix of fixed and variable rate debts.

The Group's and the Trust's floating rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

34. FINANCIAL RISK MANAGEMENT (CONT'D.)

(c) Interest rate risk (cont'd.)

The interest rate profile of the Group's and the Trust's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:-

	Group		Trust	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Fixed rate instruments				
Financial assets				
Shareholders loan	**-**	-	**267,763**	1,345,006
Financial liabilities				
MTNs	**85,000**	350,000	**-**	-
Subsidiary	**-**	-	**85,000**	350,000
Floating rate instruments				
Financial assets				
Shareholders loan	**-**	-	**1,100,784**	-
Deposits with licensed financial institutions	**74,660**	11,151	**74,660**	1,118
Financial liabilities				
Borrowings	**1,256,253**	1,228,095	**1,256,253**	1,228,095
MTNs	**730,000**	465,000	**-**	-
Subsidiary	**-**	-	**730,000**	465,000

The Group and the Trust do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect income statement.

Shareholders loan

During the financial year, the Trust had restructured its loan to a subsidiary from fixed rate to floating rate instrument as a hedge against borrowings denominated in the same currency. If interest rates increased/decreased by 50 basis points, interest income of the Trust for the financial year would increase/decrease by RM5.359 million.

34. FINANCIAL RISK MANAGEMENT (CONT'D.)

(c) Interest rate risk (cont'd.)

Deposits with licensed financial institutions

The excess funds of the Group and of the Trust are invested in bank deposits and other short term instruments. The Group and the Trust manage their liquidity risks by placing such excess funds on short term maturities to match its cash flow needs. If interest deposit rates increased/decreased by 50 basis points, interest income of the Group and of the Trust for the financial year would increase/decrease by RM0.373 million (2022: RM0.056 million) and RM0.373 million (2022: RM0.005 million), respectively.

Borrowings and MTNs/advances from a subsidiary

At the reporting date, if the interest rates had been 50 basis points lower/higher, with all other variables held constant, the Group's and the Trust's profit after tax would be higher/lower by approximately RM9.931 million (2022: RM8.465 million) as a result of lower/higher interest expense on borrowings.

In order to protect the Group's earnings from the volatility in interest rates and provide stability to unitholders' returns, the Group may hedge a portion of its interest rate exposure within the short to medium term by using fixed rate debt and interest rate derivatives.

(d) Foreign currency exchange risk

The Group is exposed to foreign currency risk arising from Australian Dollar ("AUD") and Japanese Yen ("JPY"). The Group has investment in foreign operations whose net assets are exposed to foreign currency translation risk.

The table illustrates the impact on the other comprehensive income and profit after tax resulting from currency sensitivities (on the basis all other variables remain constant).

	Group		Trust	
	Increase/ (Decrease) in other comprehensive income RM'000	Increase/ (Decrease) in profit after tax RM'000	Increase/ (Decrease) in other comprehensive income RM'000	Increase/ (Decrease) in profit after tax RM'000
2023				
5% change on AUD exchange rate	**68,916**	**(15,399)**	**-**	**6,672**
5% change on JPY exchange rate	**19,449**	**(1,094)**	**-**	**4,965**
2022				
5% change on AUD exchange rate	63,768	(14,820)	-	7,241
5% change on JPY exchange rate	17,927	(1,215)	-	4,833

34. FINANCIAL RISK MANAGEMENT (CONT'D.)

(d) Foreign currency exchange risk (cont'd.)

Hedges of net investment in Australia and Japan

As at the reporting date, the Group's investment in its Australian and Japanese subsidiaries are hedged by part of the AUD term loan with a total carrying amount of AUD278.000 million (RM862.022 million) (2022: AUD278.000 million (RM844.036 million)) and the JPY term loan with a carrying amount of JPY5,401.250 million (RM174.563 million) (2022: JPY5,401.250 million (RM174.190 million)), respectively with the purpose to mitigate the currency risk arising from the subsidiaries' net assets. The foreign currency loans are designated as net investment hedges.

The Group determines the existence of an economic relationship between the above hedging instruments and hedged items based on the currencies and amounts. The Group has established hedge ratios of 1 : 1.01 (2022: 1 : 1.13) for Australia and 1 : 0.87 (2022: 1 : 0.87) for Japan as the underlying risk of the hedging instruments are identical to the hedged risk components and has no significant changes to the ratios. The Group has assessed the effectiveness of the above hedging relationships at the reporting date by comparing changes in the part of the carrying amount of the loans that are attributable to changes in the exchange rates with the changes in the net investment in the foreign operations due to movements in the exchange rates.

The hedge ineffectiveness recognised in income statement is RM6.333 million (2022: RM7.171 million) in relation to the net investment hedges.

35. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The table below provides an analysis of financial instruments categorised as amortised cost ("AC"):-

		Group		Trust	
Carrying amount	**Note**	**2023 RM'000**	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Financial assets					
Non-current					
Unbilled lease income	14	**22,004**	30,172	**22,004**	30,172
Amount due from subsidiaries	16	**-**	-	**1,368,547**	1,345,006
Current					
Trade receivables	19	**10,811**	36,079	**-**	28,838
Other receivables & deposits	20	**9,376**	6,360	**21**	7
Amount due from subsidiaries	16	**-**	-	**120,201**	121,905
Cash and cash equivalents		**183,599**	83,633	**80,909**	6,537
		225,790	156,244	**1,591,682**	1,532,465
Financial liabilities					
Non-current					
Borrowings	24	**1,076,500**	950,852	**1,076,500**	950,852
MTNs	25	**815,000**	465,000	**-**	-
Lease liability	15	**202**	203	**202**	203
Other payables	26	**1,261**	1,127	**-**	-
Amount due to a subsidiary	16	**-**	-	**815,000**	465,000
Current					
Borrowings	24	**174,481**	272,698	**174,481**	272,698
MTNs	25	**-**	350,000	**-**	-
Trade payables	27	**6,486**	2,475	**-**	-
Other payables	26	**55,304**	45,166	**19,447**	16,357
Amount due to a subsidiary	16	**-**	-	**-**	349,970
		2,129,234	2,087,521	**2,085,630**	2,055,080

35. FINANCIAL INSTRUMENTS (CONT'D.)

(b) Fair value of financial instruments

The carrying amounts of cash and cash equivalents, short term receivables and payables approximate fair values due to the relatively short term nature of these financial instruments.

The carrying amounts of other financial liabilities approximate the fair value as there is no change in the market interest rate for similar financing facilities. The following summarises the methods used in determining the fair value of financial instruments reflected in the above table.

When measuring the fair value of an asset or a liability, the Group and the Trust use observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:-

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Trust can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

Refer Note 12 for disclosure of the investment properties that are measured at fair value. Refer Note 13 for disclosure of the property, plant and equipment that are measured at fair value. Refer Note 25 for disclosure of the MTNs that are measured at fair value.

There were no transfer between Level 1, Level 2 and Level 3 fair value measurements.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Quoted market prices or dealer quotes for similar instruments are used to estimate fair value for long-term debt for disclosure purposes. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. These investments are classified as Level 2 and comprise debt investments.

36. MANAGEMENT EXPENSE RATIO ("MER")

	Group		Trust	
	2023	**2022**	**2023**	**2022**
	%	**%**	**%**	**%**
MER	**0.50**	0.47	**0.55**	0.51

MER is calculated based on the ratio of the sum of fees (all ongoing fees deducted or deductible directly during the financial year, including manager's fees, trustee's fee, auditors' remuneration and other professional fees and any other fees deducted or deductible directly from the Group) and the recovered expenses (all expenses recovered from or charged to the Group as a result of the expenses incurred by the operation of the Group) to the average value of the Group calculated on a quarterly basis.

Since the basis of calculating MER can vary among real estate investment trusts, there is no sound basis for providing an accurate comparison of the Group's and the Trust's MER against other real estate investment trusts.

37. SEGMENTAL REPORTING

The Group's two operating segments operate in three main geographical areas:-

(a) Malaysia

(b) Japan

(c) Australia

The Group comprises the following reportable segments:-

(a) Property rental – leasing of hotel properties

(b) Hotel – operating hotel business

The Manager monitors the operating results of its business units separately to make strategic decision.

The Group's segmental result for the financial year ended 30 June 2023 is as follows:-

	<---------Property rental--------->		<-----Hotel----->	
	Malaysia RM'000	**Japan RM'000**	**Australia RM'000**	**Total RM'000**
External revenue	146,145	27,278	313,407	486,830
Operating expenses	(7,441)	(3,615)	(224,503)	(235,559)
Net property income	138,704	23,663	88,904	251,271
Finance income				1,894
Other income				2,334
Changes in fair value				68,050
Total income				323,549
Trust and administration expenses				(16,605)
Depreciation				(60,421)
Finance costs				(93,879)
Unrealised loss on foreign exchange				(6,012)
Profit before tax				146,632
Non-current assets	2,297,202	517,750	2,088,674	4,903,626
Current assets	81,689	21,574	120,389	223,652
Total assets	2,378,891	539,324	2,209,063	5,127,278
Non-current liabilities	1,891,702	-	1,261	1,892,963
Current liabilities	268,643	2,769	55,500	326,912
Total liabilities	2,160,345	2,769	56,761	2,219,875
Additions to non-current assets	853	-	15,554	16,407

37. SEGMENTAL REPORTING (CONT'D.)

The Group's segmental result for the financial year ended 30 June 2022 is as follows:-

	<---------Property rental--------->		<-----Hotel----->	
	Malaysia RM'000	**Japan RM'000**	**Australia RM'000**	**Total RM'000**
External revenue	146,044	28,479	189,334	363,857
Operating expenses	(7,388)	(3,341)	(138,310)	(149,039)
Net property income	138,656	25,138	51,024	214,818
Finance income				151
Other income				2,101
Unrealised gain on foreign exchange				12,829
Total income				229,899
Trust and administration expenses				(15,211)
Depreciation				(60,967)
Finance costs				(60,361)
Changes in fair value				(6,340)
Profit before tax				87,020
Non-current assets	2,288,373	496,328	1,974,081	4,758,782
Current assets	36,114	14,450	92,904	143,468
Total assets	2,324,487	510,778	2,066,985	4,902,250
Non-current liabilities	1,416,055	-	1,127	1,417,182
Current liabilities	674,273	5,088	32,959	712,320
Total liabilities	2,090,328	5,088	34,086	2,129,502
Additions to non-current assets	7,132	-	5,189	12,321

The following are major customers with revenues equal or more than 10 percent of the Group's total revenue:-

	Group Revenue	
	2023 RM'000	**2022 RM'000**
Common control companies:-		
under major unitholder	**134,145**	135,245
under the holding company of major unitholder	**31,640**	31,640
	165,785	166,885

38. CAPITAL MANAGEMENT

The Manager optimises YTL REIT's capital structure and cost of capital within the borrowing limits prescribed by the Listed REIT Guidelines via a combination of debt and equity funding for future acquisitions and improvement works at the real estate properties.

The capital management strategy for the Group and the Trust involves:-

(a) adopting and maintaining an optimal gearing level; and

(b) adopting an active interest rate management strategy to manage risks associated with changes in interest rates while maintaining flexibility in YTL Hospitality REIT's capital structure to meet future investment and/or capital expenditure requirements.

The Listed REIT Guidelines require that the total borrowings of a real estate investment trust (including borrowings through issuance of debt securities) should not exceed 50% of its total asset value at the time the borrowings are incurred, pursuant to Clause 8.32 of the Listed REIT Guidelines.

The Manager reviews the capital structure of the Group on a regular basis and monitors capital using a gearing ratio, which is total borrowings divided by total assets.

		Group	
	Note	**2023 RM'000**	**2022 RM'000**
Borrowings	24	**1,256,253**	1,228,095
MTNs	25	**815,000**	815,000
Total borrowings		**2,071,253**	2,043,095
Total assets		**5,127,278**	4,902,250
Gearing ratio (%)		**40.40**	41.68

The Trust is not subject to externally imposed capital requirements for the financial years ended 30 June 2023 and 30 June 2022.

39. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements were authorised for issue by the Board of Directors of Pintar Projek Sdn. Bhd. in accordance with a resolution of the Directors on 31 July 2023.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Eleventh Annual General Meeting of YTL Hospitality REIT (**"YTL REIT"**) will be held on Thursday, 12th day of October, 2023 at 3.00 p.m. or at any adjournment thereof and will be conducted as a **fully virtual** meeting through live streaming and online remote participation via the online meeting platform hosted on the TIIH Online System (**"TIIH Online"**) at https://tiih.com.my (**"Meeting Platform"**) to transact the following business:

AS ORDINARY BUSINESS

To lay before the meeting the Audited Financial Statements for the financial year ended 30 June 2023 together with the Reports attached thereon. **Please refer Explanatory Note A**

AS SPECIAL BUSINESS

To consider and, if thought fit, pass the following resolution:

ORDINARY RESOLUTION 1

PROPOSED AUTHORITY TO ALLOT AND ISSUE NEW UNITS OF UP TO 20% OF THE TOTAL NUMBER OF ISSUED UNITS OF YTL REIT

"**THAT** subject to Bursa Malaysia Securities Berhad Main Market Listing Requirements, and subject to requisite approvals being obtained, authority be and is hereby given to the Directors of Pintar Projek Sdn Bhd (**"Manager"**) to allot and issue new units in YTL REIT (**"New Units"**), at any time at such price to any such persons and upon such terms and conditions as the Directors of the Manager (**"Board"**) may in their absolute discretion, deem fit and expedient in the best interest of YTL REIT, provided that the aggregate number of New Units to be issued, when aggregated with the total number of units issued during the preceding 12 months, does not exceed 20% of the total number of issued units of YTL REIT for the time being comprising 1,704,388,889 units (**"Proposed Authority"**);

THAT such authority shall continue to be in force until:

(i) the conclusion of the next annual general meeting (**"AGM"**) of YTL REIT at which time this Proposed Authority will lapse, unless by a resolution passed at the next AGM, the authority is renewed;

(ii) the expiration of the period within which the next AGM of YTL REIT is required by law to be held; or

(iii) the Proposed Authority is revoked or varied by a resolution passed by the unitholders in a general meeting of YTL REIT,

whichever is earlier;

THAT such New Units to be issued pursuant to the Proposed Authority shall, upon allotment and issuance, rank pari passu in all respects with the existing units of YTL REIT, except that the New Units will not be entitled to any income distributions, rights, benefits, entitlements and/or any other distributions that may be declared prior to the date of allotment and issue of such New Units;

THAT authority be and is hereby given to the Board and Maybank Trustees Berhad (**"Trustee"**), acting for and on behalf of YTL REIT, to give effect to the Proposed Authority including but not limited to the creation of the requisite New Units and with full powers to assent to any conditions, modifications, variations, arrangements and/or amendments as they may deem fit in the best interest of YTL REIT and/or as may be imposed by the relevant authorities;

AND THAT the Board and the Trustee, acting for and on behalf of YTL REIT, be and are hereby authorised to implement, finalise, complete and do all acts, deeds and things (including executing such documents as may be required) in relation to the Proposed Authority."

By Order of the Board
of Pintar Projek Sdn Bhd [199401028328 (314009-W)]
(Manager for YTL Hospitality REIT)

Ho Say Keng
Company Secretary

Kuala Lumpur
30 August 2023

Notes:

REMOTE PARTICIPATION ("RP")

1. *The Eleventh Annual General Meeting ("11th AGM") will be conducted on a fully virtual basis* ***without a physical meeting venue****. Please follow the procedures set out in the Administrative Guide for the 11th AGM which is available on YTL REIT's website at https://ytlhospitalityreit.com/meetings to register, participate and speak (in the form of real time submission of typed texts) via the RP facility provided by the share registrar for the 11th AGM, Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") on its TIIH Online at https://tiih.com.my.*

MEETING PLATFORM

2. *The Meeting Platform meets the requirements for 'place' set out under Paragraph 13.21 of the Guidelines on Listed Real Estate Investment Trusts as clarified in the Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia (as revised on 7 April 2022).*

PROXY

3. *A unitholder (including an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA")) entitled to attend a general meeting of YTL REIT may appoint not more than two (2) proxies to participate instead of the unitholder at the 11th AGM via the RP facility.*

4. *Where a unitholder is an Exempt Authorised Nominee as defined under the SICDA, which holds units in YTL REIT for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.*

5. *A proxy may but need not be a unitholder of YTL REIT. Where a unitholder appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his unitholdings to be represented by each proxy.*

6. *The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised in writing.*

7. *The appointment of a proxy may be made in hardcopy form or by electronic means as specified below and must be received by Tricor not less than 48 hours before the time appointed for holding the 11th AGM i.e. no later than* ***10 October 2023 at 3.00 p.m.****:*

    (i) In hardcopy form

    The original Form of Proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified or office copy of that power or authority shall be deposited at the office of Tricor at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia,

    or alternatively,

    at its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

    (ii) Electronically via TIIH Online

    The Form of Proxy can be electronically lodged with Tricor via TIIH Online at https://tiih.com.my. Please follow the procedures set out in the Administrative Guide for the 11th AGM.

8. *For the purpose of determining a unitholder who shall be entitled to attend the 11th AGM via the RP facility, the Manager shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Section 34(1) of the SICDA to issue a General Meeting Record of Depositors as at 5 October 2023. Only a depositor whose name appears on the General Meeting Record of Depositors as at 5 October 2023 shall be entitled to attend the said meeting or appoint proxy(ies) to attend in his stead.*

APPOINTMENT OF REPRESENTATIVES BY CORPORATE MEMBERS

9. *For a corporate member who has appointed an authorised representative to participate remotely via the RP facility, please deposit the original certificate of appointment of corporate representative with Tricor at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia,*

    or alternatively,

    at its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia,

    before the time appointed for holding the 11th AGM or adjourned meeting.

Explanatory Note A

There shall be no voting on the aforesaid Ordinary Business given that the laying of the Audited Financial Statements for the financial year ended 30 June 2023 of YTL REIT together with the Reports attached thereon before the unitholders at the Annual General Meeting is meant for discussion only in accordance with Paragraph 13.18(b) of the Guidelines on Listed Real Estate Investment Trusts issued by the Securities Commission Malaysia.

Explanatory Notes on Special Business

Resolution on Proposed Authority

The proposed Ordinary Resolution 1, if passed, will give a mandate to the Board to allot and issue New Units in YTL REIT from time to time provided that the aggregate number of the New Units to be issued, when aggregated with the total number of units issued during the preceding 12 months, does not exceed 20% of the total number of issued units of YTL REIT for the time being comprising 1,704,388,889 units. The Proposed Authority, unless revoked or varied by at a resolution passed by the unitholders in a general meeting of YTL REIT, will expire at the conclusion of the next AGM of YTL REIT.

With this Proposed Authority, YTL REIT will have the flexibility to allot and issue New Units to raise funds to finance future investments, acquisitions and capital expenditure project(s) to enhance the value of YTL REIT and/or to refinance existing debt as well as for working capital purposes without convening a general meeting, which may delay the capital raising initiatives and incur relevant costs in organising the required general meeting.

NOTES

FORM OF PROXY

YTL HOSPITALITY REIT
(established in Malaysia pursuant to a deed dated 18 November 2005 (as amended and restated))

CDS Account No. *(only for nominee companies)*	
Number of units held	

I/We *(full name in block letters)* ____

__________________________________ Telephone No. ____________________

NRIC *(new & old)*/Passport/Company No. ____________________________________

of *(full address)* ____

____

being a unitholder of **YTL Hospitality REIT** hereby appoint

Full name of proxy in block letters	***NRIC (new & old)/Passport No. of proxy***	***Proportion of unitholdings to be represented***	
		No. of units	*%*

* and/or *(delete as appropriate)*

Full name of proxy in block letters	***NRIC (new & old)/Passport No. of proxy***	***Proportion of unitholdings to be represented***	
		No. of units	*%*

or failing him/her, the Chairman of the Meeting as my/our proxy(ies) to vote for me/us on my/our behalf at the Eleventh Annual General Meeting of YTL Hospitality REIT which will be conducted as a **fully virtual** meeting through live streaming and online remote participation via the online meeting platform hosted on the TIIH Online System (**"TIIH Online"**) at https://tiih.com.my (**"Meeting Platform"**) on **Thursday, 12 October 2023** at **3.00 p.m.** or at any adjournment thereof.

My/Our proxy is to vote as indicated below:

No.	***Resolution***	***For***	***Against***
1.	Proposed authority to allot and issue new units of up to 20% of the total number of issued units of YTL Hospitality REIT		

Please indicate with an "X" in the space provided whether you wish your votes to be cast "for" or "against" the resolution. In the absence of specific direction, your proxy will vote or abstain as he/she thinks fit.

Dated this __________ day of ________________ 2023.

____
Signature(s)/Common Seal of Unitholder

IMPORTANT NOTICE

The Meeting Platform meets the requirements for 'place' set out under Paragraph 13.21 of the Guidelines on Listed Real Estate Investment Trusts as clarified in the Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia (as revised on 7 April 2022). Unitholders are to participate and speak (in the form of real time submission of typed texts) via the Remote Participation ("RP") facility provided by Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") on its TIIH Online at the Meeting Platform.

Fold this flap for sealing

Notes:

1. *A unitholder (including an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA")) entitled to attend at a general meeting of YTL Hospitality REIT may appoint not more than two (2) proxies to participate instead of the unitholder at the Eleventh Annual General Meeting ("11th AGM") via the RP facility.*

2. *Where a unitholder is an Exempt Authorised Nominee as defined under the SICDA, which holds units in YTL Hospitality REIT for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.*

3. *A proxy may but need not be a unitholder of YTL Hospitality REIT. Where a unitholder appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his unitholdings to be represented by each proxy.*

4. *The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised in writing.*

5. *The appointment of proxy may be made in hardcopy form or by electronic means as specified below and must be received by Tricor not less than 48 hours before the time appointed for holding the 11th AGM i.e. no later than* ***10 October 2023 at 3.00 p.m.****:*

   (i) *In hardcopy form*

   The original Form of Proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified or office copy of that power or authority shall be deposited at the office of Tricor at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or alternatively, at its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

   (ii) *Electronically via TIIH Online*

   The Form of Proxy can be electronically lodged with Tricor via TIIH Online at https://tiih.com.my. Please follow the procedures set out in the Administrative Guide for the 11th AGM.

6. *Only unitholders whose names appear on the General Meeting Record of Depositors as at 5 October 2023 shall be entitled to attend the 11th AGM via the RP facility or appoint proxy(ies) to attend in his stead.*

7. *For a corporate member who has appointed an authorised representative to participate remotely via the RP facility, please deposit the original certificate of appointment of corporate representative with Tricor at either of the addresses stated in note 5(i) above, before the time appointed for holding the 11th AGM or adjourned meeting.*

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AFFIX
STAMP

Tricor Investor & Issuing House Services Sdn Bhd
Share Registrar for the 11th Annual General Meeting of
YTL Hospitality REIT
Unit 32-01, Level 32, Tower A, Vertical Business Suite
Avenue 3, Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur

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