

YTL HOSPITALITY REIT

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

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

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www.ytlhospitalityreit.com
www.ytlcommunity.com

YTL HOSPITALITY REIT

YTL HOSPITALITY REIT

BUILDING
THE RIGHT
THING

The Journey Continues...

ANNUAL REPORT 2024

ANNUAL REPORT 2024

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CORPORATE INFORMATION

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' 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

Non-Independent Non-Executive Director

Dato' Ahmad Fuaad Bin Mohd Dahalan

ABS, DIMP, SIMP
BA (Hons)

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****Dato' Kathleen Chew Wai Lin**

Legal Advisor

Ho Say Keng

Head of Finance/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

(Non-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 RM2.07 billion (as at 30 June 2024) with a wide portfolio of prime hospitality assets 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. New additions to the portfolio during the financial year under review comprise Hotel Stripes Kuala Lumpur (Autograph Collection) and a hotel in Ipoh formerly known as Syeun Hotel ("Ipoh Hotel"), which is currently vacant and under major renovation.

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. The Trust is also undertaking the development of a hotel under the Moxy brand ("Moxy Niseko"), in Hokkaido, Japan.

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

Key Milestones

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's Malaysia portfolio was further expanded with the additions of Hotel Stripes Kuala Lumpur in October 2023 and the Ipoh Hotel, which is currently under renovation in April 2024. In the same month, the Trust also embarked on the development of Moxy Niseko.

PROPERTY PORTFOLIO

Portfolio

The composition of YTL Hospitality REIT's investment portfolio as at 30 June 2024 is as follows:-

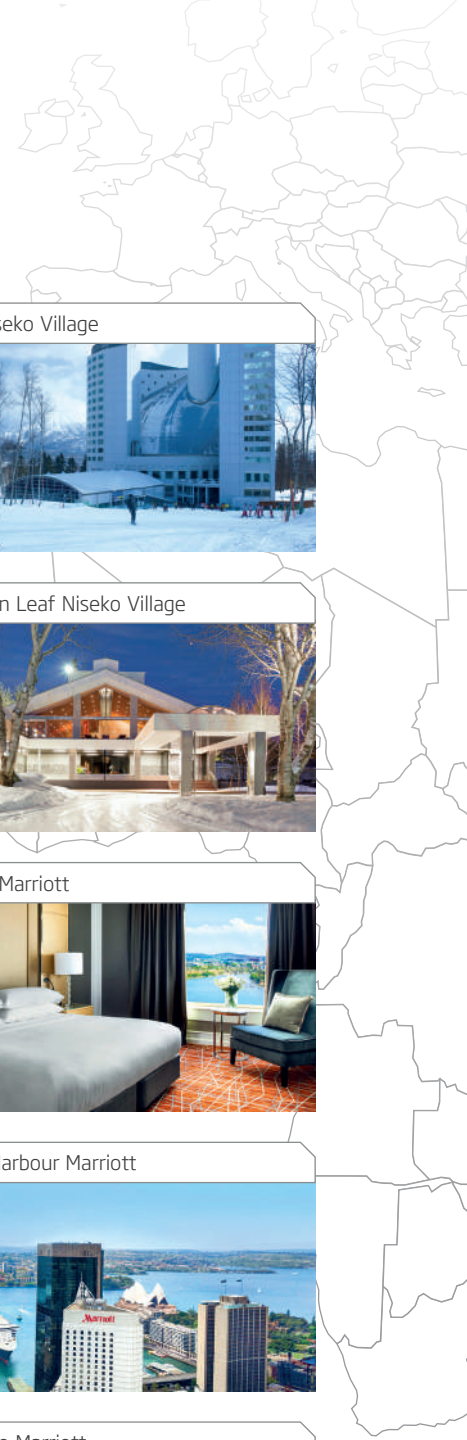
	RM'000	%
Real Estate - Commercial		
At Fair Value		
• JW Marriott Hotel Kuala Lumpur	538,000	10
• The Majestic Hotel Kuala Lumpur	402,600	8
• The Ritz-Carlton, Kuala Lumpur - Hotel Wing	368,000	7
• The Ritz-Carlton, Kuala Lumpur - Suite Wing	326,000	6
• AC Hotel Kuala Lumpur Titiwangsa	165,000	3
• Hotel Stripes Kuala Lumpur	140,000	3
• AC Hotel Penang Bukit Jambul	139,500	3
• Pangkor Laut Resort	124,000	2
• Tanjong Jara Resort	108,000	2
• AC Hotel Kuantan City Centre	106,500	2
• Cameron Highlands Resort	63,000	1
• Ipoh Hotel	58,000	1
• Hilton Niseko Village	301,955	6
• The Green Leaf Niseko Village	188,502	4
• Sydney Harbour Marriott	1,578,787	30
• Brisbane Marriott	289,994	5
• Melbourne Marriott	249,672	5
Property Under Development		
At Cost		
• Moxy Niseko	23,202	-*
Sub-total	5,170,712	98
Deposits with licensed financial institutions	111,172	2
Total	5,281,884	100

* % of total investment less than 1.

The Manager

Pintar Projek Sdn Bhd 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. The Board of Directors and key personnel of Pintar Projek Sdn Bhd comprise competent and capable individuals that have extensive experience in their respective fields of expertise.

PROPERTY PORTFOLIO



1. JW Marriott Hotel Kuala Lumpur



7. AC Hotel Penang Bukit Jambul



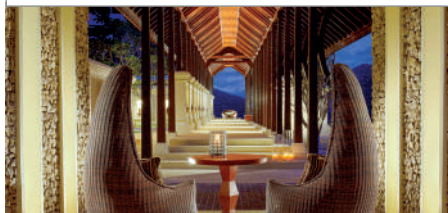
13. Hilton Niseko Village



2. The Majestic Hotel Kuala Lumpur



8. Pangkor Laut Resort



14. The Green Leaf Niseko Village



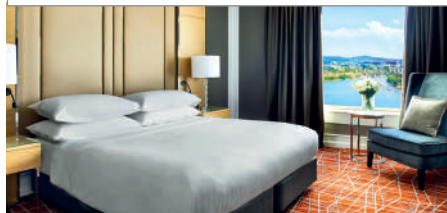
3. The Ritz-Carlton, Kuala Lumpur - Hotel Wing



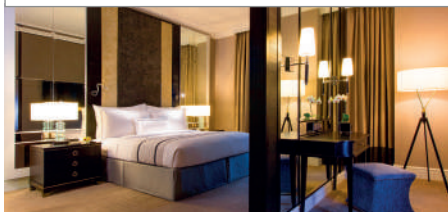
9. Ipoh Hotel *Proposed Render*



15. Brisbane Marriott



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



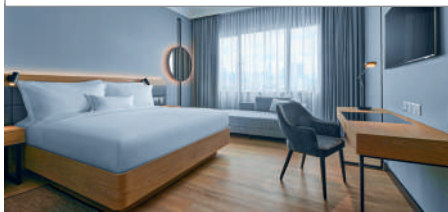
10. Cameron Highlands Resort



16. Sydney Harbour Marriott



5. AC Hotel Kuala Lumpur Titiwangsa



11. Tanjung Jara Resort



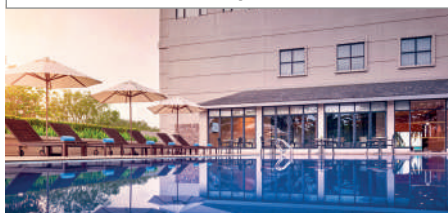
17. Melbourne Marriott



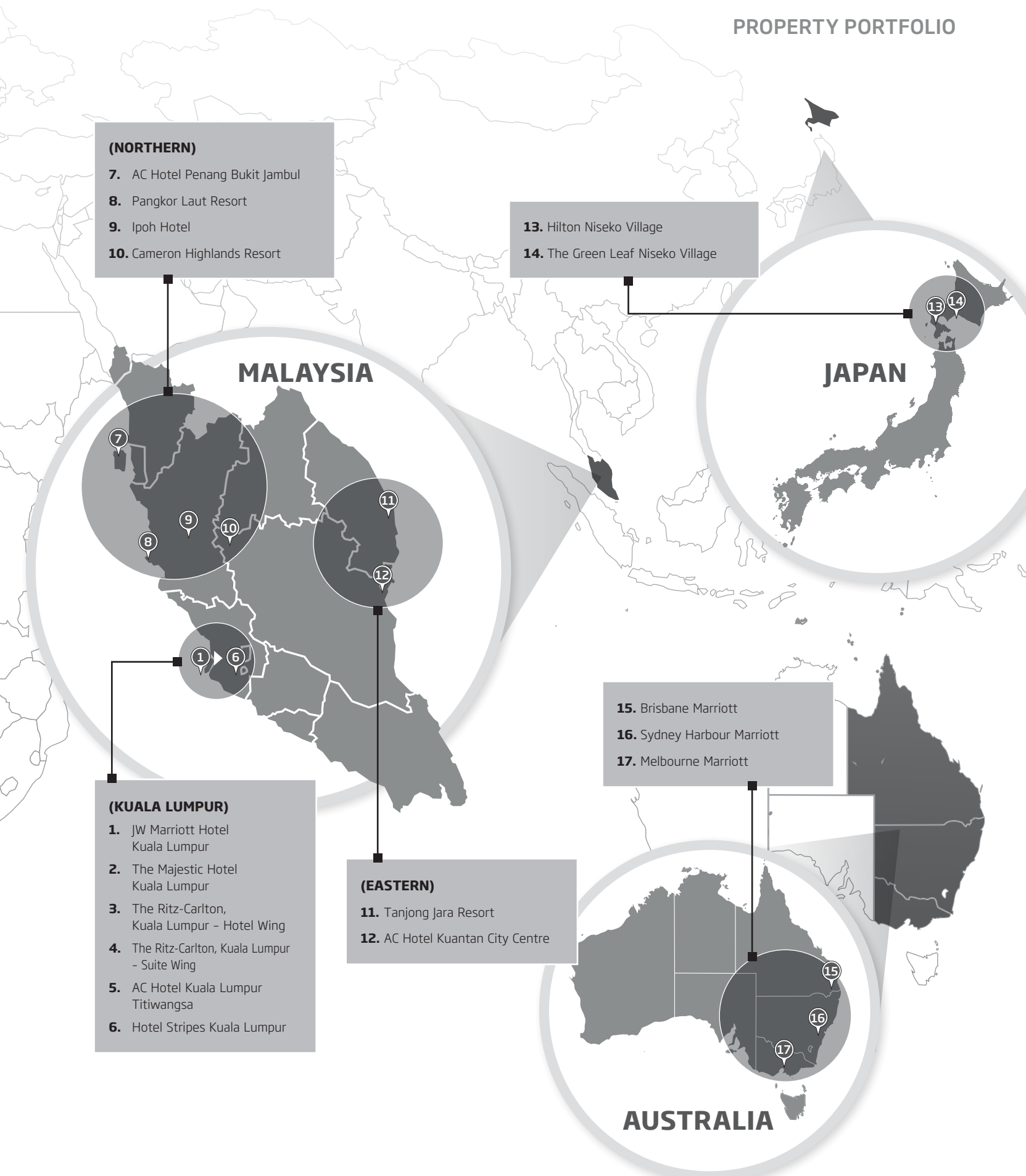
6. Hotel Stripes Kuala Lumpur



12. AC Hotel Kuantan City Centre



PROPERTY PORTFOLIO



(NORTHERN)

- 7. AC Hotel Penang Bukit Jambul
- 8. Pangkor Laut Resort
- 9. Ipoh Hotel
- 10. Cameron Highlands Resort

13. Hilton Niseko Village

14. The Green Leaf Niseko Village

MALAYSIA

JAPAN

(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
- 6. Hotel Stripes Kuala Lumpur

(EASTERN)

- 11. Tanjong Jara Resort
- 12. AC Hotel Kuantan City Centre

15. Brisbane Marriott

16. Sydney Harbour Marriott

17. Melbourne Marriott

AUSTRALIA

PROPERTY PORTFOLIO

JW MARRIOTT HOTEL KUALA LUMPUR

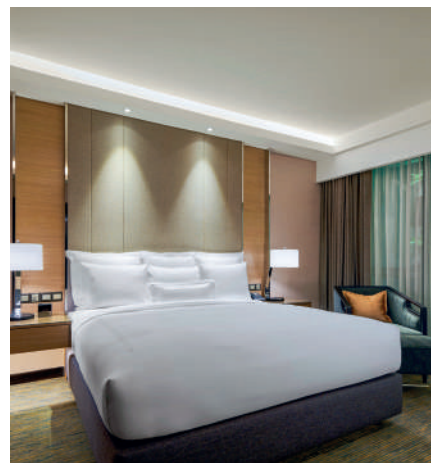
Address/Location

No. 183, Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia.

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 27 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	476 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 2038.
Date of acquisition	16 December 2005
Cost of acquisition (including incidentals)	RM331,024,000
Fair value adjustments for the financial year	RM10,500,000
Market value	RM538,000,000
Date of latest valuation	31 May 2024
Independent valuer	Knight Frank Malaysia Sdn Bhd
Net book value	RM538,000,000



PROPERTY PORTFOLIO

THE MAJESTIC HOTEL KUALA LUMPUR

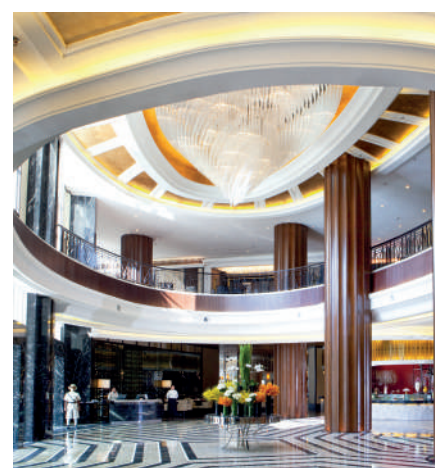
Address/Location

No. 5, Jalan Sultan Hishamuddin, 50000 Kuala Lumpur, Malaysia.

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 92 years (refurbished in Year 2012) Tower Wing - Approximately 11 years
Title details	Grant No. 23849 for Lot No. 74, Section 59, 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	90-year registered lease expiring on 11 May 2091 obtained from Pesuruhjaya Tanah Persekutuan. The unexpired lease period is approximately 67 years.
Existing use	Commercial building
Parking spaces	429 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	RM2,600,000
Market value	RM402,600,000
Date of latest valuation	31 May 2024
Independent valuer	Knight Frank Malaysia Sdn Bhd
Net book value	RM402,600,000



PROPERTY PORTFOLIO

THE RITZ-CARLTON, KUALA LUMPUR - HOTEL WING

Address/Location

No. 168, Jalan Imbi, 55100 Kuala Lumpur, Malaysia.

Description

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

Property type	Hotel
Age	Approximately 27 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	154 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	RM6,000,000
Market value	RM368,000,000
Date of latest valuation	31 May 2024
Independent valuer	Knight Frank Malaysia Sdn Bhd
Net book value	RM368,000,000



PROPERTY PORTFOLIO

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

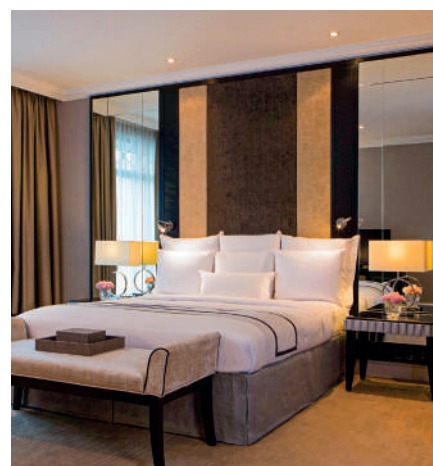
Address/Location

No. 168, Jalan Imbi, 55100 Kuala Lumpur, Malaysia.

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 19 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	RM1,898,000
Market value	RM220,000,000
Date of latest valuation	31 May 2024
Independent valuer	Knight Frank Malaysia Sdn Bhd
Net book value	RM220,000,000



PROPERTY PORTFOLIO

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

Address/Location

No. 168, Jalan Imbi, 55100 Kuala Lumpur, Malaysia.

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 19 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	-
Market value	RM106,000,000
Date of latest valuation	31 May 2024
Independent valuer	Knight Frank Malaysia Sdn Bhd
Net book value	RM106,000,000



PROPERTY PORTFOLIO

AC HOTEL KUALA LUMPUR TITIWANGSA

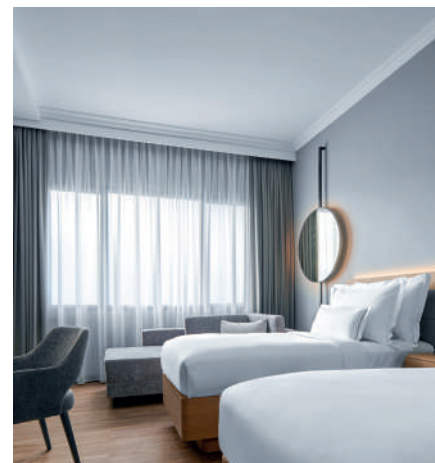
Address/Location

No. 9, Jalan Lumut, Off Jalan Ipoh, 50400 Kuala Lumpur, Malaysia.

Description

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

Property type	Hotel
Age	Approximately 29 years
Title details	Grant No. 33550 for Lot No. 669, 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	144 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	RM2,035,000
Market value	RM165,000,000
Date of latest valuation	31 May 2024
Independent valuer	Azmi & Co Sdn Bhd
Net book value	RM165,000,000



PROPERTY PORTFOLIO

HOTEL STRIPES KUALA LUMPUR

Address/Location

No. 25, Jalan Kamunting, 50300 Kuala Lumpur, Malaysia.

Description

20-storey hotel building with 184 rooms and 148 car park bays.

Property type	Hotel
Age	Approximately 7 years
Title details	Grant No. 78933 for Lot No. 20063 Section 41, Town and District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur.
Encumbrances/ Limitation in title/ interest	The property is free from encumbrances and there is no restriction attached to the title.
Status of holdings	Freehold
Existing use	Commercial building
Parking spaces	148 bays
Lessee	Hotel 25 Sdn. Bhd.
Lease term	The property is leased for a term expiring on 30 October 2038.
Date of acquisition	31 October 2023
Cost of acquisition (including incidentals)	RM139,415,000
Fair value adjustments for the financial year	RM585,000
Market value	RM140,000,000
Date of latest valuation	31 May 2024
Independent valuer	Savills (Malaysia) Sdn Bhd
Net book value	RM140,000,000
Vendor	Hotel 25 Sdn. Bhd.
Relationship	Wholly-owned subsidiary of a major unitholder



PROPERTY PORTFOLIO

AC HOTEL PENANG BUKIT JAMBUL

Address/Location

No. 213, Jalan Bukit Gambir, Bukit Jambul, 11950 Pulau Pinang, Malaysia.

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 25 years
Title details	HSD 9632 for 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 70 years.
Existing use	Commercial building
Parking spaces	375 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	RM628,000
Market value	RM139,500,000
Date of latest valuation	31 May 2024
Independent valuer	Knight Frank Malaysia Sdn Bhd
Net book value	RM139,500,000



PROPERTY PORTFOLIO

PANGKOR LAUT RESORT

Address/Location

Pangkor Laut Island, 32200 Lumut, Perak Darul Ridzuan, Malaysia.

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 31 years
Title details	PN 313713 for Lot 12362 and PN 313715 for 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 71 years.
Existing use	Commercial building
Parking spaces	Not applicable
Lessee	Syarikat Pelancongan 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	-
Market value	RM124,000,000
Date of latest valuation	31 May 2024
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, Malaysia.

Description

Small luxury boutique resort with 101 rooms.

Property type	Resort
Age	Approximately 29 years
Title details	HSD 1473 for 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 43 years.
Existing use	Commercial building
Parking spaces	Nil
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	RM770,000
Market value	RM108,000,000
Date of latest valuation	31 May 2024
Independent valuer	Azmi & Co Sdn Bhd
Net book value	RM108,000,000



PROPERTY PORTFOLIO

AC HOTEL KUANTAN CITY CENTRE

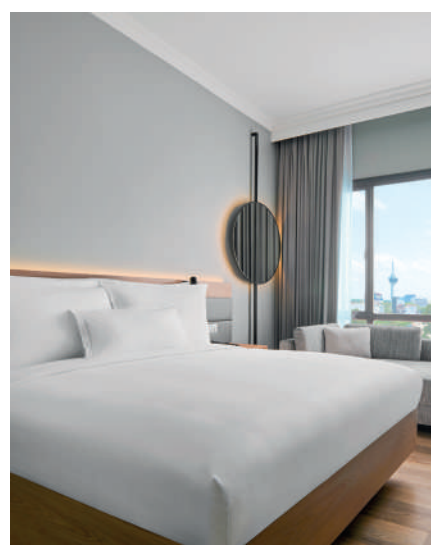
Address/Location

Jalan Teluk Sisek, 25000 Kuantan, Pahang Darul Makmur, Malaysia.

Description

8-storey hotel building with 215 rooms.

Property type	Hotel
Age	Approximately 25 years
Title details	PN No. 13491 for Lot No. 714, Section 37, 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 68 years.
Existing use	Commercial building
Parking spaces	125 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	RM200,000
Market value	RM106,500,000
Date of latest valuation	31 May 2024
Independent valuer	Knight Frank Malaysia Sdn Bhd
Net book value	RM106,500,000



PROPERTY PORTFOLIO

CAMERON HIGHLANDS RESORT

Address/Location

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

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 50 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 84 years.
Existing use	Commercial building
Parking spaces	Nil
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	RM63,000,000
Date of latest valuation	31 May 2024
Independent valuer	Knight Frank Malaysia Sdn Bhd
Net book value	RM63,000,000



PROPERTY PORTFOLIO

IPOH HOTEL

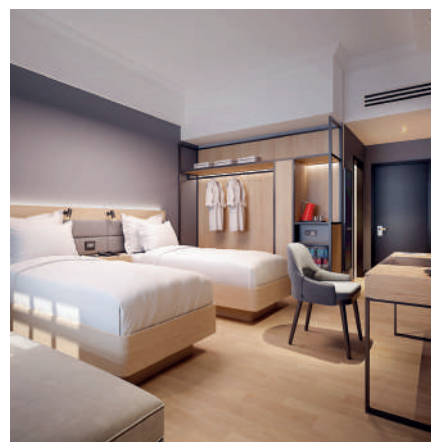
Address/Location

No. 88, Jalan Sultan Abdul Jalil, 30450 Ipoh, Perak Darul Ridzuan, Malaysia.

Description

13-storey hotel building with 291 rooms.

Property type	Hotel
Age	Approximately 30 years
Title details	PN 101774 for Lot 8633N in Bandar Ipoh (U), District of Kinta, State of Perak Darul Ridzuan.
Encumbrances/ Limitation in title/ interest	The property is free from encumbrances and there is no restriction attached to the title.
Status of holdings	999-year leasehold expiring on 21 September 2894. The unexpired lease period is approximately 870 years.
Existing use	Commercial building, vacant and under major renovation
Parking spaces	194 bays
Date of acquisition	8 April 2024
Cost of acquisition (including incidentals)	RM55,687,000
Fair value adjustments for the financial year	RM1,698,000
Market value	RM58,000,000
Date of latest valuation	31 May 2024
Independent valuer	Savills (Malaysia) Sdn Bhd
Net book value	RM58,000,000
Vendor	Syeun Hotel Berhad



Note: Images above are renderings of the proposed renovation for the Ipoh Hotel.

PROPERTY PORTFOLIO

HILTON NISEKO VILLAGE

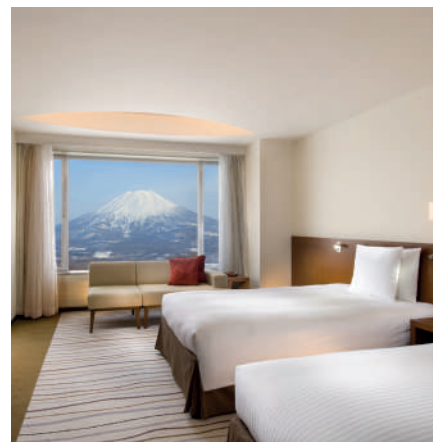
Address/Location

Aza-Soga, Niseko-cho, Abuta-gun, Hokkaido, Japan.

Description

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

Property type	Hotel
Age	Approximately 30 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	JPY560,000,000 or RM17,609,000
Market value	JPY10,300,000,000
Date of latest valuation	31 May 2024
Independent valuer	Colliers International Japan KK
Net book value	RM301,955,000



PROPERTY PORTFOLIO

THE GREEN LEAF NISEKO VILLAGE

Address/Location

Aza-Higashiyama, Niseko-cho, Abuta-gun, Hokkaido, Japan.

Description

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

Property type	Hotel
Age	Approximately 41 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 26 September 2048.
Date of acquisition	26 September 2018
Cost of acquisition (including incidentals)	JPY6,005,452,000
Fair value adjustments for the financial year	JPY150,000,000 or RM4,717,000
Market value	JPY6,430,000,000
Date of latest valuation	31 May 2024
Independent valuer	Colliers International Japan KK
Net book value	RM188,502,000



PROPERTY PORTFOLIO

SYDNEY HARBOUR MARRIOTT

Address/Location

30 Pitt Street, Sydney, New South Wales 2000, Australia.

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 35 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	86.30%
Date of acquisition	29 November 2012
Cost of acquisition (including incidentals)	AUD264,618,000
Fair value adjustments for the financial year	AUD16,741,000 or RM51,559,000
Market value	AUD506,000,000
Date of latest valuation	31 May 2024
Independent valuer	CIVAS (NSW) Pty Limited
Net book value	RM1,578,787,000



PROPERTY PORTFOLIO

BRISBANE MARRIOTT

Address/Location

515 Queen Street, Brisbane, Queensland 4000, Australia.

Description

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

Property type	Hotel
Age	Approximately 26 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	Approximately 78 bays
Average occupancy rate	78.88%
Date of acquisition	29 November 2012
Cost of acquisition (including incidentals)	AUD120,311,000
Fair value adjustments for the financial year	AUD5,975,000 or RM18,402,000
Market value	AUD93,000,000
Date of latest valuation	31 May 2024
Independent valuer	CIVAS (NSW) Pty Limited
Net book value	RM289,994,000



PROPERTY PORTFOLIO

MELBOURNE MARRIOTT

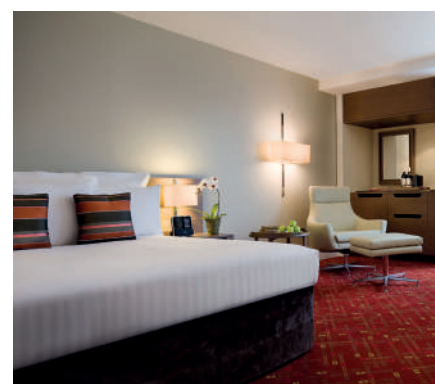
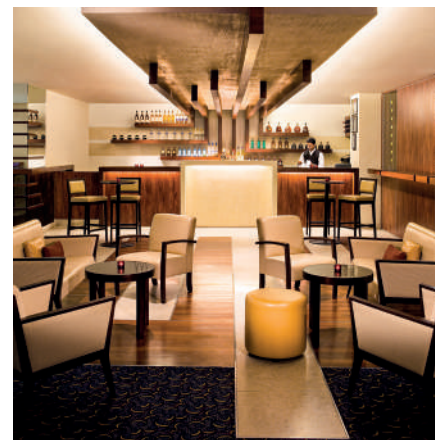
Address/Location

Corner Exhibition and Lonsdale Streets, Melbourne, Victoria 3000, Australia.

Description

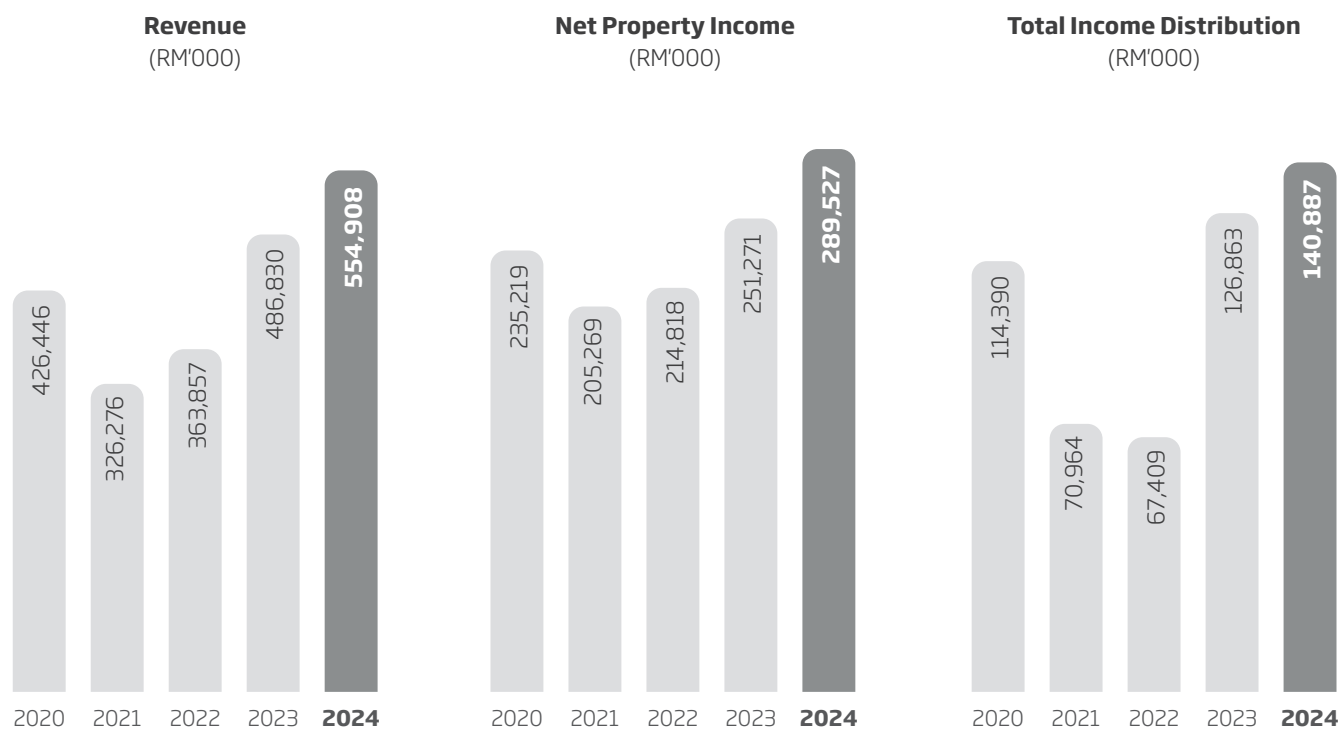
16-storey hotel building comprising 189 rooms with 5 split levels of car park.

Property type	Hotel
Age	Approximately 42 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	75.41%
Date of acquisition	29 November 2012
Cost of acquisition (including incidentals)	AUD56,404,000
Fair value adjustments for the financial year	AUD2,165,000 or RM6,668,000
Market value	AUD80,000,000
Date of latest valuation	31 May 2024
Independent valuer	CIVAS (NSW) Pty Limited
Net book value	RM249,672,000

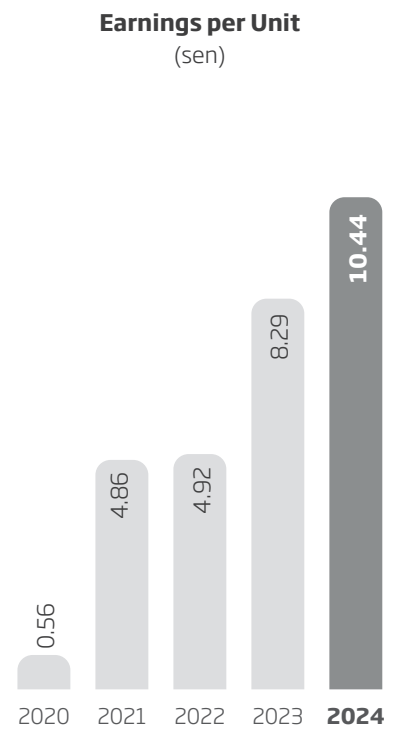
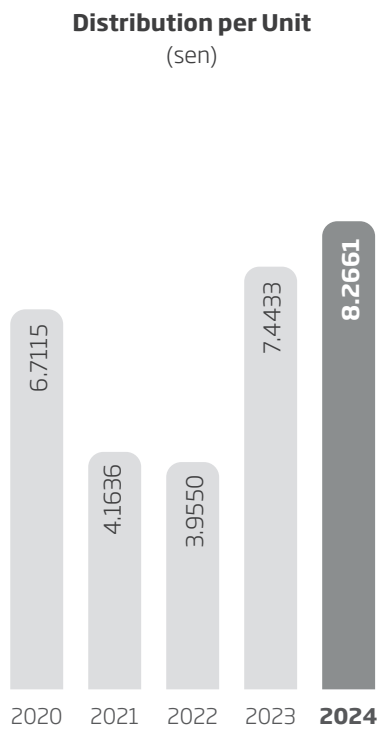
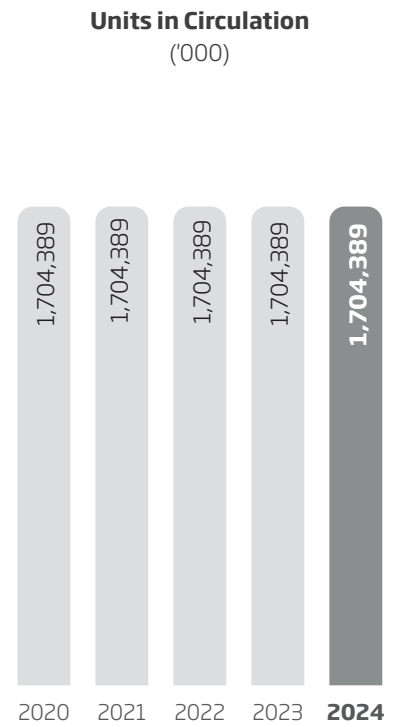
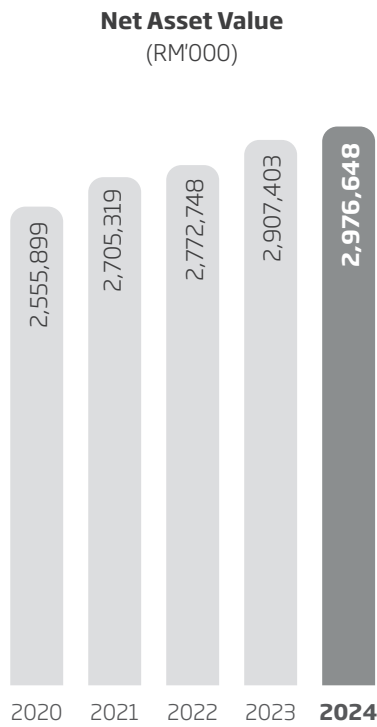


FINANCIAL HIGHLIGHTS

	2024	2023	2022	2021	2020
Revenue (RM'000)	554,908	486,830	363,857	326,276	426,446
Net property income (RM'000)	289,527	251,271	214,818	205,269	235,219
Total income distribution (RM'000)	140,887	126,863	67,409	70,964	114,390
Total assets (RM'000)	5,446,478	5,127,278	4,902,250	4,871,874	4,693,536
Net asset value (RM'000)	2,976,648	2,907,403	2,772,748	2,705,319	2,555,899
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)	1.746	1.706	1.627	1.587	1.500
Distribution per Unit (sen)	8.2661	7.4433	3.9550	4.1636	6.7115
Earnings per Unit (sen)	10.44	8.29	4.92	4.86	0.56



FINANCIAL HIGHLIGHTS



FUND PERFORMANCE

(I) PORTFOLIO COMPOSITION OF THE GROUP

At 30 June	2024 %	2023 %	2022 %	2021 %	2020 %
Real estate	98	98	100	100	99
Non-real estate-related assets	-	-	-	-	-
Deposits	2	2	-	-	1
	100	100	100	100	100

(II) NET ASSET VALUE & UNIT INFORMATION

	2024	2023	2022	2021	2020
Total assets (RM'000)	5,446,478	5,127,278	4,902,250	4,871,874	4,693,536
Total net asset value ("NAV") (RM'000)					
- as at 30 June (before income distribution)	3,117,535	3,034,266	2,840,157	2,776,283	2,670,289
- as at 30 June (after income distribution)	2,976,648	2,907,403	2,772,748	2,705,319	2,555,899
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)	1.829	1.780	1.666	1.629	1.567
- as at 30 June (after income distribution)	1.746	1.706	1.627	1.587	1.500
- Highest NAV during the year	1.746	1.706	1.627	1.587	1.584
- Lowest NAV during the year	1.697	1.620	1.551	1.512	1.500
Market value per Unit (RM)					
- as at 30 June	1.21	0.95	0.95	0.90	1.05
- Weighted average price for the year	1.10	0.93	0.93	0.85	1.23
- Highest traded price for the year	1.25	1.01	1.01	1.08	1.38
- Lowest traded price for the year	0.96	0.85	0.87	0.70	0.75

FUND PERFORMANCE

(III) PERFORMANCE DETAILS OF THE GROUP

	2024	2023	2022	2021	2020
Distribution per Unit (sen)					
- First interim	4.1781	3.0600	1.8880	1.8105	1.9584
- Second interim	-	-	-	-	1.9158
- Final	4.0880	4.3833	2.0670	2.3531	2.8373 ⁽⁶⁾
	8.2661 ⁽⁴⁾	7.4433	3.9550 ^{(4),(5)}	4.1636 ⁽⁵⁾	6.7115 ⁽⁷⁾
Distribution date					
- First interim	27 March 2024	30 March 2023	31 March 2022	31 March 2021	27 December 2019
- Second interim	-	-	-	-	25 March 2020
- Final	30 August 2024	30 August 2023	30 August 2022	30 August 2021	28 August ⁽⁶⁾ 2020
Distribution yield (%) ⁽¹⁾	7.51	8.00	4.25	4.90	5.46
Management expense ratio (%)	0.61	0.50	0.47	0.47	0.61
Total return (%) ⁽²⁾	25.79	8.00	13.66	(26.00) ⁽⁵⁾	3.86
Average total return (%) ⁽³⁾					
- One year	25.79				
- Three years	15.82				
- Five years	5.06				

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.

⁷ Representing approximately 90% of the total distributable income.

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

MANAGEMENT DISCUSSION & ANALYSIS

GROUP OVERVIEW

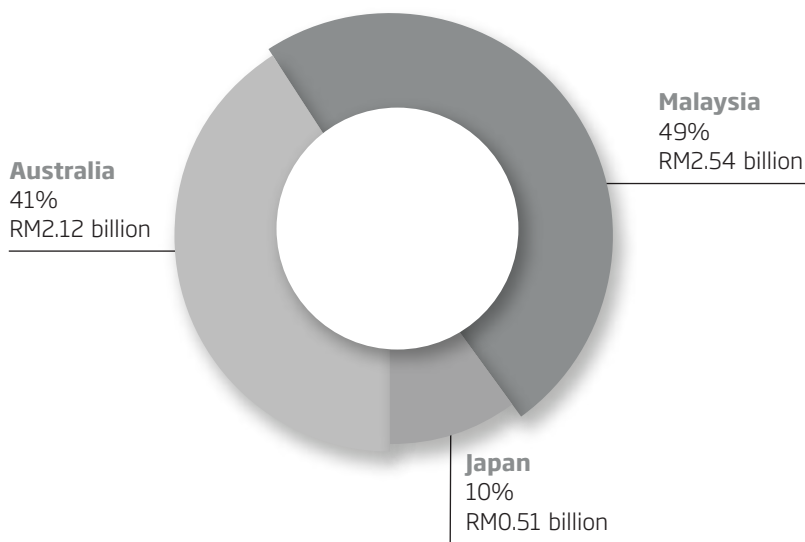
OVERVIEW OF YTL HOSPITALITY REIT

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 and its subsidiaries are referred to as the “Group” or the “YTL REIT Group”.

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 2024 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

Asset Breakdown by Country as at 30 June 2024



part of Pangkor Laut Resort. New additions to the portfolio during the financial year under review comprise Hotel Stripes Kuala Lumpur, Autograph Collection (“Hotel Stripes Kuala Lumpur”), and a hotel in Ipoh formerly known as Syeun Hotel (“Ipoh Hotel”), which is currently vacant and under major renovation.

The Trust’s international portfolio comprises the Sydney Harbour Marriott, Brisbane Marriott and Melbourne Marriott in Australia, and the Hilton Niseko Village and The Green Leaf in Hokkaido, Japan. The Trust is also undertaking the development of Moxy Niseko, a new hotel in Hokkaido, Japan.



MANAGEMENT DISCUSSION & ANALYSIS GROUP OVERVIEW

COMPOSITION OF INVESTMENT PORTFOLIO

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

	As at 30.6.2024 RM'000	% of total investment	As at 30.6.2023 RM'000	% of total investment
Real Estate - Commercial				
At Fair Value				
Properties in Malaysia				
1. JW Marriott Hotel Kuala Lumpur	538,000	10	527,500	11
2. The Majestic Hotel Kuala Lumpur	402,600	8	400,000	8
3. The Ritz-Carlton Hotel Wing	368,000	7	362,000	7
4. The Ritz-Carlton Suite Wing	326,000	6	324,000	6
5. AC Hotel Kuala Lumpur	165,000	3	147,000	3
6. Hotel Stripes Kuala Lumpur	140,000	3	-	-
7. AC Hotel Penang	139,500	3	126,000	3
8. Pangkor Laut Resort	124,000	2	124,000	3
9. Tanjung Jara Resort	108,000	2	107,000	2
10. AC Hotel Kuantan	106,500	2	95,500	2
11. Cameron Highlands Resort	63,000	1	62,000	1
12. Ipoh Hotel	58,000	1	-	-
Properties in Japan				
13. Hilton Niseko Village	301,955	6	314,787	6
14. The Green Leaf Niseko Village	188,502	4	202,963	4
Properties in Australia				
15. Sydney Harbour Marriott	1,578,787	30	1,559,048	31
16. Brisbane Marriott	289,994	5	278,222	6
17. Melbourne Marriott	249,672	5	248,308	5
Property Under Development				
At Cost				
Property in Japan				
18. Moxy Niseko	23,202	-*	-	-
Sub-total	5,170,712	98	4,878,328	98
Deposits with licensed financial institutions	111,172	2	74,660	2
Total	5,281,884	100	4,952,988	100

* % of total investment less than 1.

Further details about the Group'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.

MANAGEMENT DISCUSSION & ANALYSIS GROUP OVERVIEW



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 (property development costs) 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 instruments

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

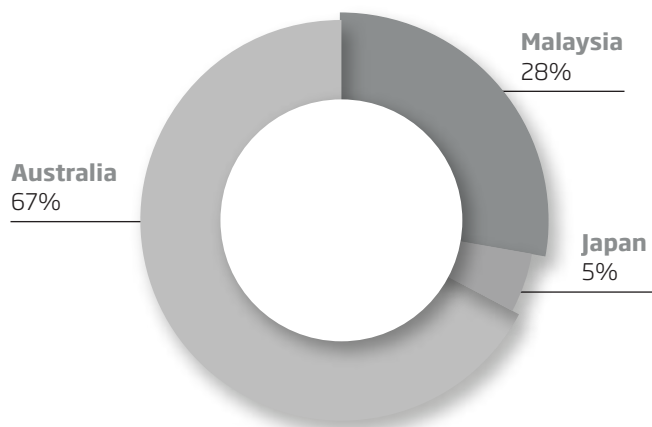
	FY2024 RM'000	FY2023 RM'000	Change %
Revenue			
- Hotel revenue (Management contracts)	373,689	313,407	+19.23
- Property revenue (Master leases)	181,219	173,423	+4.50
Total revenue	554,908	486,830	+13.98
Net property income ("NPI")			
- Management contracts	119,671	88,904	+34.61
- Master leases	169,856	162,367	+4.61
NPI	289,527	251,271	+15.22
Profit before tax	184,428	146,632	+25.78
Income available for distribution	148,303	126,863	+16.90
Total income distribution	140,887	126,863	+11.05

Segmental Results of the Group

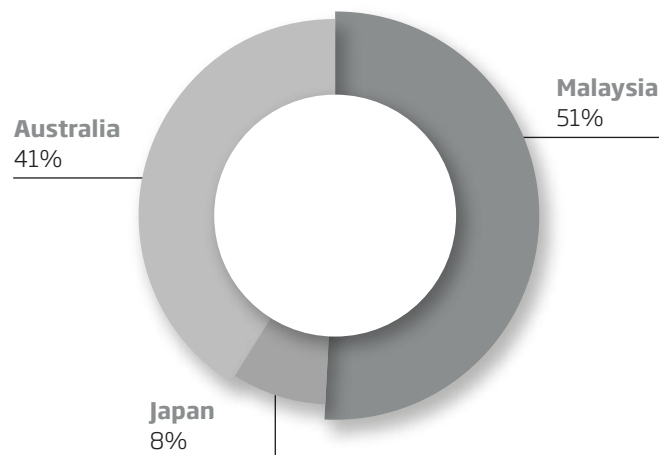
	Property rental		Hotel	Total RM'000
	Malaysia RM'000	Japan RM'000	Australia RM'000	
FY2024				
External revenue	154,024	27,195	373,689	554,908
Operating expenses	(7,971)	(3,392)	(254,018)	(265,381)
NPI	146,053	23,803	119,671	289,527
FY2023				
External revenue	146,145	27,278	313,407	486,830
Operating expenses	(7,441)	(3,615)	(224,503)	(235,559)
NPI	138,704	23,663	88,904	251,271

MANAGEMENT DISCUSSION & ANALYSIS FINANCIAL REVIEW

Revenue by Country - FY2024



NPI by Country - FY2024



Review of Financial Performance

For the current financial year under review, the Group recorded revenue and net property income of RM554.91 million and RM289.53 million, respectively, as compared to RM486.83 million and RM251.27 million, respectively, recorded in the preceding year. This represented an increase of 13.98% and 15.22%, respectively.

The Group recorded a profit before tax of RM184.43 million for the current financial year ended 30 June 2024, an increase of 25.78% as compared to a profit before tax of RM146.63 million recorded in the preceding year mainly due to the factors set out below:-

- (i) improved performance from the hotel and property rental segments due to reasons set out under "Review of Operating Business Segments";
- (ii) unrealised foreign currency translation loss of RM0.21 million on borrowings denominated in foreign currencies as compared to a translation loss of RM6.01 million recognised in the preceding year; and

- (iii) fair value gain on properties of RM92.73 million comprising RM68.64 million fair value gain from the annual valuation carried out in May 2024 and fair value gain on unrealised lease income of RM24.09 million recognised during the current financial year as compared to fair value gain on properties of RM68.05 million comprising RM60.58 million fair value gain from the annual valuation carried out in May 2023 and fair value gain on unrealised lease income of RM7.47 million recognised during the preceding year;

which was offset by:

- (i) an increase in finance costs due to higher interest rate on borrowings denominated in Australian Dollar and increase in Ringgit Malaysia borrowings for the acquisition of Hotel Stripes Kuala Lumpur and assets enhancement initiative undertaken for the existing Malaysian properties.

Income available for distribution in the current financial year of RM148.30 million represented an increase of 16.90% as compared to RM126.86 million recorded in the preceding year due to improved overall performance of the operating business segments as set out under "Review of Operating Business Segments".

MANAGEMENT DISCUSSION & ANALYSIS

FINANCIAL REVIEW

Review of Operating Business Segments

The performance of the respective operating business segments for the financial year ended 30 June 2024 as compared to the preceding year is analysed as follows:-

- **Hotel**

During the current financial year under review, the average daily room and occupancy rates of the Trust's Australian portfolio improved to AUD312 (2023: AUD294) and 82.5% (2023: 73.5%), respectively following increase in international arrivals as a result of entertainment and sports events held in Sydney and Brisbane. These led to the improved performance of the Australian portfolio, which reported 19.23% and 34.61% increase in revenue and net property income, respectively.

- **Property rental**

The revenue and net property income of the property rental segment increased by 4.50% and 4.61%, respectively, for the current financial year. The increase was contributed by rental income from the newly acquired Hotel Stripes Kuala Lumpur and the step-up rental income from the renewal of lease agreement of JW Marriott Hotel Kuala Lumpur in December 2023.

The rental variation programme executed on 30 July 2020 which involved all the Malaysian and Japanese properties (except The Green Leaf Niseko Village) reduced the lease rentals by 50% for twenty-four months which commenced on 1 July 2020, ended on 30 June 2022. 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.

During the current financial year, the realisation of the final deferred rental pursuant to the rental variation programme upon expiry of JW Marriott Hotel Kuala Lumpur's lease agreement in December 2023 contributed substantially to the increase in income available for distribution.

DISTRIBUTION OF INCOME

An interim distribution of income for the six months from 1 July 2023 to 31 December 2023 (which is tax exempt at the Trust level under the amended Section 61A of the Income Tax Act 1967) of 4.1781 sen per unit (all taxable in the hands of unitholders) amounting to RM71,211,072 was paid on 27 March 2024.

For the six months from 1 January 2024 to 30 June 2024, the Manager 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 4.0880 sen per unit (all taxable in the hands of unitholders), totaling RM69,675,418 which was paid on 30 August 2024.

Total distribution declared and paid for the financial year ended 30 June 2024 was 8.2661 sen per unit, totaling RM140,886,490, which translates to a yield of approximately 7.51% based on the twelve months weighted average market price of RM1.10 per unit.

The total income distribution of RM140,886,490 represents approximately 95% of the realised and distributable income for the financial year ended 30 June 2024.

The effect of the income distribution in terms of the net asset value per unit of the Group as at 30 June 2024 is as follows:-

	Before distribution RM	After distribution RM
Net asset value ("NAV") per unit	1.829	1.746

MANAGEMENT DISCUSSION & ANALYSIS FINANCIAL REVIEW

FINANCIAL POSITION

As at 30 June	2024 RM'000	2023 RM'000	Change %
Investment properties	3,052,259	2,792,750	+9.29
Property, plant and equipment	2,118,453	2,085,578	+1.58
Cash and cash equivalents	233,701	183,599	+27.29
Other assets	42,065	65,351	(35.63)
Total assets	5,446,478	5,127,278	+6.23
Borrowings	2,317,701	2,065,981	+12.18
Other liabilities	152,129	153,894	(1.47)
Total liabilities	2,469,830	2,219,875	+11.26
NAV	2,976,648	2,907,403	+2.38
No. of units in circulation ('000)	1,704,389	1,704,389	-
NAV per unit (RM)	1.746	1.706	+2.38

Analysis of NAV of the Group since the last financial year ended 30 June 2023:-

As at 30 June	2024	2023
Total NAV (RM'000)	2,976,648	2,907,403
NAV per unit (RM)	1.746	1.706

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.

Analysis of the financial position of the Group and of the Trust are as discussed below:-

Acquisition of Investment Properties

In line with the Manager's acquisition strategy, the Group and the Trust acquired Hotel Stripes Kuala Lumpur and Ipoh Hotel on 31 October 2023 and 8 April 2024, respectively for cash consideration of RM138.00 million and RM55.00 million, respectively.

Asset Enhancement/Capital Expenditure

The Group is proactively engaging in asset enhancement initiatives to maintain the quality and core value of the hotel properties. During the current financial year, asset enhancement works of RM38.75 million were carried out for certain Malaysian hotel properties, of which RM38.50 million worth of asset enhancement for AC Hotel Kuala Lumpur, AC Hotel Penang and AC Hotel Kuantan were completed in May 2024. Overseas investments in Australia and Japan incurred capital expenditure and maintenance costs of RM4.81 million (AUD1.56 million) and RM0.38 million (JPY11.78 million), respectively.

Property Development Activities

During the current financial year, the Group undertook property development activity for development of Moxy Niseko, a new hotel in Hokkaido, Japan, for an estimated total development cost of approximately JPY6.38 billion (equivalent to RM199.00 million). For the current financial year to date, total property development cost incurred was JPY791.45 million (RM23.20 million).

MANAGEMENT DISCUSSION & ANALYSIS

FINANCIAL REVIEW

Liquidity

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 fund its business requirements and payment of income distributions to the Unitholders. As at 30 June 2024, the Group's cash and cash equivalents stood at RM233.70 million (2023: RM183.60 million).

Capital Management

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

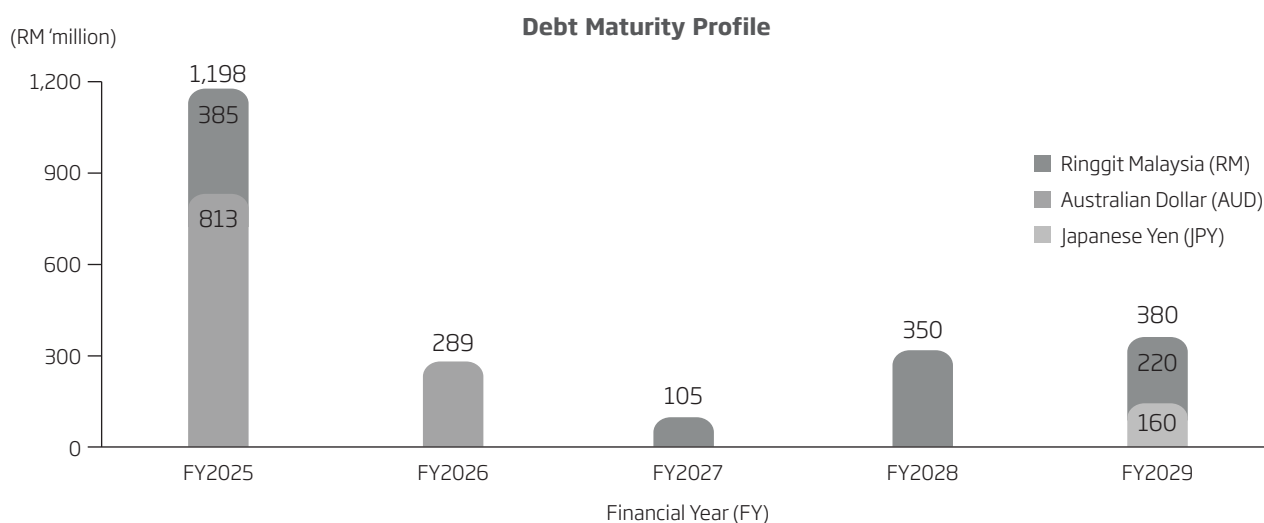
As at 30 June	2024 RM'000	2023 RM'000	Change %
Borrowings	1,262,089	1,256,253	+0.46
Medium term notes	1,060,000	815,000	+30.06
Total borrowings	2,322,089	2,071,253	+12.11
Total assets	5,446,478	5,127,278	+6.23
Gearing ratio (%)	42.63	40.40	+2.23pp

- 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.

During the current financial year, the Group and the Trust raised borrowings of RM245.00 million to finance property acquisitions and asset enhancement works for certain Malaysian hotel properties as mentioned above. The existing term loan denominated in Japanese Yen ("JPY") of JPY5,401.24 million was refinanced by the drawing of a new 5-year JPY term loan.

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



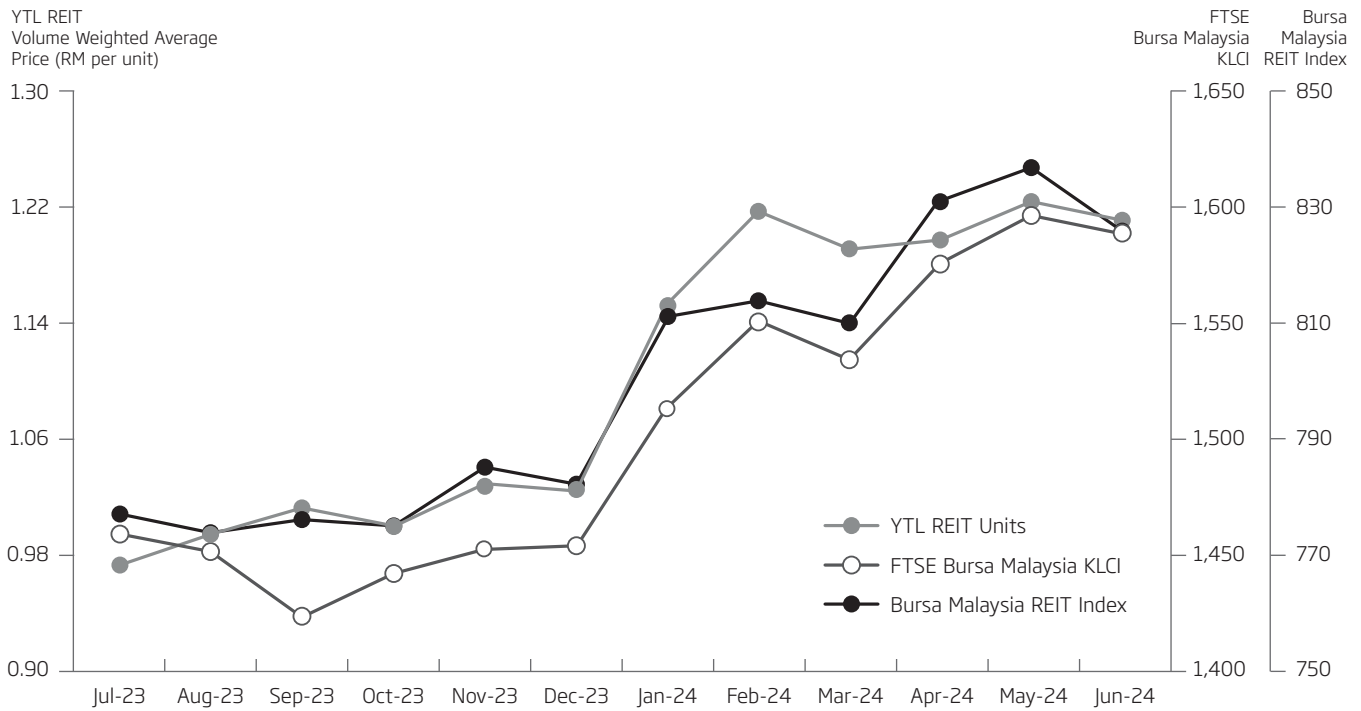
MANAGEMENT DISCUSSION & ANALYSIS FINANCIAL REVIEW

UNIT PERFORMANCE

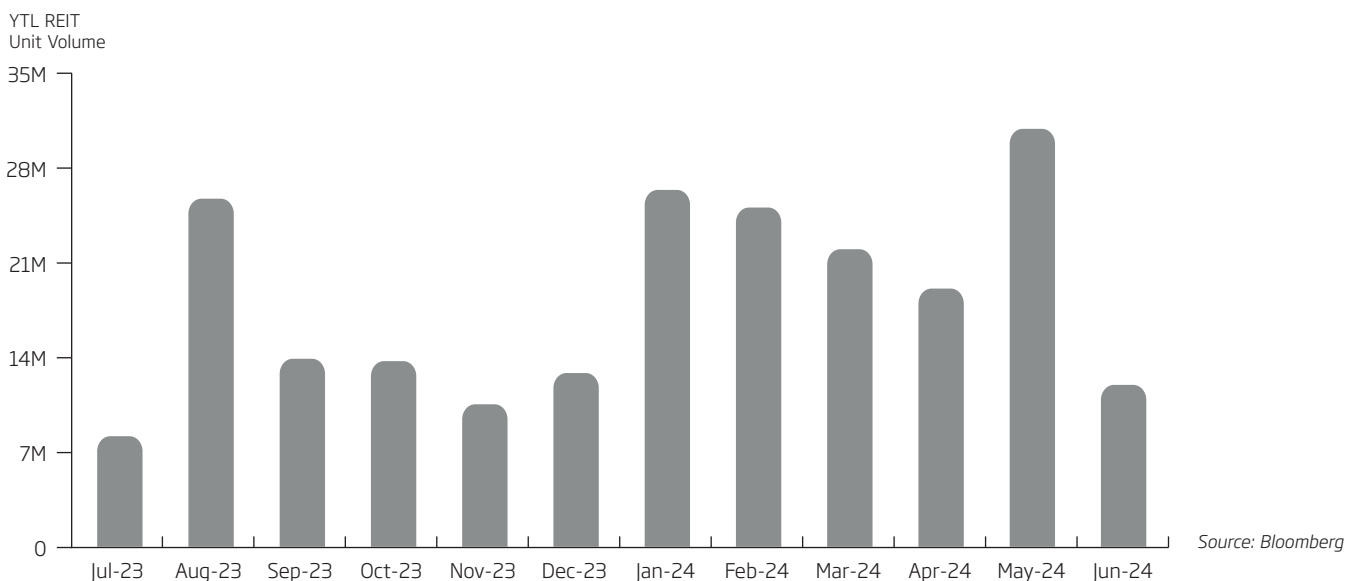
The Trust's units traded at RM0.95 per unit at the beginning of the financial year and ended the year higher at RM1.21 per unit, with a volume weighted average price for the financial year of RM1.09 per unit. During the financial year under review, the closing prices of the Trust's units recorded a high of RM1.25 per unit and a low of RM0.96 per unit.

Analysis of changes in prices during the financial year ended 30 June 2024:-

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



Volume of YTL REIT Units Traded on Bursa Securities



MANAGEMENT DISCUSSION & ANALYSIS FINANCIAL REVIEW

BENCHMARK RELEVANT TO THE GROUP

Management Expense Ratio ("MER")

	2024	2023
MER for the financial year	0.61%	0.50%

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 base and performance 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

SIGNIFICANT CORPORATE DEVELOPMENTS

ACQUISITION OF HOTEL STRIPES KUALA LUMPUR

On 6 September 2023, the Trustee entered into a conditional sale and purchase agreement with Hotel 25 Sdn Bhd (“Hotel 25”), an indirect wholly-owned subsidiary of YTL Corporation Berhad (“YTL Corp”), for the acquisition of Hotel Stripes Kuala Lumpur for a total cash consideration of RM138.0 million (“Acquisition”).

A lease agreement was also entered into whereby the Trustee, upon completion of the Acquisition, leases Hotel Stripes Kuala Lumpur to Hotel 25 for a lease period of fifteen years with an option granted to Hotel 25 to renew for a further term of fifteen years (“Lease”).

The Acquisition is in line with the investment objective of YTL REIT to acquire and invest in high quality hospitality properties in Malaysia and internationally with a view to provide long-term and sustainable income distributions to unitholders and achieve long-term growth in the Trust’s net asset value. The Lease will provide YTL REIT with fixed rental payments from Hotel 25 with a step-up provision of five per cent for every five years and, as such, is expected to contribute positively to future distributable income of YTL REIT.

The Acquisition was completed on 31 October 2023 and, consequently, the Lease became effective on the same day.

PROPOSED RENTAL REVISIONS AND REFURBISHMENTS

On 19 September 2023, the Trustee entered into three supplemental lease agreements with the following lessees for a total rental increase of RM2.7 million per annum in consideration of YTL REIT agreeing to pay for the costs of the refurbishment works of the hotel properties:

- (i) Prisma Tulin Sdn Bhd in respect of the lease of AC Hotel Kuala Lumpur
- (ii) Business & Budget Hotels (Penang) Sdn Bhd in respect of the lease of AC Hotel Penang
- (iii) Business & Budget Hotels (Kuantan) Sdn Bhd in respect of the lease of AC Hotel Kuantan

In relation thereto, the Manager entered into three separate contracts with Syarikat Pembinaan Yeoh Tiong Lay Sdn Bhd (“SPYTL”), a wholly-owned subsidiary of YTL Corp, to undertake and complete the refurbishment works for contract sums totalling RM38.5 million on the same day.

On 31 May 2024, it was announced that the refurbishments had been completed and that the rental revisions for the AC Hotels would commence on 15 June 2024 in accordance with the terms of the agreements.

ACQUISITION AND PROPOSED RENOVATION OF IPOH HOTEL

On 7 February 2024, the Trustee entered into a sale and purchase agreement with Syeun Hotel Berhad for the acquisition of the Ipoh Hotel for a total cash consideration of RM55.0 million.

The Ipoh Hotel is located within the City Centre of Ipoh which will augment YTL REIT’s Malaysian portfolio with its strategic location. The property will be renovated and proposed to re-open under the AC Hotels by Marriott brand and will be leased to the YTL Corp group.

On 8 April 2024, the acquisition was completed and the Manager announced that SPYTL will be appointed to undertake the proposed renovation works at the Ipoh Hotel at a cost of up to RM55.0 million.

PROPERTY DEVELOPMENT IN JAPAN

On 29 April 2024, the Manager announced that Starhill REIT Niseko G.K. (“Starhill GK”), a wholly-owned subsidiary of YTL REIT, is developing a hotel in Aza-Soga, Niseko-Cho, Abuta-gun, Hokkaido, Japan for an estimated total development cost of approximately JPY6.38 billion (equivalent to RM199.0 million) (“Proposed Development”).

The Proposed Development will facilitate the utilisation of available space on existing land owned by Starhill GK in Niseko Town, a famous skiing resort area in Japan, to enhance the income derived from such land for YTL REIT. Upon completion of the Proposed Development, Moxy Niseko will be leased to the YTL Corp group.

MANAGEMENT DISCUSSION & ANALYSIS

SEGMENTAL REVIEW

YTL REIT's investment portfolio was valued at RM5,281.88 million as at 30 June 2024, an increase of RM328.89 million or 6.64% compared to the previous valuation of RM4,952.99 million as at 30 June 2023, mainly due to the acquisition of Hotel Stripes Kuala Lumpur on 31 October 2023 and Ipoh Hotel on 8 April 2024, and the increase in the valuation of the Sydney Harbour Marriott in Australia, with smaller increases also contributed by JW Marriott Hotel Kuala Lumpur, AC Hotel Kuala Lumpur, AC Hotel Penang, AC Hotel Kuantan and Brisbane Marriott.

YTL REIT Group's net asset value per unit increased to RM1.746 as at 30 June 2024 compared to RM1.706 as at 30 June 2023.

MALAYSIAN PORTFOLIO

YTL REIT's Malaysian portfolio consists of a diverse range of twelve 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, Tanjung Jara Resort, Cameron Highlands Resort, Hotel Stripes Kuala Lumpur, Ipoh Hotel and the AC Hotels operating in Kuala Lumpur, Kuantan and Penang.

During the financial year under review, there was a significant increase in tourist arrivals to Malaysia as consumer confidence improved, reflecting a strong recovery in the country's tourism sector. This growth was mainly supported by the easing of China's outbound travel restrictions. Consequently, the rebound in tourism activity resulted in markedly higher guest numbers across all of the Trust's Malaysian properties compared to the preceding financial period.



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 Group. The Group is also undertaking the development of Moxy Niseko, a new hotel in Hokkaido, Japan.

Japan's tourism industry, including the Niseko area, has continued to show significant improvement due to increased arrivals and favourable exchange rates. The number of overseas guests, particularly from North America and Southeast Asia, has been rising. The surge in international visitors has contributed to higher occupancy rates across the Trust's Japanese properties.



MANAGEMENT DISCUSSION & ANALYSIS SEGMENTAL REVIEW

INTERNATIONAL PORTFOLIO - AUSTRALIA

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

Australia's tourism industry has experienced significant growth, with consistent increases in both domestic and international visitors during the financial year under review. International arrivals to Australia have substantially recovered with the reopening of China's borders as Australia was re-included in China's Approved Destination Status Scheme. Additionally, domestic travel demand, which was the first to recover after the pandemic, has remained resilient despite cost-of-living pressures.

The Sydney Harbour Marriott achieved an increase in occupancy to 86.30% during the financial year under review, compared to 74.46% last year. This boost can be attributed to increased international arrivals, driven by entertainment and sports events attracting large crowds during the year. 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 75.41% for the current financial year compared to 71.40% recorded last year, resulting mainly from extraordinary demand generated from a strong events calendar during the financial year under review. 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 2024 financial year, the Brisbane Marriott, consisting of 267 rooms, registered higher occupancy of 78.88% as compared to 72.80% recorded in the previous year, primarily due to consistent growth in domestic and international visitors. 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 anticipated to remain steady, supported by moderating inflation, resilient labour markets and a rebound in global trade. However, the global economic outlook remains subject to downside risks, including escalating geopolitical tensions, higher-than-expected inflation and a sharp tightening in financial market conditions. On the domestic front, the Malaysian economy is projected to expand by 4% to 5% in 2024. Robust domestic demand will continue to anchor growth, supported by improving labour market conditions and stronger investment activities. Improvements to external demand, with increased global trade activities and tourist arrivals, will further bolster Malaysia's economic growth. International tourist arrivals into Malaysia are on track to recover to pre-pandemic levels in 2024, spurred by improving flight connectivity and the expansion of visa-free travel policies. Higher overall spending and a more diversified tourist base will further support the sector's recovery. (source: Bank Negara Malaysia updates).

The Trust's hotels in Malaysia, with its wide array of guest offerings, are well-positioned to benefit from the heightened tourist activity.

The Japanese economy is estimated to grow between 0.7% to 1.0% in 2024, above its potential growth rate. Private consumption is expected to rise moderately, driven by improvements in wage growth and consumer sentiment. However, significant uncertainties remain, centred on overseas economic activity and prices, commodity prices and domestic wage- and price-setting behaviour (source: Bank of Japan updates).

Niseko is well-positioned to capitalise on Japan's strong tourism growth. Renowned for its powder snow slopes and skiing facilities, the continued expansion of warm-weather activities, cultural events and wellness offerings will further establish Niseko as a vibrant and attractive year-round destination.

Meanwhile, Australia's economic prospects are subdued, with growth projected at 1.6% for 2024. Earlier increases in interest rates have continued to weigh on households, with very weak growth in household consumption offsetting expansions in business investment and public demand. Looking ahead, the Australian economy is expected to improve from late 2024, driven by a recovery in real incomes that should stimulate household spending (source: Reserve Bank of Australia updates).

Australia's tourism sector is recovering well, with firm domestic demand and a steady rise in international arrivals. The Trust's properties in Australia are well-positioned to accommodate the increasing number of tourists.

The outlook remains relatively positive for the hospitality industry in the areas where the Trust's portfolio is situated despite wider risks from geopolitical uncertainty and other economic challenges. Underscored by the new hotel acquisitions and property development project embarked upon during the financial year under review, the Manager is committed to proactively managing its business and take necessary steps in order to safeguard the long-term prospects and strong ongoing performance of the Group. Despite shorter-term challenges that may arise, the Manager remains confident in the long-term future of the hospitality sector and the positive outlook for the Group.



CORPORATE EVENTS

7 FEBRUARY 2024

**ACQUISITION OF THE IPOH HOTEL**

Maybank Trustees Berhad, as the Trustee for YTL Hospitality REIT, entered into a sale and purchase agreement to acquire the Ipoh Hotel, formerly known as the Syeun Hotel, for a total cash consideration of RM55.0 million.

The property is currently undergoing renovations and is scheduled to reopen under the AC Hotels by Marriott brand in the third quarter of 2025.

From left to right: Mr Gerald G. Perara, Senior Partner and Notary Public, Messrs Lee, Perara and Tan; Puan Nor Fazlina Binti Mohd Ghouse, Chief Executive Officer, Maybank Trustees Berhad; Dato' Mark Yeoh Seok Kah, Chief Executive Officer, Pintar Projek Sdn Bhd; Ms Loh Sow Chee, Director, Syeun Hotel Berhad; Mr Yan Chang Meng, Director, Syeun Hotel Berhad; and Ms Mary Lim, Advocate and Solicitor, Messrs Leon & Lim

23 AUGUST 2024

**YTL HOSPITALITY REIT WINS AWARD FOR HIGHEST RETURNS TO SHAREHOLDERS OVER THREE YEARS (REIT) AT THE EDGE'S BILLION RINGGIT CLUB 2024**

YTL Hospitality REIT received The Edge's Billion Ringgit Club 2024 award for Highest Returns to Shareholders Over Three Years in the REIT category.

The accolade recognises YTL Hospitality REIT's dedication to delivering exceptional returns to unitholders through share price appreciation and distributions.

From left to right: Mr Tan Chor Sen, Chief Executive Officer, OCBC Bank (Malaysia) Berhad; Ms Amanda Zhang, Chief Executive Officer and President, Mercedes-Benz Malaysia; Ms Ho Say Keng, Group Head of Finance/Company Secretary, representing YTL Hospitality REIT; Datuk Ho Kay Tat, Publisher and Group Chief Executive Officer, The Edge Media Group; and Ms Kathy Fong, Editor-In-Chief, The Edge Malaysia

REVIEW OF THE PROPERTY MARKET

YTL Hospitality REIT and its subsidiaries (“Group”) own seventeen (17) hospitality properties and a development property. Of the hospitality properties, twelve (12) are in Malaysia, three (3) are in Australia and two (2) are in Japan, whilst the development property is 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

After robust growth of 8.7% in 2022, the Malaysian economy witnessed a normalisation in 2023, with growth stabilising at 3.7%. This moderate growth was influenced by challenging external factors such as slower global trade, geopolitical tensions and tighter monetary policies. For the period from 2018 to 2023, the Gross Domestic Product (GDP) in 2015 constant prices grew at a Compound Annual Growth Rate (CAGR) of 2.8%.

Despite the lapse of significant policy support following the country’s transition to the endemic phase of COVID-19 on 1 April 2022, sustained recovery in economic activity and labour market conditions contributed to growth in 2023. The economy’s resilient external position bolstered its solid growth performance.

In the second quarter of 2024, Malaysia’s economy performed beyond expectations with GDP expanding by 5.9% (1Q2024: 4.2%). The positive trajectory mirrors the trends of leading indicators. On a year-on-year basis, the industrial production index rose by 6.1% and 2.4% in April 2024 and May 2024 respectively while the sales value of wholesale and retail increased by 6.6% in April 2024 and 7.1% in May 2024. Other contributing factors that supported growth include improvements in the country’s total trade, exports and imports, increase in tourist arrivals as well as development progression of mega projects.

Looking ahead, both the government and Bank Negara Malaysia (BNM) anticipate the Malaysian economy to grow between 4.0% and 5.0% in 2024. BNM foresees that growth in 2024 will be supported by stronger domestic spending and enhanced external demand, particularly with greater spillover expected from the tech sector.

For the whole year of 2023, headline inflation moderated to 2.5% following a consistent decline throughout the year (1Q2023: 3.6%; 2Q2023: 2.8%; 3Q2023: 2.0%; 4Q2023: 1.6%). The decline has been supported by the government’s consumption subsidies aimed at mitigating increases in services and food prices.

Looking ahead in 2024, BNM has projected that headline inflation will fall within the range of 2.0% to 3.5% (1Q2024: 1.7%; 2Q2024: 1.9%). Inflation is expected to remain modest with stable cost and demand conditions. However, the inflation outlook is significantly influenced by potential changes to domestic policies regarding subsidies and price controls, along with fluctuations in global commodity prices and developments in the financial markets.

As of July 2024, BNM opted to keep its overnight policy rate steady at 3.00%, following a previous hike from 2.75% to 3.00% in May 2023. This decision reflects BNM’s stance of maintaining a supportive monetary policy to bolster the economy. It aligns with the current assessment of inflation and growth prospects, signalling a cautious approach to lending while striving for stability and sustainable economic expansion.

Sources: Knight Frank Malaysia Sdn Bhd (August 2024), Bank Negara Malaysia Economic & Monetary Review 2023, Department of Statistics Malaysia 2Q2024 & Bank Negara Malaysia Quarterly Bulletin 2Q2024

REVIEW OF THE PROPERTY MARKET

2. Hotel Sector

Malaysia

The tourism industry in Malaysia is on track to recovery, with the country welcoming a total of 20.1 million tourists in 2023, doubling from 10.1 million tourists in 2022. The top five tourist generating markets in 2023 are Singapore (8,308,230), Indonesia (3,108,165), Thailand (1,551,282), China (1,474,114) and Brunei (811,833). Meanwhile, tourist receipts contributed RM71.3 billion to the national revenue in 2023, circa 2.5 times higher than the RM28.2 billion recorded in 2022. Although tourist arrivals and receipts are still lower than the pre-pandemic level in 2019, the nation recorded the highest tourism revenue per capita since 2010 at RM3,540 per capita.

Budget 2024 has unveiled a diverse array of incentives to revitalise the tourism sector, underscoring its crucial role in economic growth. A pivotal development involves the decision to revive the “Visit Malaysia Year” in 2026, with the ambitious target of welcoming 35.6 million tourists and achieving domestic spending of RM147.1 billion. This commitment represents a bold initiative to re-establish Malaysia’s standing as a premier global tourism destination. To attain this goal, the government has allocated RM350 million for promotional activities aimed at reclaiming Malaysia’s status as a preferred global tourism hub.

These endeavours encompass organising the Visit Malaysia 2026 Campaign, collaboration with the industry stakeholders on domestic and international tourism promotions, support for over 200 cultural enthusiasts hosting artistic and cultural events, matching grants for chartered flights to enhance international accessibility and funding for the Islamic Tourism Centre to boost Muslim-friendly tourism in Malaysia.

Besides, the government acknowledges the importance of preserving and maintaining tourist attractions, historical sites and cultural heritage. Hence, RM20 million is earmarked for state governments to upkeep and restore tourism hotspots including Tasik Timah Tasoh in Perlis, Kenong Rimba Park in Pahang and Pantai Teluk Kemang in Negeri Sembilan. Additionally, RM80 million is allocated for the conservation and restoration of heritage sites with UNESCO potential such as Gua Niah in Sarawak, Lembah Bujang in Kedah and Royal Belum in Perak.

The full recovery of the hospitality sector is expected to materialise in 2024, reflecting a more optimistic outlook as travel demand rebounds and consumer confidence improves. Malaysia aims to host 27.3 million international tourists in 2024, with tourism earnings expected to surpass RM102.7 billion.

In the first four months of 2024, Malaysia welcomed over 7.56 million foreign tourists with corresponding tourist receipts of RM22.23 billion. Compared to the same period last year, the figures were higher by 27.5% and 66.0% respectively. This achievement places Malaysia as the second highest recipient of foreign tourists in ASEAN, behind Thailand (12 million tourists) but ahead of Vietnam, Singapore and Indonesia. It is noteworthy that during this period, the number of Chinese and Indian tourist arrivals have risen significantly by three-fold and 82.3% respectively following implementation of the visa liberation programme which allows visa-free entry for 30 days for citizens of both countries.

Sources: Knight Frank Malaysia Sdn Bhd (August 2024), Tourism Malaysia, Budget 2024 & Ministry of Tourism, Arts & Culture

Outlook

Tourism Malaysia projects an increase in hotel supply in 2024 to 5,228 hotels with 340,300 rooms, up from 5,204 hotels with 333,780 rooms in 2023. Both hotels and rooms are expected to continue increasing beyond this year, targeting 5,241 hotels (343,569 rooms) by 2026 and 5,246 hotels (348,789 rooms) by 2029. These projections are based on registered plans with the ministry.

The contribution of tourism to Malaysia’s GDP has been steadily increasing over the years prior to the COVID-19 pandemic. According to the Department of Statistics Malaysia, the tourism industry contributed RM251.5 billion to the nation’s GDP in 2022 (or 14% of the country’s total GDP). Retail trade continued to be the main contributor to the tourism industry, with a share of 54.1%. This was followed by food and beverage serving services (17.1%) and country-specific tourism services (12.6%).

REVIEW OF THE PROPERTY MARKET

To further boost the country's tourism industry, Malaysia should consider extending visa-free entry or e-visa options to more countries especially those with high tourism potential as well as expand and improve air connectivity to make the country more accessible to global tourists. Notable new air routes include the recently introduced thrice weekly flights from Shanghai to Penang via Shanghai Airlines as well as from Ningbo, Zhejiang to Kuala Lumpur or Kota Kinabalu via AirAsia. Meanwhile, Malaysia Airlines will also launch direct flights to Chiang Mai and Da Nang, effective 15 August 2024 and 24 September 2024 respectively. These initiatives are positive for the country's leisure and tourism sector moving forward.

Sources: Knight Frank Malaysia Sdn Bhd (August 2024) & Tourism Malaysia

Kuala Lumpur

As of 2023, there are 253 hotels in Kuala Lumpur with an inventory of circa 47,177 rooms. More than a third of these hotels (90 hotels or 35.6% of the total existing supply) fall within the 100- to 299-room category, collectively contributing 16,633 rooms. Meanwhile, there are 57 hotels in the more than 300-room category with a total of 25,973 rooms, followed closely by hotels in the 20- to 49-room category (54 hotels with 1,863 rooms).

In the medium to long term, the completion of 22 upcoming hotels (16 incoming and 6 planned) are set to inject around 4,629 rooms to the existing hospitality stock. About 66.7% or 3,089 rooms will come from the 15 hotels in the 100 to 299-room category.

Notable hotel openings in 2023 include Malaysia's first Crowne Plaza KLCC Hotel, a joint venture between IHG Hotels & Resorts and Yuk Tung Properties. The 320-room hotel, located at Jalan Yap Kwan Seng, offers modern rooms and

suites ranging in size from 36 square metres (sq m) to 146 sq m as well as 12,000 square feet (sq ft) of meeting and event space. During the year, the hotelier has also unveiled its 150th Hotel Indigo worldwide with the introduction of Hotel Indigo Kuala Lumpur on the Park. This urban oasis, bordered by KL Forest Eco Park, features 180 rooms that offer captivating views of the scenic Bukit Nanas, the sole remaining expanse of tropical rainforest in central Kuala Lumpur. Other notable openings during the year include the first Four Points by Sheraton in the city centre of Kuala Lumpur and the fourth in Malaysia, Four Points by Sheraton Kuala Lumpur (513 rooms). The launch closely follows the reopening of Renaissance Kuala Lumpur Hotel & Convention Centre in October 2023, collectively establishing Marriott Bonvoy's first dual-branded property in Malaysia.

The second half of 2024 and 2025 will see the completion and opening of 6 notable 5-star hotels. They include Park Hyatt Kuala Lumpur (290 rooms), Kimpton Kuala Lumpur @ TRX (466 rooms), Kempinski Hotel Kuala Lumpur (560 rooms), Waldorf Astoria Kuala Lumpur (272 rooms), Conrad Kuala Lumpur (488 rooms) and Hyatt Regency Kuala Lumpur (450 rooms).

In 2023, the average occupancy rate (AOR) for 4- and 5-star hotels in Kuala Lumpur stood at 59.5%, approaching the pre-pandemic level. This indicates a modest yet steady improvement in occupancy levels as travel demand rebounds and consumer confidence improves. Similarly, the average daily rate (ADR) for 4- and 5-star hotels in 2023 has surpassed those in 2018 and 2019, ranging from RM319 per night to RM348 per night with the highest ADR recorded in December 2023 at RM399 per night.

Sources: Knight Frank Malaysia Sdn Bhd (August 2024), National Property Information Centre & ADATA Portal

REVIEW OF THE PROPERTY MARKET

Perak

According to Tourism Malaysia, the overall hotel guests in Perak saw an increase from 4.39 million in 2022 to 5.14 million in 2023. However, the overall occupancy rate slightly decreased from 54.8% in 2022 to 47.3% in 2023.

In the fourth quarter of 2023, the total supply of 3- to 5-star hotel rooms in Perak registered 5,702 rooms (increased by 18.7% from 4,803 rooms in 2022) comprising 2,866 3-star rooms [2022: 2,626 rooms (increased by 9.1%)], followed by 2,336 4-star rooms [2022: 1,990 rooms (increased by 17.4%)] and 500 5-star rooms [2022: 187 rooms (increased by 167.4%)].

In terms of the number of hotels, 3-star hotels dominated the existing supply, contributed about 23 hotels (increased by 15.0% from 2022) compared to 11 hotels under 4-star category (increased by 22.2% from 2022) and only 3 hotels under 5-star category (increased by 50.0% from 2022). Overall in 2023, there was an increase of about 19.4% for the number of hotels (increased by 6 hotels) within Perak as compared to 2022.

The incoming and planned supply has recorded a total of 10 hotels and 1,046 rooms respectively in 2023 as compared to 15 hotels and 1,520 rooms in 2022.

In conjunction with the Visit Perak Year 2024 campaign with the theme “Promising Perak”, the state government is targeting to achieve the goal of attracting 8 million domestic tourists and 350,000 international tourists. The ultimate goal is to bring in a revenue of RM10 billion through tourism receipts and this will directly benefit the hotel sector the most.

Source: Savills Malaysia Research (August 2024)

Pahang

The Pahang government is strategising its initiatives to attract domestic and international tourists, eyeing 13.5 million tourist arrivals in 2024. Pahang’s tourist arrivals totalled 13.2 million in 2023, up from 10.2 million in 2022 and 2.2 million in 2021 due to the closure of the country’s borders amid the COVID-19 pandemic.

Genting Highlands remained as the most visited destination in Pahang with 8.1 million visitors recorded in 2023. The State’s capital of Kuantan and Cameron Highlands are in second and third spots with circa 2.2 million and 1.4 million visitors respectively.

There are 303 hotels collectively offering 25,624 rooms in Pahang as of 2023. About 70.3% of the existing hotels (213 hotels with a total of 4,774 rooms) fall within the 10- to 49-room category. The remaining hotels have larger room capacities: 45 hotels (total of 2,984 rooms) in the 50- to 99-room category and 33 hotels (total of 5,404 rooms) in the 100- to 299-room category. There are 12 other hotels (4.0%) with more than 300 rooms each, collectively offering 12,462 rooms.

The State witnessed an increase in the presence of both 4- and 5-star hotels in 2023 with 17 hotels and 8 hotels respectively (2022: 13 hotels rated 4-star and 6 hotels rated 5-star). In line with the growth of hotel inventory, the number of guestrooms has also increased from 3,136 rooms to 4,003 rooms in the 4-star category and from 2,839 rooms to 3,014 rooms in the 5-star category.

There are 6 hotels under planning which will collectively offer 677 rooms in the future. Four of these hotels will have larger room capacities of 100- to 299-room each (total of 591 rooms).

REVIEW OF THE PROPERTY MARKET

Grand Ion Majestic in Genting Highlands, part of the latest Trademark Collection by Wyndham, is set for soft opening in 4Q2024. It is developed by NCT Alliance Bhd at a total gross development value of RM1.6 billion and will include circa 178,000 sq ft of retail space, offering a variety of shopping and dining experiences.

In 2023, 4- and 5-star hotels in Pahang recorded AOR of 59.9%, approaching the pre-pandemic level. The ADR in 2023 for similar rated hotels was also relatively stable, ranging from RM451 per night to RM491 per night. The State's tourism industry is well on the road to recovery from the pandemic, as evidenced by the trends in AOR and ADR performance.

Sources: Knight Frank Malaysia Sdn Bhd (August 2024), National Property Information Centre, Tourism Pahang & ADATA Portal

Penang

As of 2023, Penang State has 244 hotels with a total of 24,034 rooms. Out of these, there are 30 hotels with a total of 7,696 rooms under the 4-star category and 20 hotels with a total of 5,248 rooms under the 5-star category. In terms of future supply, there are 15 hotels in the development pipeline with 10 hotels having obtained planning approvals. Collectively, they will offer 4,590 rooms.

During the first half of 2024, the State welcomed the opening of its first new international 5-star hotel, the Marriott Penang Hotel. This prestigious establishment, part of the renowned Marriott brand which includes 30 brands, is also part of an integral mixed development comprising Marriott Executive Apartments and Marriott Residences. The hotel commenced operations on 7 February 2024 following a successful soft opening. It is strategically located along the coveted seafront of Gurney Drive, featuring 223 exquisitely designed rooms.

The second half of 2024 will see 6 notable hotels slated for completion and opening. Five of these hotels will be located on Penang Island: the Harris Sunshine Penang (a 3-star hotel with 289 rooms), The Light City Hotel (a 4-star hotel with 500 rooms), the Iconic Marjorie Hotel (a 5-star hotel with 298 rooms), The Millen, a Marriott Design Hotel (a 5-star hotel with 146 rooms) and LYF by Ascott (a 4-star hotel with 136 rooms). The sixth hotel, located in Seberang Perai, namely the 4-star Crown Plaza Penang will offer 343 rooms.

In 2025, the completions of 3 notable hotels are anticipated on Penang Island. These hotels include the Capri by Frasers Hotel (a 5-star hotel with 255 rooms), the InterContinental Penang Resort (a 5-star hotel with 355 rooms) and the reopening of the Hotel Equatorial Penang (a 5-star hotel with 662 rooms).

The AOR for 4- and 5-star hotels in Penang State experienced notable increments in 2023, recorded at 62.8% (2022: 54.3%) and 58.9% (2022: 53.1%) respectively. This positive trend indicates a gradual recovery of the hospitality industry in the state, potentially reaching pre-pandemic levels.

Notably, the ADR for 5-star hotels also experienced a significant rise, reaching RM480 per night in 2023 (2022: RM456 per night). Similarly, the ADR for 4-star hotels also improved from RM251 per night in 2022 to RM266 per night in 2023. These improvements in ADR suggest a promising outlook for the hospitality market in Penang State.

Sources: Knight Frank Malaysia Sdn Bhd (August 2024), National Property Information Centre & ADATA Portal

Terengganu

Terengganu's tourism industry needs to be empowered with the diversity of products, availability of facilities and conservation of various resources to attract 4.5 million tourists in year 2024 as compared to more than 3.5 million arrivals in year 2023.

REVIEW OF THE PROPERTY MARKET

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.

Terengganu's commercial sub-sector recorded 0.2% growth in year 2023. In terms of value, Terengganu recorded an increase of 31.2%, second in place after Kelantan (117.9%). As of 2023, there are a total of 11,139 existing hotel rooms supply of which 102 rooms were completed during the year. There are 538 incoming hotel rooms supply and 280 planned hotel rooms supply in Terengganu in 2023. The average occupancy rate of hotels in Terengganu was 80% in the first quarter of 2024.

Sources: Azmi & Co Sdn Bhd (August 2024) & Property Market Report 2023, National Property Information Centre

AUSTRALIA

1. Australia Economy

Australia's most current quarterly Consumer Price Index (CPI) growth rate is now at 3.6% as at March 2024. Monthly CPI increased slightly to 3.6% from the recent low of 3.4% in February due to rises in both Goods (3.3%) and Services (4.0%) components. However, the all-groups CPI excluding volatile items and holiday travel remains steady in April at 4.1% compared with the previous month.

The Reserve Bank of Australia (RBA) kept the cash rate unchanged at 4.35% in the June 2024 meeting but remains vigilant as the recovery of inflation is slower than expected, while also trying to avoid a recession.

The Australian Dollar (AUD) remained at USD0.65/AUD at the beginning of May 2024, but jumped up to USD0.67/AUD in mid-May 2024 due to soft United States' retail sales data. After the jump in mid-May, the AUD has stabilised back to USD0.66/AUD from early June 2024.

The Australian economy's growth continues to moderate, with only 0.1% growth over Q1 2024, reflecting an annual growth of 1.1%, in line with market expectations. Gross Domestic Product (GDP) growth is expected to remain at a lower-than-average level for the next 12-18 months, and the RBA forecasts the GDP growth rate will recover to 1.6% by December 2024 and 2.3% by the end of 2025.

The May 2024 unemployment rate marginally improved to 4.0%, along with a higher participation rate of 66.7%, reflecting an increase of 39,700 (0.3%) in employment for the month.

Australia's total population growth was recorded at 2.5% in the 12 months to December 2023, propelled by net overseas migration of over 547,300 people. With the introduction of the new migration strategy, it is anticipated that population growth has peaked and will gradually return to a more sustainable level in the next 6-12 months.

2. Australia - Transaction activity

In 2023, there were 58 transactions totalling approximately \$2.4 billion. Noteworthy transactions include the \$520 million sale of the proposed Waldorf Astoria Hotel/ One Circular Quay development in Sydney CBD to Fiveight, the property company of Tattarang. Other key transactions include the Sheraton Grand Mirage Resort Gold Coast for \$192 million, the Sofitel Adelaide for \$154 million, and also the recent transaction of the CapitalLand Ascott properties including the Novotel Parramatta and the Courtyard by Marriott North Ryde for a combined total of \$109 million.

The regional purchase of the Escarpment Group encompassing five properties with a total of 237 rooms (primarily located in the Blue Mountains and one property in the Hunter Valley) was another key transaction in 2023. Transactional volumes remained above the long-term average (around \$1.6 billion over the past 23 years) in 2023.

For the year-to-date June 2024, there have been a total of 23 hotel transactions, totalling \$793.5 million. This is below the same period in the previous year, where transactions totalled over \$1.5 billion. The source of capital for these transactions in year-to-date June 2024 has predominantly been from domestic investors.

REVIEW OF THE PROPERTY MARKET

Some key transactions in the year-to-date June 2024 include the Four Points by Sheraton Melbourne Docklands at \$96 million, the InterContinental Sydney Double Bay at \$205 million, and the Esplanade Hotel Fremantle at \$116.5 million.

For the remainder of 2024, it is anticipated that with interest rates expected to reduce through to 2025, greater levels of investment activity are expected from both domestic and overseas investors. With activity having stalled through the mid part of the year, it is anticipated that the full year volumes for 2024 will fall short of the projections set at the start of the year at \$2.5 billion.

3. National Hotel Trade

According to data from Smith Travel Research (STR)/CoStar Group, full year 2023 occupancy levels for major cities across Australia ranged from 68% in Adelaide to 78% in Sydney. The strongest occupancy growth was experienced in Sydney (16.5 percentage points increase) and Melbourne (10.4 percentage points increase).

The Average Daily Rate (ADR) trend across major cities in Australia for 2023 highlighted positive growth (except for Cairns, Darwin and Canberra), with Sydney ADR improving by 6.3%, Melbourne 0.7%, and Brisbane 4.4%. This was underpinned by continued demand from the domestic leisure market, domestic corporate, events demand and the return of more international visitation.

In the first six months of 2024, there has been continued occupancy growth across all major cities. However, ADR growth has only been achieved in Sydney and Perth.

Sydney

2023 saw substantial improvements in occupancy and average room rates (78.3% and \$312.37 respectively) compared to the same period in 2022. In 2023, Revenue Per Available Room (RevPAR) improved by 34.7% in comparison to the same 12-month period in 2022.

On a year-to-date June 2024 basis, occupancy has increased by 4 percentage points to 78.3%. ADR has increased by 5.0% to \$315.79, resulting in RevPAR increasing significantly by 10.6% to \$247.31 (when compared to year-to-date June 2023 performance).

Melbourne

2023 saw substantial improvements in occupancy and slight improvement in average room rates (70.8% and \$239.53 respectively) compared to the same period in 2022. In 2023, RevPAR improved by 17.1% in comparison to the same 12-month period in 2022.

On a year-to-date June 2024 basis, occupancy has increased by 4.4 percentage points to 73.5%. ADR has declined marginally by -1.2% to \$244.86, resulting in RevPAR increasing by 5.2% to \$180 (when compared to year-to-date June 2023 performance).

Brisbane

2023 saw substantial improvements in occupancy and average room rates (73.3% and \$236.14 respectively) compared to the same period in 2022. In 2023, RevPAR improved by 14.2% in comparison to the same 12-month period in 2022.

On a year-to-date June 2024 basis, occupancy has increased by 2.4 percentage points to 72.3%. ADR has declined marginally by -1.1% to \$229.86, resulting in RevPAR increasing by 2.2% to \$166.13 (when compared to year-to-date June 2023 performance).

Source: Colliers Research (August 2024)

JAPAN

1. Economy

Japan's economy is likely to keep growing at a pace above its potential growth rate with overseas economies growing moderately and as the virtuous cycle from income to spending gradually intensifies against the background of factors such as accommodative financial conditions.

The year-on-year rate of increase in the consumer price index (CPI, all items less fresh food) is likely to be in the range of 2.5 to 3.0 percent for fiscal 2024 and at around 2 percent for fiscal 2025 and 2026. While the effects of a pass-through to consumer prices of cost increases due to the past rise in import prices which are expected to wane, the rate of increase is projected to be pushed up through fiscal 2025 by the effects of the recent rise in crude oil prices and

REVIEW OF THE PROPERTY MARKET

the waning effects of the government's economic measures pushing down CPI inflation. Meanwhile, the underlying CPI inflation is expected to increase gradually as the output gap is projected to improve and medium- to long-term inflation are anticipated to rise with the virtuous cycle between wages and prices continuing to intensify. In the second half of 2024, it is expected to be at a level that is generally consistent with the price stability target.

Compared to the projections through fiscal 2025 with those in the previous Outlook for Economic Activity and Prices published in April 2024, the projected real gross domestic product growth rates for fiscal 2023 and 2024 are lower primarily due to lower private consumption. However, the projected growth rate for fiscal 2025 remains relatively unchanged at 1.0%. The projected year-on-year rate of increase in the CPI (all items less fresh food) for fiscal 2024 is higher, while the rate for fiscal 2025 is expected to remain relatively unchanged.

Concerning the risks to the outlook, high uncertainties surrounding Japan's economic activity and prices remain, including developments in overseas economic activity and prices, developments in commodity prices and domestic firms' wage- and price-setting behaviour. Under these circumstances, it is necessary to pay due attention to developments in financial and foreign exchange markets and their impact on Japan's economic activity and prices.

With regard to the risk balance, risks to economic activity are generally balanced for fiscal 2024 onward whereas risks to prices are skewed to the upside for fiscal 2024 but are generally balanced thereafter.

Sources: Colliers International Japan KK (August 2024) & Outlook for Economic Activity and Prices (April 2024), Bank of Japan

2. Hotel Sector

Japan

After January 2020, the number of foreign visitors to Japan declined sharply due to the COVID-19 pandemic. However, since May 2023, the number of foreign visitors to Japan has recovered significantly mainly due to the reclassification of COVID-19 to Category 5 (equivalent to seasonal influenza) under the Infectious Diseases Control Law and removal of waterfront measures against entry of foreign visitors.

Approximately 17.78 million of foreign visitors to Japan were recorded in the first half of 2024 and the number of foreign visitors for the full year of 2024 is expected to exceed that of pre-pandemic of 2019. The total number of overnight stays in Japan in 2023 has surpassed the 2019 level.

Overall, the hotel operation performance in Japan has improved significantly. The Average Daily Rate has recovered completely for most hotels owned by real estate investment trusts in Japan and in many cases, exceeded pre-pandemic levels. Although there is room for improvement in Japan's hotel occupancy, the revenue per available room has exceeded pre-pandemic levels.

Sources: Colliers International Japan KK (August 2024) & Japan National Tourism Organization

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 had increased steadily. However, the Japanese government had imposed strict border measures in 2020 due to the COVID-19 pandemic resulting in a significant drop in the number of overnight stays by international visitors in Niseko resort area. Nevertheless, after the easing of movement restrictions in 2023, the number of overnight stay visitors in Niseko has recovered significantly.

Currently, there are many plans for new hotels, villas and condominiums in Niseko, especially for wealthy foreigners which led to increases in land prices.

Sources: Colliers International Japan KK (August 2024) & Ministry of Land, Infrastructure, Transport and Tourism of Japan

MANAGING SUSTAINABILITY

ABOUT THIS REPORT

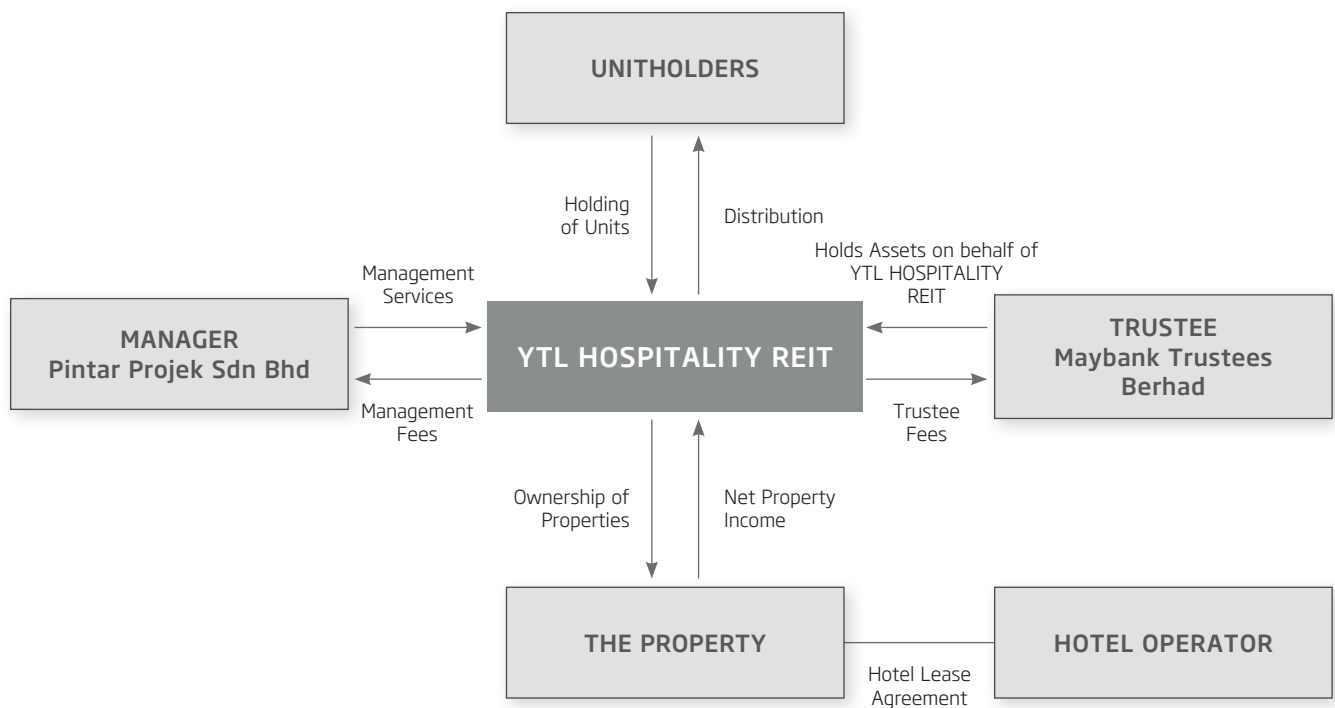
Structure and Management

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 RM2.07 billion (as of 30 June 2024) and owns a broad portfolio of 18 hospitality assets, spread across Malaysia, Australia and Japan.

The trustee of YTL REIT is Maybank Trustees Berhad and YTL REIT is managed by Pintar Projek Sdn Bhd (“Pintar Projek” or the “Manager”), a 70%-owned subsidiary of YTL Corporation Berhad (“YTL Corp”).

YTL Hospitality REIT Structure



MANAGING SUSTAINABILITY

Reporting Scope and Boundary

This sustainability statement provides an overview of how we operate and manage our strategy and day-to-day business to address our sustainability commitments and performance.

This statement covers YTL REIT's portfolio, where the Manager, Pintar Projek, has both financial and operational control, aligned with YTL REIT's financial year from 1 July 2023 to 30 June 2024 ("FY2024"), unless otherwise specified, and where there is readily available data. The environmental data in this report covers Brisbane Marriott Hotel, Melbourne Marriott Hotel and Sydney Harbour Marriott Hotel. The social and governance data covers the Manager, Brisbane Marriott Hotel, Melbourne Marriott Hotel and Sydney Harbour Marriott Hotel.

Properties where we do not have financial and operational control are excluded. Where material, newly acquired assets will be included upon the availability of a full year of data corresponding with YTL REIT's financial year, whilst any assets divested during the financial year are excluded from this statement.

Where relevant, 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 2024, which will be published in October 2024 in conjunction with YTL Corp's Annual Report for the financial year ended 30 June 2024. The report can be accessed from the YTL Group's Sustainability website at www.ytl.com/sustainability.

Reporting framework, References & Guidelines

This statement was prepared with reference to the following requirements, guidance, standards, frameworks, principles and assessments:

- Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities")
- Malaysian Code on Corporate Governance ("MCCG")
- Bursa Securities' Sustainability Reporting Guide and Corporate Governance Guide
- FTSE4Good Bursa Malaysia Index assessment methodology
- Global Reporting Initiative ("GRI") Sustainability Reporting Standards
- The Greenhouse Gas Protocol Corporate Accounting and Reporting Standard ("GHG Protocol")
- United Nations Global Sustainable Development Goals ("UN SDGs")

Data Validation & Assurance

The information and performance data presented in this statement have been verified using internal sources for their accuracy. We are continuously working on standardising the datasets and improving our data tracking and collection methods. This effort aims to overcome the challenges in gathering data related to our environmental, social and governance ("ESG") metrics and to improve the process of reporting non-financial details.

We have not undertaken third-party verification for non-financial data. Nonetheless, seeking external assurance is being considered for future reports. This report was approved by the Board of Directors of the Manager ("Board") on 5 September 2024. References in this report to our website are to our corporate website at www.ytlhospitalityreit.com.

Forward-Looking Statements

This statement might include statements about future events and how we expect our business to perform. These statements are based on what we currently believe and the situation as it stands, which could shift. We think these statements are sensible, but it's important to note that they do come with risks and unknowns that could mean things turn out very differently than we expect.

Contact

We welcome feedback and suggestions from our stakeholders. For any questions about this report, please contact:

Sustainability Division
YTL Hospitality REIT
Email: sustainability@ytl.com

MANAGING SUSTAINABILITY

OUR APPROACH TO SUSTAINABILITY

As part of the YTL Corp and its subsidiaries (“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 creates value over the long-term.

Where applicable to the Trust, we incorporate sustainability into the day-to-day management of YTL REIT, which is aligned with the 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”) and Global Privacy Policy.

YTL REIT Sustainability Framework

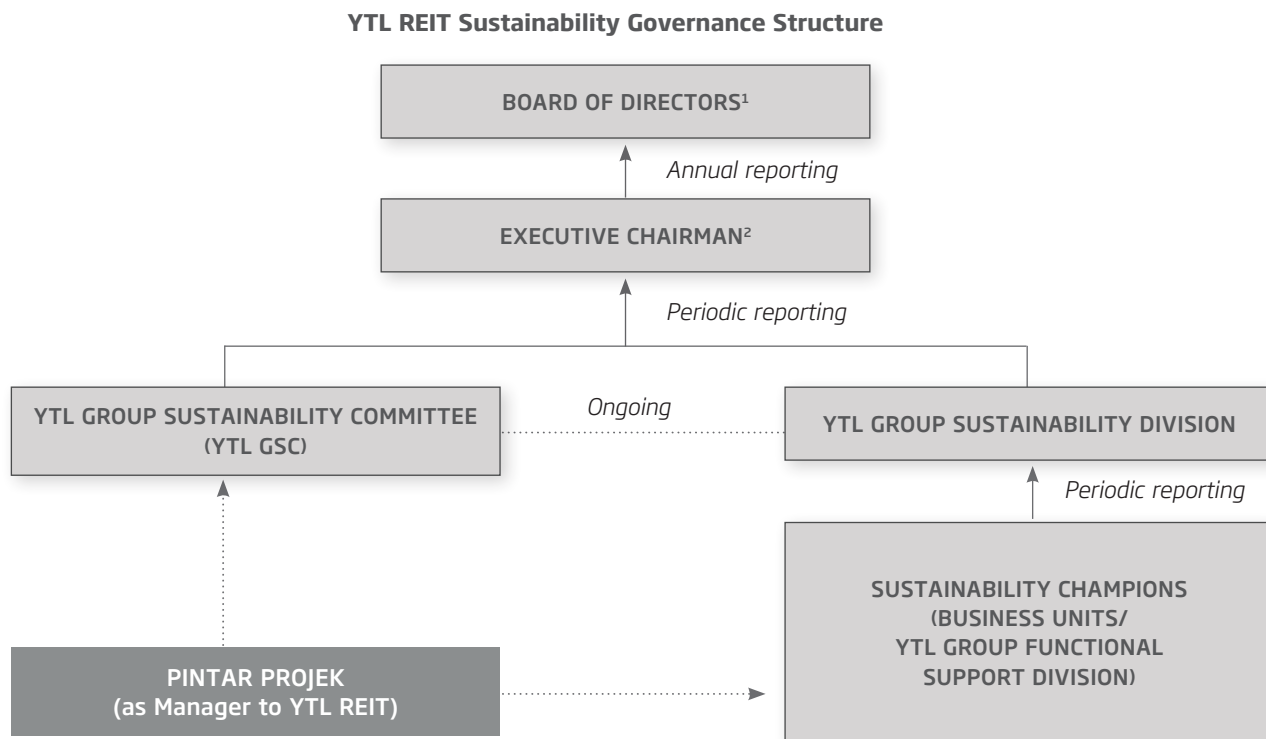


MANAGING SUSTAINABILITY

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.



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

Roles and Responsibilities



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 the 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, who support the Board in setting 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 the implementation of YTL Group’s sustainability strategy.
- Coordinates and implements YTL Group’s 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	<ul style="list-style-type: none"> • Dialogue and engagement sessions 	<ul style="list-style-type: none"> • Create a conducive hotel environment • Property maintenance and enhancement 	<ul style="list-style-type: none"> • Identify potential areas of improvement and implement appropriate follow-up actions
 INVESTORS	<ul style="list-style-type: none"> • Dedicated investor relations section on the company’s website • Annual General Meeting • Annual Report • Results briefings with analysts, investors and via press releases to the media 	<ul style="list-style-type: none"> • Access to yield-accretive real estate investments • Business performance and strategy • Risk management • Sustainable returns 	<ul style="list-style-type: none"> • Provide accurate information to the investing public through timely communication channels • Implement effective strategies for investor engagement

MANAGING SUSTAINABILITY

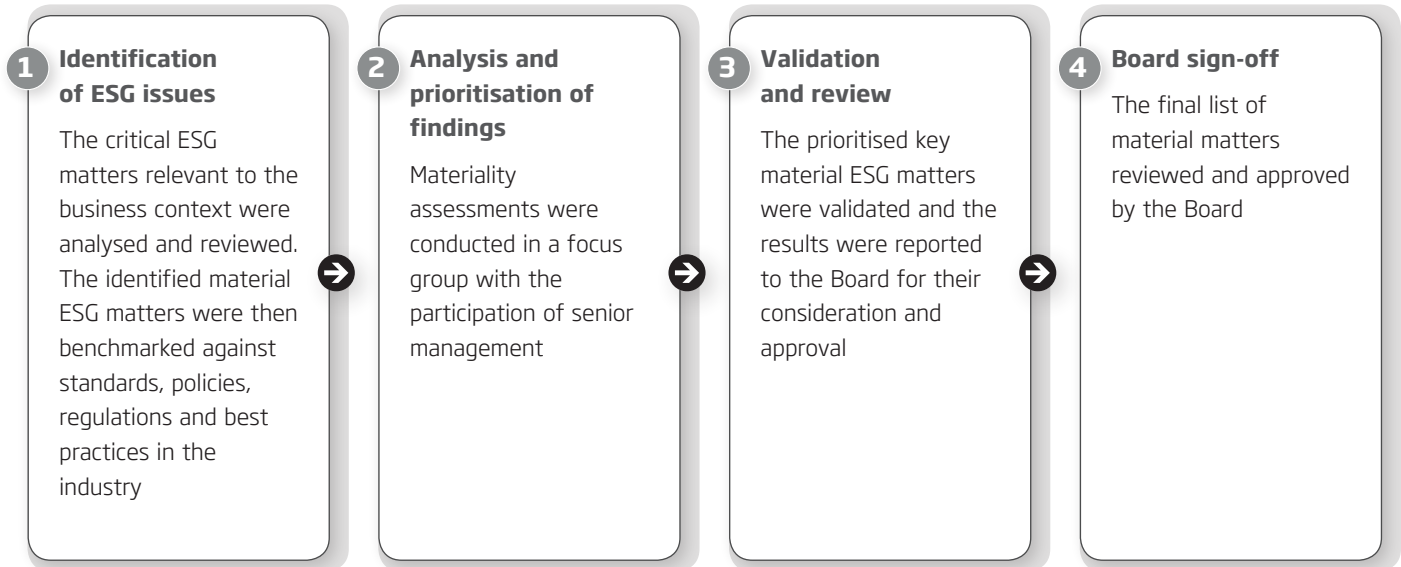
Stakeholders	Engagement Methods	Stakeholder Interests and Concerns	Our Response and Initiatives
 GUESTS	<ul style="list-style-type: none"> • Newsfeed in lounges, guest rooms and public areas • Loyalty programmes for hotel guests • Social media • Websites 	<ul style="list-style-type: none"> • Condition of amenities provided in properties • Promotions and rewards 	<ul style="list-style-type: none"> • Provide a safe and convenient environment • Improve guest experience via digitalisation initiatives
 EMPLOYEES	<ul style="list-style-type: none"> • Weekly department meetings • Annual performance appraisals • Recreational and team-building activities • Training courses and workshops • Employment incentives and benefits 	<ul style="list-style-type: none"> • Communicate business strategy and developments • Career development and progression • Diversity • Training and career development • Healthy, safe and inclusive work environment 	<ul style="list-style-type: none"> • Foster open dialogue with employees to share updates and receive feedback • Ensure compliance with all applicable health and safety and labour laws • Provide opportunities for employees to develop skills and gain knowledge • Promote a positive culture through activities and engagements • Competitive remuneration and benefits
 GOVERNMENTS AND REGULATORS	<ul style="list-style-type: none"> • Meetings, feedback and other correspondence 	<ul style="list-style-type: none"> • Compliance with rules and regulations • Sustainability and risk management 	<ul style="list-style-type: none"> • Implement policies and procedures to ensure regulatory compliance • Regularly monitor and review regulatory issues and performance • Adopt best practices for ongoing improvement in sustainability and risk management
 SUPPLIERS AND CONTRACTORS	<ul style="list-style-type: none"> • Requests for Proposals • Meetings and site visits • Vendor evaluation 	<ul style="list-style-type: none"> • Fair procurement policies and practices • Workplace safety assurance • Strict adherence to timelines • Timely payment for services and goods • Preference for local procurement or nearshoring 	<ul style="list-style-type: none"> • Uphold ethical business practices and integrity • Foster responsible supply chain management
 COMMUNITY	<ul style="list-style-type: none"> • Corporate social responsibility ("CSR") programme 	<ul style="list-style-type: none"> • Community investment • Supporting local communities 	<ul style="list-style-type: none"> • Ongoing CSR activities • Support for environmental and social causes

MANAGING SUSTAINABILITY

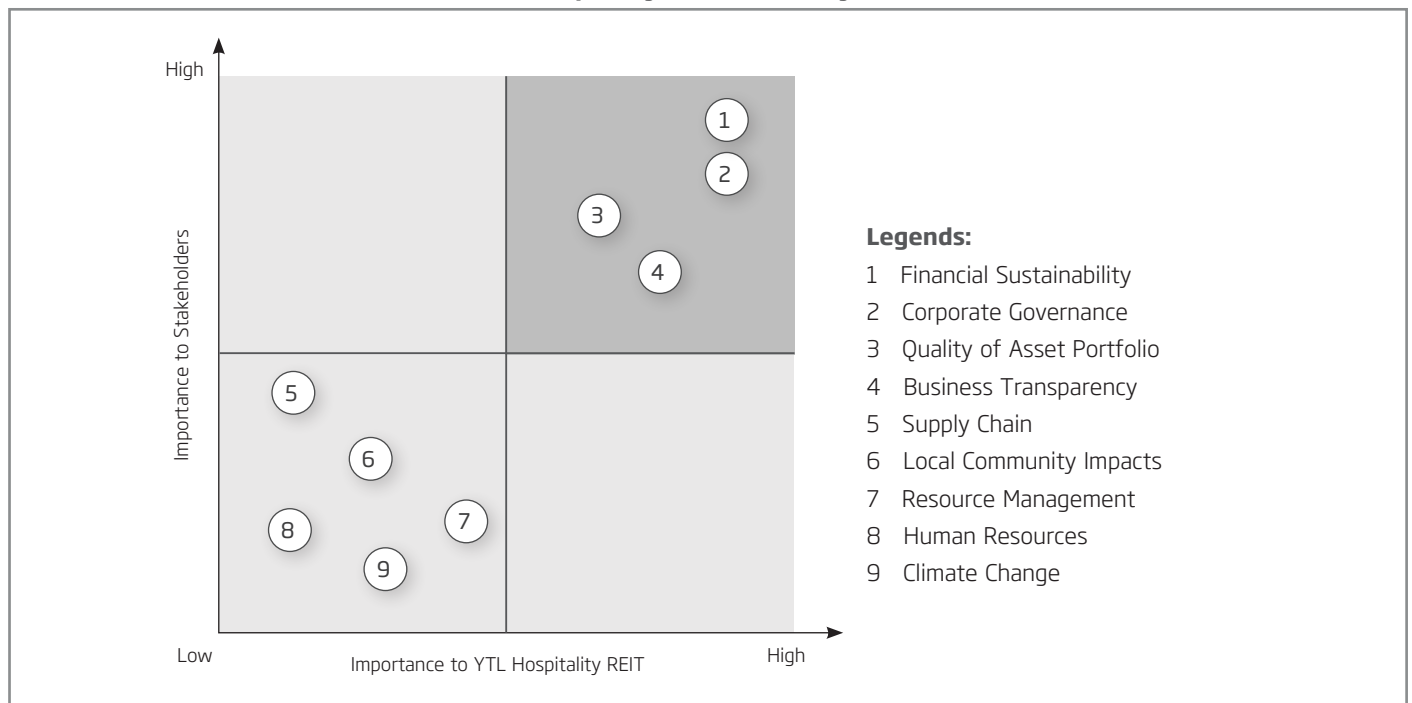
MATERIALITY

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 plan to conduct a further materiality assessment, engage with key stakeholders and publish the results in our next report.

Materiality Assessment Process



YTL Hospitality REIT Materiality Matrix



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
ENVIRONMENT	<ul style="list-style-type: none"> Climate Change Resources Management 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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.) 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Local Community Impacts Human Resources 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Negative image and/or brand reputation for the company High employee turnover cost Employee preference shifts in work arrangements 	<ul style="list-style-type: none"> 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
GOVERNANCE	<ul style="list-style-type: none"> Corporate Governance Business Transparency 	<ul style="list-style-type: none"> Implement policies and procedures to ensure sound corporate governance, risk management and compliance with applicable laws and regulations Maintain zero tolerance for corruption, bribery, fraud and money laundering 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Promote good governance practices that contribute to growth and management stability Improve organisational efficiency and effectiveness in entrepreneurial risk management
ECONOMIC	<ul style="list-style-type: none"> Financial Sustainability Supply Chain Quality of Asset Portfolio 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Market uncertainties from economic conditions, political instability and regulations Underperforming assets impact income distribution, stability and profitability 	<ul style="list-style-type: none"> Unlock value through the optimisation of the asset portfolio Leverage core competencies to promote economic and industry growth Better collaboration with suppliers in managing procurement processes

MANAGING SUSTAINABILITY

ENVIRONMENT

Climate Change

Aligned with YTL Group's aspiration of achieving carbon neutrality in operations by 2050, YTL REIT recognises the importance of supporting the transition towards a low-carbon economy by managing climate risks, reducing our carbon footprint, remaining resilient and driving sustainable investments for long-term value creation. In FY2024, our Scope 1 emissions were reported at 1,549 tonnes of carbon dioxide equivalent (tCO₂e) and Scope 2 emissions were 8,016 tCO₂e. Our climate change strategy remains focused on reducing emissions, improving energy efficiency and adopting renewable energy technologies, whilst also enhancing the resilience and value of our portfolio where possible.

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

Climate Related Risks	Potential Impacts
<p>Transition Risks</p> <ul style="list-style-type: none"> • Policy and Legal (Short to Medium): Introduction of carbon pricing, enhanced policy and regulations • Technology (Short to Long): Transition to lower emissions technology • Market and reputations (Short to Long): Increased cost of raw materials, shift in stakeholders' expectations; <p>Physical Risks</p> <ul style="list-style-type: none"> • Acute (Short to Long): Increased severity of extreme weather events (e.g., heatwaves, heavy rainfall, floods, droughts) • Chronic (Long): Changes in precipitation patterns and extreme variability in weather patterns (e.g., sea level rise, high temperature) 	<ul style="list-style-type: none"> • 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 capital investment required for climate adaptation and energy efficiency measures • Write-offs and early retirement of existing equipment
	<p style="text-align: center;">Potential Opportunities</p> <ul style="list-style-type: none"> • Reduced operating costs (e.g., through efficiency gains and cost reductions) • Increased value of fixed assets (e.g., highly rated energy-efficient buildings, sustainable design buildings) • Better competitive position to reflect shifting stakeholders' 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

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

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 an overall enhancement of assets' sustainability performance.

MANAGING SUSTAINABILITY

Effective energy management is important for YTL REIT, reflecting our commitment to sustainability and operational excellence across our portfolio. Implementing efficient energy practices, such as energy action plans, retro-commissioning, lighting retrofits and building automation, not only reduces operational expenses but also enhances the overall guest experience by ensuring uninterrupted service and comfort.

Our Australia properties have implemented various routine maintenance and optimisation initiatives for critical hotel equipment, including chillers, boilers and ventilation systems. By proactively managing these assets, the properties effectively reduce energy use and carbon emissions.

Water stands as a vital resource in tourism, essential for hotel operations amongst others, which contribute to providing comprehensive services to tourists. The World Resources Institute (WRI) Aqueduct tool identifies Australia as a high water stress region. Consequently, mitigating water shortage risks through effective water management has become imperative for businesses striving for sustainable growth.

In FY2024, YTL REIT withdrew 107 megalitres of water from third-party municipal sources and discharged 90 megalitres into the municipal sewage system. To address these challenges, our Australian properties have been fitted with low-flow rate fixtures, designed to significantly reduce water consumption whilst maintaining the quality of the guest experience.

Effective waste management is a key component of our sustainability commitment in our operations. We strive to minimise environmental impact by implementing responsible waste disposal practices and promoting recycling initiatives, whilst maintaining the high standards of service our guests expect. In FY2024, YTL REIT has generated 680 tonnes of waste, of which 78 tonnes were diverted from disposal and 602 tonnes were directed to disposal.

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 believe that fostering positive relationships and social connections is a fundamental aspect of creating tangible long-term value through community engagement and impact programmes. Our hotels in

Australia participate in Marriott International's "Check Out for Children" programme, where guests may donate AUD2 per night of their stay to UNICEF, helping children in need worldwide. Employees also actively volunteered and participated in local community service initiatives, contributing their time and skills to various local projects and charitable activities.

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. Our employees have access to opportunities that support their personal and career development, ensuring that everyone can reach their full potential without barriers. We also recognise that employee engagement, development and appreciation are fundamental pillars in creating a supportive and productive work environment for our employees, who are our most valuable assets and the backbone of our operations. We foster a sense of connection and commitment amongst employees through clear communication, meaningful work and opportunities for involvement in decision-making. We adopt local employment strategies that can help create jobs and support the local economy, with 68% of our workforce being local.

GOVERNANCE

Corporate Governance & 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 and 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.

MANAGING SUSTAINABILITY

ECONOMIC

Financial Sustainability & 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. A 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. This 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.



MANAGING SUSTAINABILITY

BURSA MALAYSIA'S PERFORMANCE DATA TABLE

Indicator	Measurement Unit	2024
Bursa (Anti-corruption)		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Executive	Percentage	80.00
Non-executive	Percentage	79.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	38.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
Bursa (Community/Society)		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	96,842.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	31
Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Executive Under 30	Percentage	14.00
Executive Between 30-50	Percentage	64.00
Executive Above 50	Percentage	22.00
Non-executive Under 30	Percentage	63.00
Non-executive Between 30-50	Percentage	27.00
Non-executive Above 50	Percentage	10.00
Gender Group by Employee Category		
Executive Male	Percentage	46.00
Executive Female	Percentage	54.00
Non-executive Male	Percentage	44.00
Non-executive Female	Percentage	56.00
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	75.00
Female	Percentage	25.00
Under 50	Percentage	0.00
Between 50-60	Percentage	38.00
Above 60	Percentage	62.00

Internal assurance

External assurance

No assurance

(*)Restated

MANAGING SUSTAINABILITY

Indicator	Measurement Unit	2024
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt	17,166.00
Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	2.00
Bursa C5(c) Number of employees trained on health and safety standards	Number	356
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category		
Executive	Hours	4,323
Non-executive	Hours	12,115
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	5.00
Bursa C6(c) Total number of employee turnover by employee category		
Executive	Number	11
Non-executive	Number	158
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
Bursa (Supply chain management)		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	89.00
Bursa (Data privacy and security)		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
Bursa (Water)		
Bursa C9(a) Total volume of water used	Megalitres	16.000000

Internal assurance External assurance No assurance

(*)Restated

PROFILE OF THE BOARD OF DIRECTORS

TAN SRI (SIR) FRANCIS YEOH SOCK PING

Malaysian, male, aged 70, 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, Ranhill Utilities 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, which is listed on the Main Market of Bursa Malaysia Securities Berhad. He is the Executive Chairman and Managing Director of 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). Tan Sri Francis is the Executive Chairman of YTL Cement Berhad. He is the Chairman of private utilities corporations, Wessex Water Services Limited in England and Wales, and YTL PowerSeraya Pte Limited in Singapore. 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 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. 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.

PROFILE OF THE BOARD OF DIRECTORS

DATO' MARK YEOH SEOK KAH

Malaysian, male, aged 59, 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. He serves as an Executive Director of YTL Corporation

Berhad and YTL Power International Berhad, both listed on the Main Market of Bursa Malaysia Securities Berhad. 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 is 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.

DATO' YEOH SOO MIN

Malaysian, female, aged 68, 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 was 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 an Executive Director of YTL Corporation Berhad and YTL Power International Berhad, both 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.

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.

DATO' YEOH SEOK KIAN

Malaysian, male, aged 67, 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, both 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).

PROFILE OF THE BOARD OF DIRECTORS

DATUK MARK VICTOR ROZARIO

Malaysian, male, aged 60, 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, Schlumberger Group and Adventa Berhad. He currently is an Independent Non-Executive Director of Petronas Gas Berhad, which is listed on the Main Market of Bursa Malaysia Securities Berhad.

DATO' AHMAD FUAAD BIN MOHD DAHALAN

Malaysian, male, aged 74, 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 Pelancongan Malaysia, Malaysia Industry-Government Group for High Technology and Malaysia Airports Holdings Berhad, Tokio Marine Insurans (Malaysia) Berhad, Hong Leong Capital Berhad, YTL Corporation Berhad and YTL e-Solutions Berhad. Dato' Ahmad Fuaad was formerly a Trustee of YTL Foundation.

DATO' ZAINAL ABIDIN BIN AHMAD

Malaysian, male, aged 67, 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.

PROFILE OF THE BOARD OF DIRECTORS

AU WEI LIEN

Malaysian, female, aged 60, 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 November 1999, she left AZY and founded Zul Rafique & Partners ("ZRp") together with her other partners. 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 became a consultant at ZRp until February 2024.

DATO' HJ MOHAMED ZAINAL ABIDIN BIN HJ ABDUL KADIR

Malaysian, male, aged 84, 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 private limited companies involved in construction, property development and resort operations such as Pakatan Perakbina Sdn Bhd and Syarikat Pelanchongan Pangkor Laut Sendirian Berhad.

YEOH KEONG SHYAN

Malaysian, male, aged 38, 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. He is currently a Non-Executive Alternate Director to Tan Sri (Sir) Francis Yeoh Sock Ping, 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).

PROFILE OF THE BOARD OF DIRECTORS

DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

During the financial year, a total of 5 Board meetings were held and the details of attendance are as follows:

	Attendance
Tan Sri (Sir) Francis Yeoh Sock Ping	5/5
Dato' Mark Yeoh Seok Kah <i>(Alternate Director: Dato' Hj Mohamed Zainal Abidin Bin Hj Abdul Kadir)</i>	5/5
Dato' Yeoh Soo Min <i>(Alternate Director: Yeoh Keong Shyan)</i>	5/5
Dato' Yeoh Seok Kian	5/5
Datuk Mark Victor Rozario	5/5
Dato' Ahmad Fuaad Bin Mohd Dahalan	5/5
Dato' Zainal Abidin Bin Ahmad	5/5
Au Wei Lien	5/5

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 are siblings. They are the children of Puan Sri Datin Seri Tan Kai Yong @ Tan Kay Neong 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. 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

None of the Directors of the Manager has any conflict of interest or potential conflict of interest, including interest in any competing business with YTL REIT or its subsidiaries.

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 2024

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 2024.

PRINCIPLE A: BOARD LEADERSHIP & 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 4 months and 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;

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- 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 roles of Executive and Non-Executive Directors are differentiated, 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. The Audit Committee is chaired by an Independent Non-Executive Director and comprises solely Non-Executive Directors, with a majority being Independent Non-Executive Directors, in compliance with the Listing Requirements. 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.

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Board Meetings & 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 five times during the financial year ended 30 June 2024.

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 has a Board Charter, a copy of which can be found under the "Governance" section on the Trust's website at www.ytlhospitalityreit.com.

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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 as 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.

The Board Charter was most recently updated and adopted on 5 September 2024 to set out, amongst others, the applicability to the Board of the new Conflict of Interest Policy (detailed below) and the Code of Conduct & Business Ethics for the YTL Group of Companies (“YTL Group”) and to establish a policy which limits the tenure of the Independent Non-Executive Directors to nine years without further extension.

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 & Whistleblowing

Following the amendment to the Board Charter on 5 September 2024, the Directors will observe and adhere to the Code of Conduct & Business Ethics going forward, replacing the Code of Ethics for Company Directors issued by the Companies Commission of Malaysia.

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 & Business Ethics of the YTL Group, which also sets out the whistleblowing policy and procedures, and the YTL Group’s Anti-Bribery & Corruption Policy, as detailed in the following section. A copy of the Code of Conduct & Business Ethics can be found on the Trust’s website at www.ytlhospitalityreit.com.

The Code of Conduct & 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. On 5 September 2024, the Code of Conduct & Business Ethics was updated to codify existing environmental, social and governance policies and general practices that apply across the YTL Group.

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 anti-bribery and corruption, as well as a cybersecurity refresher course.

Anti-Bribery & Corruption Policy (“ABC Policy”)

The objective of the ABC Policy is to further enforce the YTL Group’s Code of Conduct & 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. A copy of the ABC Policy can be found on the Trust’s website at www.ytlhospitalityreit.com.

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 is reviewed at least once every three years and amended as needed 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 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, and has been a highly effective component of the overall anti-bribery and corruption risk management process.

Directors and employees of the YTL Group in Malaysia are required to read and understand the ABC Policy and the Code of Conduct & 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.

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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 2024* 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.

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

With effect from 30 November 2023, Dato' Ahmad Fuaad Bin Mohd Dahalan was re-designated as a Non-Independent Non-Executive Director, from Independent Non-Executive Director, previously. The Board currently comprises 8 Directors (excluding 2 Alternate Directors), of which 4 are executive members and 4 are non-executive members.

The Independent Directors currently comprise 37.5% 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.

Board & 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 and 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.

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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 2024:-

Remuneration of Executive and Non-Executive Directors for the financial year ended 30 June 2024					
	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	8,028	-	-	2	8,030
Non-Executive Directors	-	830	42	-	872

Range of remuneration per annum	Executive Directors	Non-Executive Directors
RM50,000 and below	-	-
RM50,001 - RM200,000	-	-
RM200,001 - RM400,000	-	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.

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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 2024. 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	
Asia School of Business: Beyond Box-Ticking: Essentials for Effective Remuneration Committees (7 August 2023)	Datuk Mark Victor Rozario
YTL Anti-Bribery & Corruption (18 August 2023)	Datuk Mark Victor Rozario
YTL Anti-Bribery & Corruption Online Training - Module II: Gifts, Hospitality and Entertainment (18 August 2023)	Datuk Mark Victor Rozario
Bursa Malaysia: Advocacy Sessions for Directors and CEOs of Main Market Listed Issuers (22 August 2023)	Dato' Yeoh Soo Min
PETRONAS Board Conversation Series 2023: Sustainability Talk - Sustainability Transparency and Disclosure (30 August 2023)	Datuk Mark Victor Rozario
PGB BAC & BRC Sustainability Training (4 & 5 September 2023)	Datuk Mark Victor Rozario
YTL Anti-Bribery & Corruption Online Training - Module III: Whistleblowing & Code of Conduct & Business Ethics (6 September 2023)	Datuk Mark Victor Rozario
Anti-Bribery & Corruption (ABC) Refresher Course (6 September 2023)	Datuk Mark Victor Rozario
Dialog with Bursa on FTSE4GOOD ESG Ratings and ESG Development (3 October 2023)	Datuk Mark Victor Rozario
ICDM: Mandatory Accreditation Programme Part II: Leading for Impact (LIP) (25 & 26 October 2023)	Datuk Mark Victor Rozario
KPMG: Integration of Corporate Social Due Diligence Directive (14 November 2023)	Au Wei Lien
PETRONAS Board Conversation Series 2023: Sustainability Talk - Climate Action (24 November 2023)	Datuk Mark Victor Rozario

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Seminars/Conferences/Training	Attended by
ICDM Member's Exclusive with Deloitte: Climate Governance 101 - A Board's Guide to Effective Oversight (21 March 2024)	Datuk Mark Victor Rozario
The Global Cooperation and Training Framework (GCTF): Expert Forum on Climate Change and Energy Transition (2 May 2024)	Dato' Yeoh Soo Min
PETRONAS Board Conversation Series: Towards Net Zero (15 May 2024)	Datuk Mark Victor Rozario
BCG Board Sustainability Forum (23 May 2024)	Datuk Mark Victor Rozario
Managing NFR (Non-Financial Risks) as a Driver for Organisational Performance (10 June 2024)	Tan Sri (Sir) Francis Yeoh Sock Ping Dato' Mark Yeoh Seok Kah Dato' Yeoh Soo Min Dato' Yeoh Seok Kian Datuk Mark Victor Rozario Dato' Ahmad Fuaad Bin Mohd Dahalan 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)
PETRONAS Board Conversation Series: COP28 Reflection (11 June 2024)	Datuk Mark Victor Rozario
■ Leadership and Business Management/Real Estate Management/Retail Management/Building Management	
ICDM: Board NRC Dialogue & Networking: NRC's Role in Championing a Future-Focused Talent Agenda (26 July 2023)	Datuk Mark Victor Rozario
De Marq Training & Development: The Art of Negotiation (18 October 2023)	Yeoh Keong Shyan (Alternate Director to Dato' Yeoh Soo Min)
YTL LEAD Conference 2023 (16 November 2023)	Tan Sri (Sir) Francis Yeoh Sock Ping Dato' Mark Yeoh Seok Kah Dato' Yeoh Soo Min Dato' Yeoh Seok Kian Datuk Mark Victor Rozario Dato' Ahmad Fuaad Bin Mohd Dahalan 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)

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Seminars/Conferences/Training	Attended by
Skillgate Training Centre: Understand Basic Concept of Building Drawings, Layout Plans & Diagrams for Property Practitioners (7 December 2023)	Yeoh Keong Shyan (Alternate Director to Dato' Yeoh Soo Min)
The Innovation Catalyst: Transforming Challenges into Opportunities (7 May 2024)	Datuk Mark Victor Rozario
PPK Malaysia & MRA: SCAMinar - Understanding the Art of Deception (30 May 2024)	Yeoh Keong Shyan (Alternate Director to Dato' Yeoh Soo Min)
PPK Malaysia & BMAM: Building Management Series 2 - Sustainability and Practical Challenges (25 June 2024)	Yeoh Keong Shyan (Alternate Director to Dato' Yeoh Soo Min)
■ Cybersecurity/Technology/Finance/Economy/ Capital Markets/Investment/Taxation	
UBS Mid Year Outlook 2023 (26 July 2023)	Dato' Yeoh Soo Min
Symposium "The Path Towards Greater Prosperity for Malaysia" (18 October 2023)	Datuk Mark Victor Rozario
Cybersecurity Refresher Quiz Module (November 2023)	Dato' Mark Yeoh Seok Kah Dato' Yeoh Seok Kian Dato' Zainal Abidin Bin Ahmad
Government of Sarawak: Global Muslim Business Forum (<i>Speaker</i>) (28 - 30 November 2023)	Datuk Mark Victor Rozario
Zoom: Empowering Connections - The Transformative Potential of Unified Communications (UC) and Artificial Intelligence (AI) in Unified Experiences (6 December 2023)	Dato' Yeoh Soo Min
CGS - CIMB 16th Annual Malaysia Corporate Day (3 January 2024)	Datuk Mark Victor Rozario
J.P. Morgan: Outlook 2024 - Seeking Clarity through the Uncertainty (24 January 2024)	Dato' Yeoh Soo Min
Asia-Pacific Digital Innovation Expo (ADIE) 2024, Singapore (<i>Keynote Speaker</i>) (14 & 15 March 2024)	Datuk Mark Victor Rozario
SPARK SEA 2024 Tech Outlook Forum (<i>Speaker</i>) (4 April 2024)	Datuk Mark Victor Rozario
KPMG: TP bytes - Clock is Ticking, Act Fast (25 June 2024)	Au Wei Lien
10th China Digital Innovation Expo (CDIE), China (<i>Speaker</i>) (25 & 26 June 2024)	Datuk Mark Victor Rozario

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PRINCIPLE B: EFFECTIVE AUDIT & 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 Non-Executive Directors, the majority of whom are independent, in compliance with the Listing Requirements, 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.

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 six times during the financial year ended 30 June 2024. 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, which were updated and approved by the Board on 31 July 2023 to include the expanded scope of the Audit Committee in dealing with COI situations, 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. The policy includes, amongst others, a cooling off period of three years before a former audit partner of the external audit firm may be appointed as a member of the Audit Committee, and 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 2024 are as follows:-

	Trust RM'000	Group RM'000
Statutory audit fees paid/ payable to HLB	108	138
Non-audit fees paid/payable to HLB	6	6
Total	114	144

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.

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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 & 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.

In May 2024, the Board adopted a Conflict of Interest ("COI") Policy which is intended to ensure that any actual or potential COI that a Director and key senior management may have is appropriately dealt with or managed. The policy applies to the Directors and key senior management of the Manager and the YTL REIT Group and sets out guidance in identifying COI situations, disclosure and recusal requirements and the measures to be taken to resolve, eliminate or mitigate conflicts. The policy also expands the scope of the Audit Committee's review of COI situations and the measures taken to resolve, eliminate or mitigate any such conflicts.

To assist the Audit Committee in discharging its duties in this area, a 'COI Declaration Form' has been adopted together with the COI Policy for the purpose of identifying, evaluating, disclosure/reporting, monitoring, maintenance and management of COI situations.

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 41 years of internal and external audit experience.

During the financial year ended 30 June 2024, YTLIA comprised 10 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 has adopted best practices in internal auditing and initiated a Gap Assessment based on the Global Internal Audit Standards in July 2024.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

for the financial year ended 30 June 2024

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.

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 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

for the financial year ended 30 June 2024

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 eleventh AGM held on 12 October 2023.

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 in the 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.

Minutes of general meetings are posted on the Trust's website under the "Meetings" page, which can be accessed at the link below, no later than 30 business days after the general meeting:

- <https://www.ytlhospitalityreit.com/meetings>

The forthcoming twelfth 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 5 September 2024.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

for the financial year ended 30 June 2024

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 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 2024.

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 2024

- 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 including financing of corporate and investment funding requirements 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.
- 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 financial performance 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 evaluates 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 efficiency and 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 PRACTICES

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 these risks are managed in order to enhance unitholder value.

The Board assumes overall responsibility for the YTL REIT Group's risk management practices. Identifying, evaluating and managing significant risks faced by the Group is an ongoing process which is undertaken by senior management at each level of operations.

During the financial year under review, the Board's functions in the risk management practices 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.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

for the financial year ended 30 June 2024

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 and internal control systems. 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 Executive 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 2024, 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 5 September 2024.

AUDIT COMMITTEE REPORT

COMPOSITION

Datuk Mark Victor Rozario

(Chairman/Independent Non-Executive Director)

Dato' Ahmad Fuaad Bin Mohd Dahalan

(redesignated as Non-Independent Non-Executive Director on 30 November 2023)

(Member/Non-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 6 Audit Committee meetings were held and the details of attendance are as follows:

	Attendance
Datuk Mark Victor Rozario	6/6
Dato' Ahmad Fuaad Bin Mohd Dahalan	6/6
Dato' Zainal Abidin Bin Ahmad	6/6

SUMMARY OF WORK CARRIED OUT FOR THE FINANCIAL YEAR

The Audit Committee carried out the following work for the financial year ended 30 June 2024 in the discharge of its functions and duties:

1. Financial Reporting

- (a) Reviewed the unaudited quarterly financial reports and financial statements of YTL REIT ("Financial Reports") prior to its recommendation to the Board of Directors for approval.

- (b) In respect of the Financial Reports, the following matters were reviewed and discussed with management, with clarifications and/or additional information provided wherever required:

- 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, deferred tax liabilities, 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) Noted that the external auditors, HLB Ler Lum Chew PLT ("HLB"), had assigned a new Audit Engagement Partner for the statutory audit of the Group for the financial year ended 30 June 2024 due to rotation, as previously planned.

AUDIT COMMITTEE REPORT

- (b) Reviewed with the external auditors, HLB:
 - their final report on the audit of the financial statements for financial year ended 30 June 2024 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 2024 outlining, amongst others, their scope of work, areas of audit emphasis, multi-location audits, and development in laws and regulations affecting financial reporting and the responsibilities of directors/audit committee members and auditors.
- (c) Reviewed the audit fees proposed by HLB together with management and recommended the fees agreed by HLB to the Board of Directors for approval.
- (d) Had discussions with HLB without the presence of management twice on 20 May 2024 and 1 August 2024, to apprise on matters in regard to the audit and financial statements. No issues were raised by HLB.
- (e) Reviewed the profiles of the audit engagement team which enables the Audit Committee to assess their qualifications, expertise, resources, and independence, as well as the effectiveness of the audit process. 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.
- (f) Obtained written assurance from HLB that they have complied with the independence requirements and that their objectivity has not been compromised in accordance with regulatory and professional requirements.
- (g) Confirmed verbally by management, the internal auditors and all Audit Committee members that they had no knowledge of any actual, suspected or alleged fraud and non-compliance or suspected non-compliance with laws or regulations affecting the Group in response to an enquiry by the external auditors.
- (h) Assessed the performance of HLB for the financial year ended 30 June 2024 and recommended to the Board of Directors that HLB continue as the external auditors of YTL REIT.

- (i) Received the Condensed Transparency Report prepared by HLB, which contains the audit partner workload, auditors independence, professionals capacity and competency, and investment in audit quality.

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 internal audit plan for financial year ending 30 June 2025 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.
- (d) Reviewed the anti-bribery and corruption (“ABC”) risk assessment report to effectively managing the ABC risks identified within YTL REIT and the Group.
- (e) Reviewed the Internal Audit Charter to enhance and upgrade the internal audit activities to be consistent with the mandatory elements of the Institute of Internal Auditors International Professional Practices Framework, including its Standards Core Principles for the Professional Practice of Internal Auditing, Definition of Internal Auditing and Code of Ethics, prior to its recommendation to the Board of Directors for approval.

4. Related Party Transactions (“RPT”)

- (a) Reviewed, on a quarterly basis, the recurrent related party transactions of a revenue and trading nature (“RRPTs”) entered into by YTL REIT and/or its subsidiaries with related parties to ensure that the Group’s internal policies and procedures governing RRPTs are adhered to, and disclosure requirements of the Listing Requirements are observed.

AUDIT COMMITTEE REPORT

(b) Reviewed the following RPTs and/or RRPTs 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:

- Acquisition of Hotel Stripes Kuala Lumpur, Autograph Collection (“Hotel Stripes”) from Hotel 25 Sdn Bhd (“Hotel 25”) and lease of Hotel Stripes to Hotel 25.
- Renovation of Ipoh Hotel (formerly known as Syeun Hotel).

5. Annual Report

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 2024 Annual Report.

6. Amendments to Terms of Reference (“TOR”)

Reviewed the proposed amendments to its TOR to reflect revised Paragraph 15.12(1)(h) of the Listing Requirements pertaining to the expanded scope of work or function of the audit committee in the review of conflict of interest situations, prior to its recommendation to the Board of Directors for approval.

7. Conflict of Interest (“COI”)

- (a) Reviewed and adopted a COI Policy, together with the ‘COI Declaration Form’, for the purpose of identifying, evaluating, disclosure/reporting, monitoring, maintenance and management of COI situations.
- (b) Reviewed the disclosure of actual or potential COI, including interest in any competing business, submitted by the Directors and key senior management of the Company and its subsidiaries via the ‘COI Declaration Form’ to the Secretary, who then escalated the same to the Audit Committee for assessment, conflict management and/or mitigation. No COI were disclosed based on the declaration forms received and this was subsequently reported to the Board.

INTERNAL AUDIT FUNCTION

The Group’s internal audit function is carried out by the internal audit department within the YTL Corporation Berhad Group (“YTLIA”), which provides assurance on the efficiency and effectiveness of the internal control systems implemented by management, and reports functionally to the Audit Committee.

Every YTLIA team member has confirmed that they are free from conflict of interest or any relationship that could impair their objectivity and independence as internal auditors.

The Audit Committee reviews annually the adequacy of the scope, function, competency and resources of YTLIA to ensure that it is able to fully discharge its responsibilities. Details of the resources and the qualifications of the head of YTLIA are set out in the Corporate Governance Overview Statement.

During the financial year, the YTLIA 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 for the year under review include the following:

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 RRPTs 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 RM17,099 were incurred in relation to the internal audit function for the financial year ended 30 June 2024.

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 2024, 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 23 August 2024

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	532	3.25	5,249	0.00
100 - 1,000	3,826	23.36	2,826,020	0.17
1,001 - 10,000	7,331	44.76	36,563,365	2.15
10,001 - 100,000	3,905	23.84	132,672,294	7.78
100,001 - to less than 5% of issued units	782	4.78	672,041,072	39.43
5% and above of issued units	1	0.01	860,280,889	50.47
Total	16,377	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	64,250,000	3.77
4 Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (AHAM AM)	31,261,100	1.83
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 Megahub Development Sdn Bhd	13,250,000	0.78
10 Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (AMUNDI)	13,085,300	0.77
11 HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for Zurich Life Insurance Malaysia Berhad (NP-OTHER-REITS)	12,379,400	0.73
12 Amanah Raya Berhad - Kumpulan Wang Bersama	11,968,000	0.70
13 Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (AM INV)	8,553,600	0.50

ANALYSIS OF UNITHOLDINGS

as at 23 August 2024

	Name	No. of Units	%
14	HSBC Nominees (Asing) Sdn Bhd - SIX SIS for Bank Sarasin CIE	8,400,000	0.49
15	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (ARIM)	8,058,000	0.47
16	YTL Power International Berhad	7,964,600	0.47
17	Steeloak International Limited	7,900,000	0.46
18	Citigroup Nominees (Tempatan) Sdn Bhd - Kumpulan Wang Persaraan (Diperbadankan) (AHAM AM EQ)	7,833,000	0.46
19	HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for Zurich Life Insurance Malaysia Berhad (LIFE PAR)	7,404,300	0.43
20	Cartaban Nominees (Tempatan) Sdn Bhd - Pamb for Prulink Equity Income	6,713,000	0.39
21	Citigroup Nominees (Tempatan) Sdn Bhd - Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	5,510,700	0.32
22	Khoo Chai Ee	5,366,300	0.31
23	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad - Deutsche Trustees Malaysia Berhad for Eastspring Investment Security Income Fund	5,036,000	0.30
24	Dato' Mark Yeoh Seok Kah	5,000,000	0.29
25	HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for Zurich General Insurance Malaysia Berhad (GI-REITS)	4,897,700	0.29
26	HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for Singular Value Fund	4,474,100	0.26
27	Citigroup Nominees (Asing) Sdn Bhd - CBNY for DFA International Real Estate Securities Portfolio of DFA Investment Dimensions Group Inc	4,411,100	0.26
28	Phillip Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Goh Leng Pheow	4,300,000	0.25
29	CIMB Group Nominees (Tempatan) Sdn Bhd - Exempt An for Petroliaam Nasional Berhad (PET-AMFUNDS-EQET)	4,020,000	0.24
30	Adrienne Ho Chau Yean	3,700,000	0.22
	Total	1,268,257,589	74.41

ANALYSIS OF UNITHOLDINGS

as at 23 August 2024

SUBSTANTIAL UNITHOLDERS

Name	No. of Units Held			
	Direct	%	Indirect	%
YTL Corporation Berhad	937,464,189	55.00	61,839,500 ⁽¹⁾	3.63
Yeoh Tiong Lay & Sons Holdings Sdn Bhd	-	-	1,101,053,689 ⁽²⁾	64.60
Yeoh Tiong Lay & Sons Family Holdings Limited	-	-	1,101,053,689 ⁽³⁾	64.60
Yeoh Tiong Lay & Sons Trust Company Limited	-	-	1,101,053,689 ⁽⁴⁾	64.60
Puan Sri Datin Seri Tan Kai Yong @ Tan Kay Neong	-	-	1,101,053,689 ⁽⁵⁾	64.60

⁽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 Pelancongan 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 ("**YTL SF**") 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 YTL SF 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 23 August 2024

Name	No. of Units Held			
	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	2,000,000 ⁽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' Mark Yeoh Seok Kah)	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 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.



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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 2024.

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

Dato' Yeoh Seok Kian

Datuk Mark Victor Rozario

Dato' Ahmad Fuaad Bin Mohd Dahalan

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)

MANAGER'S REPORT

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 2024, 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 1.7.2023	No. of units acquired	No. of units disposed	Balance at 30.6.2024
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	-	2,000,000 ⁽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⁾	1,750,000	(1,750,000)	64,250,000 ⁽⁴⁾

⁽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.

⁽⁴⁾ Deemed interests by virtue of interests held by East-West Ventures 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.

MANAGER'S REPORT

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	534	3.32	5,401	0.00
100 to 1,000	3,769	23.42	2,797,888	0.16
1,001 to 10,000	7,194	44.71	35,762,509	2.10
10,001 to 100,000	3,816	23.71	129,750,594	7.61
100,001 to less than 5% of issued units	777	4.83	675,791,608	39.65
5% and above of issued units	1	0.01	860,280,889	50.48
	16,091	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 Notes 7 and 32 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	18 October 2006, 18 October 2006, 5 May 2017, 30 July 2020 and 1 January 2024*
Date of deed of novation	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 RM78,416,547
Mode of satisfaction of the consideration	By cash
Relationship with the major unitholder	Wholly-owned subsidiary company

* Agreements for lease dated 8 March 2005, 20 June 2019 and 30 July 2020 as well as a deed of novation dated 16 December 2005 in respect of JW Marriott Hotel Kuala Lumpur which expired on 31 December 2023 were renewed by the agreement dated 1 January 2024.

MANAGER'S REPORT

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 RM5,049,888
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, 30 July 2020 and 19 September 2023
General nature	Agreement for lease, Supplemental Agreement and Second Supplemental Agreement
Consideration passing to the Trust	Annual lease rental of RM10,391,158
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, 30 July 2020 and 19 September 2023
General nature	Agreement for lease, Supplemental Agreement and Second Supplemental Agreement
Consideration passing to the Trust	Annual lease rental of RM10,400,492
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, 30 July 2020 and 19 September 2023
General nature	Agreement for lease, Supplemental Agreement and Second Supplemental Agreement
Consideration passing to the Trust	Annual lease rental of RM7,607,498
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 RM29,477,519
Mode of satisfaction of the consideration	By cash
Relationship with the major unitholder	Wholly-owned subsidiary company

MANAGER'S REPORT

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 RM26,002,231
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 RM10,604,764
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 RM8,837,303
Mode of satisfaction of the consideration	By cash
Relationship with the major unitholder	Company related to an alternate 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 RM2,140,239
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 RM31,920,000
Mode of satisfaction of the consideration	By cash
Relationship with the major unitholder	Wholly-owned subsidiary company

MANAGER'S REPORT

MATERIAL CONTRACTS (CONT'D.)

Name	Hotel 25 Sdn. Bhd.
Date of agreement	31 October 2023
General nature	Agreement for lease
Consideration passing to the Trust	Annual lease rental of RM6,465,968
Mode of satisfaction of the consideration	By cash
Relationship with the major unitholder	Wholly-owned subsidiary company

Name	Syarikat Pembinaan Yeoh Tiong Lay Sdn. Bhd.
Date of agreement	21 June 2024
General nature	Agreement for refurbishment
Total contract sum	RM55,000,000
Mode of payment	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 Notes 7 and 32 to the financial statements.

MANAGER'S REPORT

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 necessitate 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.

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.

MANAGER'S REPORT**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,

Tan Sri (Sir) Francis Yeoh Sock Ping, PSM, KBE

Dato' Mark Yeoh Seok Kah

Dated: 5 September 2024

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 2024 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,

Tan Sri (Sir) Francis Yeoh Sock Ping, PSM, KBE

Dato' Mark Yeoh Seok Kah

Dated: 5 September 2024

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 5 September 2024

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 2024. 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 2024.

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 2024 are in line with and are reflective of the objectives of the Trust.

For **Maybank Trustees Berhad**

[Company No.: 196301000109 (5004-P)]

NORADILAH BINTI NORDIN

Head, Corporate Trust

Dated: 5 September 2024

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 2024 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 material accounting policy information, as set out on pages 113 to 176.

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 2024, 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 and the requirements of the Securities Commission Malaysia's Guidelines on Listed Real Estate Investment Trusts.

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. Fair value of investment properties

The risk

We refer to Notes 2(e)(i), 3(a)(i) and 12 to the financial statements.

As at 30 June 2024, the Group's and the Trust's investment properties, carried at fair value, amounted to RM3,029.057 million and RM2,538.600 million respectively.

The fair value of the Group's and Trust's fair values are primarily determined based on independent professional valuations using the income capitalisation approach, which estimates the rental income stream, net projected operating costs, using capitalisation rates derived from market yields which were reflected accordingly in the key assumptions in determining the fair value of the investment properties. Valuation is carried out on the investment properties by independent professional valuers every year.

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.

INDEPENDENT AUDITORS' REPORT

to the Unitholders of YTL Hospitality REIT

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

Key Audit Matters (cont'd.)

1. Fair value of investment properties (cont'd.)

How our audit addressed the key audit matter

Our and component auditors' audit procedures included the following:

- evaluated the competence, capability and objectivity of the external valuers based on their professional qualifications and relevant experience in the segment of investment properties being valued.
- discussed the methodology and assumptions used in the valuation and assessed the reasonableness of the assumptions with the external valuers.
- tested a sample of the input data used in the valuation reports such as rental rates, rental periods and outgoings to the underlying lease agreements and other supporting documentation.
- 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 and assessed the reasonableness of the assumptions.

2. Revaluation of freehold land and buildings

The risk

We refer to Notes 2(e)(ii), 3(b) and 13 to the financial statements.

As at 30 June 2024, the Group's freehold land and buildings classified as property, plant and equipment measured based on the revaluation model amounted to RM2,033.437 million.

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 an independent professional valuer every year.

The valuation of freehold land and buildings is significant to our audit due to their magnitude and the complexities in determining the valuation of these land and buildings which has a 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.

How our audit addressed the key audit matter

Our and component auditors' audit procedures included the following:

- evaluated the competence, capability and objectivity of the external valuers based on their professional qualifications and relevant experience in the segment of freehold land and buildings being valued.
- checked the accuracy and completeness of the input data used in the valuations.
- used component auditors' internal valuation specialist in assessing the 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 and the requirements of the Securities Commission Malaysia's Guidelines on Listed Real Estate Investment Trusts. 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.

INDEPENDENT AUDITORS' REPORT to the Unitholders of YTL Hospitality REIT

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

CHEW LOONG JIN

03279/03/2025 J

Chartered Accountant

Dated : 5 September 2024

Kuala Lumpur

INCOME STATEMENTS

for the financial year ended 30 June 2024

	Note	Group		Trust	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Revenue					
- Hotel revenue	4	373,689	313,407	-	-
- Property revenue	4	181,219	173,423	154,024	146,145
Total revenue		554,908	486,830	154,024	146,145
Operating expenses					
- Hotel operating expenses	5	(254,018)	(224,503)	-	-
- Property operating expenses	5	(11,363)	(11,056)	(7,971)	(7,441)
Total operating expenses		(265,381)	(235,559)	(7,971)	(7,441)
Net property income		289,527	251,271	146,053	138,704
Finance income	6	5,423	1,894	94,695	81,081
Other income - others	6	2,057	2,334	126	626
Expenses					
- Manager's fees	7	(11,062)	(9,976)	(11,062)	(9,976)
- Trustee's fees	8	(1,581)	(1,485)	(1,581)	(1,485)
- Depreciation		(63,313)	(60,421)	(3)	(3)
- Finance costs	9	(121,318)	(93,879)	(121,224)	(93,787)
- Administration expenses		(6,173)	(3,668)	(609)	(392)
- Auditors' remuneration		(909)	(796)	(138)	(129)
- Tax agent's fees		(282)	(198)	(12)	(12)
- Valuation fees		(464)	(482)	(464)	(407)
- Unrealised (loss)/gain on foreign exchange		(210)	(6,012)	(8,184)	3,398
Changes in fair value					
- Fair value of investment properties:					
- As per valuation reports	12	50,240	36,762	27,914	16,147
- Unrealised lease income	12	24,091	7,468	21,808	5,827
- Reversal of revaluation decrement on property, plant and equipment		18,402	23,820	-	-
Profit before tax		184,428	146,632	147,319	139,592
Income tax expense	10	(6,421)	(5,411)	(1,293)	(1,355)
Profit after tax		178,007	141,221	146,026	138,237

The accompanying notes form an integral part of the financial statements.

INCOME STATEMENTS

for the financial year ended 30 June 2024

	Note	Group		Trust	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Profit after tax		178,007	141,221	146,026	138,237
Distribution adjustments					
- Unrealised lease income		46,095	15,635	43,812	13,995
- Depreciation		63,313	60,421	3	3
- Fair value changes on properties		(92,733)	(68,050)	(49,722)	(21,974)
- Net income from foreign operations		(46,589)	(28,376)	-	-
- Unrealised foreign translation differences		210	6,012	8,184	(3,398)
Income available for distribution		148,303	126,863	148,303	126,863
Net income distribution					
- Interim income distribution paid on 27 March 2024 (2023: paid on 30 March 2023)		71,211	52,154	71,211	52,154
- Final income distribution paid on 30 August 2024 (2023: paid on 30 August 2023)		69,676	74,709	69,676	74,709
Total income distribution		140,887	126,863	140,887	126,863
Income distribution per unit					
Interim income distribution					
- Gross (sen)		4.1781	3.0600	4.1781	3.0600
Final income distribution					
- Gross (sen)		4.0880	4.3833	4.0880	4.3833
Total income distribution per unit (sen)		8.2661	7.4433	8.2661	7.4433
Earnings per unit					
- after manager's fees (sen)	11	10.44	8.29	8.57	8.11
- before manager's fees (sen)	11	11.09	8.87	9.22	8.70

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF OTHER COMPREHENSIVE INCOME

for the financial year ended 30 June 2024

	Group		Trust	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Profit after tax	178,007	141,221	146,026	138,237
Other comprehensive (loss)/income				
Item that may be reclassified subsequently to income statement				
- currency translation differences	(26,102)	29,500	-	-
Item that will not be reclassified subsequently to income statement				
- surplus on revaluation of properties	58,227	90,797	-	-
Total comprehensive income	210,132	261,518	146,026	138,237
Profit after tax is made up as follows:-				
Realised and distributable	194,892	155,239	148,303	126,863
Unrealised items	(16,885)	(14,018)	(2,277)	11,374
	178,007	141,221	146,026	138,237
Total comprehensive income is made up as follows:-				
Profit after tax	178,007	141,221	146,026	138,237
Surplus on revaluation of properties	58,227	90,797	-	-
Unrealised currency translation differences	(26,102)	29,500	-	-
	210,132	261,518	146,026	138,237

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

as at 30 June 2024

	Note	Group		Trust	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
ASSETS					
Non-current assets					
Investment properties	12	3,052,259	2,792,750	2,538,600	2,275,000
Property, plant and equipment	13	2,118,453	2,085,578	-	-
Unrealised lease income	14	-	22,004	-	22,004
Right-of-use asset	15	195	198	195	198
Investment in subsidiaries	16	-	-	550,098	538,714
Amount due from subsidiaries	16	-	-	1,353,110	1,368,547
Deferred tax assets	17	3,389	3,096	-	-
		5,174,296	4,903,626	4,442,003	4,204,463
Current assets					
Inventories	18	686	710	-	-
Trade receivables	19	12,864	10,811	179	-
Other receivables & prepayments	20	24,930	28,525	1,061	671
Amount due from subsidiaries	16	-	-	117,134	120,201
Income tax assets		1	7	-	-
Deposits with licensed financial institutions	21	111,172	74,660	83,401	74,660
Cash at banks		122,529	108,939	8,927	6,249
		272,182	223,652	210,702	201,781
Total assets		5,446,478	5,127,278	4,652,705	4,406,244
UNITHOLDERS' FUNDS AND LIABILITIES					
Unitholders' funds					
Unitholders' capital	22	1,690,806	1,690,806	1,690,806	1,690,806
Undistributed realised income		267,789	213,784	207,810	200,394
Reserves	23	1,018,053	1,002,813	352,428	354,705
Total unitholders' funds/Net asset value ("NAV")		2,976,648	2,907,403	2,251,044	2,245,905

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

as at 30 June 2024

	Note	Group		Trust	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
LIABILITIES					
Non-current liabilities					
Borrowings	24	445,762	1,076,500	445,762	1,076,500
Medium Term Notes	25	675,000	815,000	-	-
Lease liability	15	202	202	202	202
Other payables	26	1,443	1,261	-	-
Amount due to a subsidiary	16	-	-	675,000	815,000
		1,122,407	1,892,963	1,120,964	1,891,702
Current liabilities					
Borrowings	24	811,939	174,481	811,939	174,481
Medium Term Notes	25	385,000	-	-	-
Trade payables	27	10,654	6,486	-	-
Other payables	26	66,872	67,219	14,112	19,447
Amount due to a subsidiary	16	-	-	384,970	-
Income tax liabilities		3,282	4,017	-	-
Provision for income distribution	28	69,676	74,709	69,676	74,709
		1,347,423	326,912	1,280,697	268,637
Total liabilities		2,469,830	2,219,875	2,401,661	2,160,339
Total unitholders' funds and liabilities		5,446,478	5,127,278	4,652,705	4,406,244
NAV before distribution		3,117,535	3,034,266	2,391,931	2,372,768
NAV after distribution		2,976,648	2,907,403	2,251,044	2,245,905
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		1.829	1.780	1.403	1.392
- after income distribution		1.746	1.706	1.321	1.318

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN NET ASSET VALUE

for the financial year ended 30 June 2024

	Distributable		Non-distributable			Total Unitholders' Funds RM'000
	Unitholders' Capital RM'000	Undistributed Realised Income RM'000	Unrealised Loss RM'000	Currency Translation Reserves RM'000	Revaluation Reserve RM'000	
Group - 2024						
At 1 July 2023	1,690,806	213,784	(201,843)	(148,806)	1,353,462	2,907,403
Operations for the financial year ended 30 June 2024						
Profit/(Loss) for the year	-	194,892	(16,885)	-	-	178,007
Revaluation surplus	-	-	-	-	58,227	58,227
Currency translation differences	-	-	-	(38,612)	12,510	(26,102)
Total other comprehensive (loss)/income	-	-	-	(38,612)	70,737	32,125
Total comprehensive income/(loss) for the year	-	194,892	(16,885)	(38,612)	70,737	210,132
Unitholders transactions						
Distributions paid	-	(71,211)	-	-	-	(71,211)
Provision for income distribution (Note 28)	-	(69,676)	-	-	-	(69,676)
Decrease in net assets resulting from unitholders transactions	-	(140,887)	-	-	-	(140,887)
At 30 June 2024	1,690,806	267,789	(218,728)	(187,418)	1,424,199	2,976,648
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 surplus	-	-	-	-	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

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN NET ASSET VALUE

for the financial year ended 30 June 2024

	Distributable		<----- Non-distributable ----->			Total Unitholders' Funds RM'000
	Unitholders' Capital RM'000	Undistributed Realised Income RM'000	Unrealised Income RM'000	Currency Translation Reserves RM'000	Revaluation Reserve RM'000	
Trust - 2024						
At 1 July 2023	1,690,806	200,394	354,705	-	-	2,245,905
Operations for the financial year ended 30 June 2024						
Profit/(Loss) for the year	-	148,303	(2,277)	-	-	146,026
Total comprehensive income/(loss) for the year	-	148,303	(2,277)	-	-	146,026
Unitholders transactions						
Distributions paid	-	(71,211)	-	-	-	(71,211)
Provision for income distribution (Note 28)	-	(69,676)	-	-	-	(69,676)
Decrease in net assets resulting from unitholders transactions	-	(140,887)	-	-	-	(140,887)
At 30 June 2024	1,690,806	207,810	352,428	-	-	2,251,044
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

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

for the financial year ended 30 June 2024

	Group		Trust	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	184,428	146,632	147,319	139,592
Adjustments for:				
Amortisation of transaction costs	2,415	2,100	2,415	2,100
Depreciation	63,313	60,421	3	3
Fair value changes	(92,733)	(68,050)	(49,722)	(21,974)
Interest income	(5,423)	(1,894)	(94,695)	(81,081)
Interest expense	118,672	91,549	118,672	91,549
Loss on disposal of property, plant and equipment	39	30	-	-
Unrealised loss/(gain) on foreign exchange	210	6,012	8,184	(3,398)
Operating profit before changes in working capital	270,921	236,800	132,176	126,791
Decrease/(Increase) in inventories	31	(175)	-	-
Decrease in receivables	36,659	35,963	43,243	42,822
Increase/(Decrease) in payables	6,087	19,702	(6,306)	3,090
Inter-company balances	-	-	2,643	208
Cash generated from operations	313,698	292,290	171,756	172,911
Income tax paid	(7,459)	(3,290)	-	-
Income tax refunded	17	-	-	-
Net cash from operating activities	306,256	289,000	171,756	172,911
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	5,423	1,894	94,695	81,081
Acquisition of property, plant and equipment	(4,814)	(15,554)	-	-
Enhancements of investment properties	(37,773)	(853)	(37,773)	(853)
Capital expenditure on investment property under development	(13,303)	-	-	-
Acquisition of investment properties	(195,102)	-	(195,102)	-
Net cash (used in)/from investing activities	(245,569)	(14,513)	(138,180)	80,228

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

for the financial year ended 30 June 2024

	Group		Trust	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Distribution paid	(145,920)	(87,384)	(145,920)	(87,384)
Interest paid	(120,498)	(91,539)	(120,498)	(91,539)
Proceeds from borrowings	257,684	5,192	1,300	-
Advance from subsidiary	-	-	245,000	-
Transaction costs paid	(1,530)	(2,827)	(1,439)	(8)
Payment of lease liability	(11)	(11)	(11)	(11)
Net cash used in financing activities	(10,275)	(176,569)	(21,568)	(178,942)
Net changes in cash and cash equivalents	50,412	97,918	12,008	74,197
Effect on exchange rate changes	(310)	2,048	(589)	175
Cash and cash equivalents at beginning of the financial year	183,599	83,633	80,909	6,537
Cash and cash equivalents at end of the financial year	233,701	183,599	92,328	80,909
NOTES TO THE STATEMENTS OF CASH FLOWS				
Cash and cash equivalents comprise:-				
Deposits with licensed financial institutions	111,172	74,660	83,401	74,660
Cash at banks	122,529	108,939	8,927	6,249
	233,701	183,599	92,328	80,909
Analysis of enhancement of investment properties:-				
Cash	-	853	-	853
Cash drawdown from borrowings	37,773	-	-	-
Cash drawdown from advance from subsidiary	-	-	37,773	-
Accruals	974	-	974	-
	38,747	853	38,747	853
Analysis of capital expenditure on investment property under development:-				
Cash	13,303	-	-	-
Prepayments	11,584	-	-	-
	24,887	-	-	-

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

for the financial year ended 30 June 2024

Reconciliation of liabilities arising from financing activities

	Group		Trust	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Borrowings, Medium Term Notes, lease liability, and amount due to a subsidiary				
At beginning of the financial year	2,066,183	2,038,753	2,066,183	2,038,753
<u>Cash (outflow)/inflow</u>				
Interest paid	(120,498)	(91,539)	(120,498)	(91,539)
Advance from subsidiary	-	-	245,000	-
Proceeds from borrowings	257,684	5,192	1,300	-
Transaction costs paid	(1,530)	(2,827)	(1,439)	(8)
Payment of lease liability	(11)	(11)	(11)	(11)
<u>Non-cash changes</u>				
Additional investment in subsidiary (Note 16)*	-	-	11,384	5,192
Inter-company balance **	-	-	(91)	(2,819)
Finance costs	121,087	93,649	121,087	93,649
Finance costs capitalised	1,837	-	1,837	-
Currency translation differences	(6,849)	22,966	(6,849)	22,966
At end of the financial year	2,317,903	2,066,183	2,317,903	2,066,183

* 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:-

	Note	Group		Trust	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Non-current liabilities					
Borrowings	24	445,762	1,076,500	445,762	1,076,500
Medium Term Notes	25	675,000	815,000	-	-
Lease liability	15	202	202	202	202
Amount due to a subsidiary	16	-	-	675,000	815,000
Current liabilities					
Borrowings	24	811,939	174,481	811,939	174,481
Medium Term Notes	25	385,000	-	-	-
Amount due to a subsidiary	16	-	-	385,000	-
		2,317,903	2,066,183	2,317,903	2,066,183

The accompanying 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 2024 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 and basis of accounting

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 material accounting policy information).

As at 30 June 2024, the Group and the Trust have net current liabilities amounting to RM1,075.241 million and RM1,069.995 million respectively. The net current liabilities position is mainly due to the maturity of its borrowings which comprise of a term loan and a medium term note amounting to RM813.124 million and RM385.000 million respectively, maturing during the next financial year ending 30 June 2025. The borrowings are secured by the investment properties and property, plant and equipment as disclosed in Note 12 and Note 13 to the financial statements. The Directors of the Manager are confident that these borrowings will be refinanced by the existing debts programme based on past precedent and the Trust's historical track record, underpinned by the yield and stability of the underlying assets. Hence, the Directors of the Manager have determined the appropriateness of the going concern assumption in preparation of the financial statements of the Group and of the Trust.

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (CONT'D.)**(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 has been rounded to the nearest thousand ('000), unless otherwise stated.

(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 2023.

MFRS and IC Interpretations (Including The Consequential Amendments)

Amendments to MFRS 101, Presentation of Financial Statements – Disclosure of Accounting Policies

Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates

Amendments to MFRS 112, Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Amendments to MFRS 112, Income Taxes – International Tax Reform – Pillar Two Model Rules

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

The Amendments to MFRS 101, Presentation of Financial Statements – Disclosure of Accounting Policies did not result in any changes to the existing accounting policies of the Group and of the Trust. The amendments require the disclosure of 'material' rather than 'significant' accounting policies, which are useful and specific to the Group and the Trust. The Group and the Trust have made updates to the accounting policies presented in Note 3 to the financial statements in line with the amendments.

(d) The new or revised financial reporting standards effective for financial year beginning on or after 1 July 2024

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
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 121, The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability	1 January 2025
Amendments to MFRS 7, Financial Instruments : Disclosures and MFRS 9, Financial Instruments – Amendments to the Classification and Measurement of Financial Instruments	1 January 2026

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (CONT'D.)**(d) The new or revised financial reporting standards effective for financial year beginning on or after 1 July 2024 (cont'd.)**

MFRS and IC Interpretations (Including The Consequential Amendments)	Effective date
MFRS 18, Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19, Subsidiaries without Public Accountability: Disclosures	1 January 2027
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

The Group and the Trust plan to apply the accounting standards, amendments and interpretations when they become effective.

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 the 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.

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (CONT'D.)

(e) Use of estimates and judgements (cont'd.)

(iii) 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICY INFORMATION**(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 and the Trust hold it to earn rental income or for capital appreciation or both.

(ii) Investment properties carried at cost

Investment properties include properties that are being constructed or developed for future use. Upon completion, the investment properties are held for long term rental yield or for capital appreciation or both.

The cost comprises its acquisition cost and costs which is directly attributable to the acquisition of the investment properties. For self-developed investment property, the cost includes materials, direct labour, capitalised borrowing costs and any other costs directly attributable in bringing the investment property to a working condition for its intended use.

For investment property under development which the fair value is not reliably measurable on a continuing basis, it is measured at cost until either its fair value becomes reliably measurable or development is completed, whichever is earlier.

(iii) 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.

NOTES TO THE FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)**(a) Investment properties (cont'd.)****(iii) Determination of fair value (cont'd.)**

Valuations 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) Property, plant and equipment, and depreciation

Property, plant and 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.

Depreciation on property, plant and equipment is calculated on the straight-line basis at rates required to write off the cost of the property, plant and 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% - 18.8%

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

NOTES TO THE FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)**(b) Property, plant and equipment, and depreciation (cont'd.)**

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 and 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.

(c) 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)

(d) 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.

(e) 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.

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.

Amortised cost

The Group's and the Trust's financial assets include trade and other receivables, amount due from subsidiaries and cash and cash equivalent.

Financial assets that are held for collection of contractual cash flows 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(f) below.

NOTES TO THE FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)**(f) 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. The Group and the Trust consider reasonable and supportable information that is relevant and available when estimating ECL 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.

(g) 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 financial liabilities include trade and other payables, amount due to a subsidiary, lease liabilities and borrowings.

Trade and other payables, lease liabilities 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.

Gains and losses are recognised in the income statement when the liabilities are derecognised, and through amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished.

NOTES TO THE FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)

(h) 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).

(i) Income tax and deferred tax

Income tax on the profit or loss for the financial year comprises current and deferred tax.

Where investment properties and property, plant and equipment are carried at their fair value or revaluation in accordance with the accounting policies set out in Notes 3(a) and 3(b) respectively, 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 gains tax.

(j) 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.

NOTES TO THE FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D.)**(j) Revenue recognition (cont'd.)****(i) Revenue from contracts with customers (cont'd.)****Hotel revenue (cont'd.)**

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 and the Trust are as follows:-

(a) Rental income from operating leases and other related charges**Property revenue**

Rental income from operating leases is recognised in the 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.

(k) 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 the income statement.

(ii) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the closing rate of exchange ruling at the reporting date and income and expenses are translated at average exchange rates. 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 the income statement.

NOTES TO THE FINANCIAL STATEMENTS

4. REVENUE

	Group		Trust	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<u>Revenue from contracts with customers</u>				
Hotel revenue				
- Rooms	304,131	249,911	-	-
- Food and beverage income	56,885	52,239	-	-
- Other hotel operating income	12,673	11,257	-	-
	373,689	313,407	-	-
<u>Rental income from operating leases</u>				
Property revenue (Note 12)				
- Rental income	225,174	186,919	195,696	158,001
- Unrealised lease income	(46,095)	(15,635)	(43,812)	(13,995)
- Car park income	2,140	2,139	2,140	2,139
	181,219	173,423	154,024	146,145
Total revenue	554,908	486,830	154,024	146,145

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 unrealised 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.

NOTES TO THE FINANCIAL STATEMENTS

5. OPERATING EXPENSES

	Group		Trust	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Hotel operating expenses				
- Operating expenses	145,257	130,382	-	-
- Repair and maintenance expenses	14,380	12,658	-	-
- Utilities	7,601	6,671	-	-
- Property taxes	12,351	11,719	-	-
- Insurance	1,156	848	-	-
- General and administration expenses	58,549	50,720	-	-
- Other direct expenses	14,724	11,505	-	-
	254,018	224,503	-	-
Property operating expenses (Note 12)				
- Property taxes	7,760	7,686	5,643	5,444
- Insurance	3,233	2,872	2,328	1,997
- Property maintenance	370	498	-	-
	11,363	11,056	7,971	7,441
Total operating expenses	265,381	235,559	7,971	7,441

The staff benefit expense recognised in hotel operating expenses is in respect of the following:-

	Group		Trust	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Salaries, wages and bonus	66,363	60,549	-	-
Defined contribution plan	23,824	21,735	-	-
	90,187	82,284	-	-

NOTES TO THE FINANCIAL STATEMENTS

6. FINANCE & OTHER INCOME

	Group		Trust	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Finance income from financial assets measured at amortised cost				
- Financial institution deposits interests	5,423	1,894	1,380	171
- Subsidiary loan interests	-	-	93,315	80,910
Finance income	5,423	1,894	94,695	81,081
Other income - others includes the following items				
- Currency exchange gains - realised	-	437	-	437
- Management fee income	-	-	126	189

7. MANAGER'S FEES

	Note	Group/Trust	
		2024 RM'000	2023 RM'000
Base fee	7(a)	5,271	4,950
Performance fee	7(b)	5,791	5,026
		11,062	9,976

- (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.

NOTES TO THE FINANCIAL STATEMENTS

9. FINANCE COSTS

	Note	Group		Trust	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Interest expense					
- Term loans	24	71,517	53,886	71,517	53,886
- Medium Term Notes	25	47,144	37,653	-	-
- Subsidiary	16	-	-	47,144	37,653
- Lease liability	15	11	10	11	10
Incidental costs incurred to administer the borrowing facilities					
- Amortisation of transaction costs		2,415	2,100	2,415	2,100
- Facility fee		215	214	125	124
- Transaction costs		16	16	12	14
		121,318	93,879	121,224	93,787

10. INCOME TAX EXPENSE

	Note	Group		Trust	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Current income tax					
- Malaysian income tax					
- current year		331	53	-	-
- Foreign income tax*					
- current year		6,284	6,239	1,293	1,355
- under provision in prior years		68	9	-	-
Deferred tax					
- Origination and reversal of temporary differences	17	(262)	(890)	-	-
		6,421	5,411	1,293	1,355

The Trust has declared approximately 95% (2023: 100%) 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.

NOTES TO THE FINANCIAL STATEMENTS

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	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Profit before tax	184,428	146,632	147,319	139,592
Income tax using Malaysian statutory tax rate of 24% (2023: 24%)	44,263	35,192	35,357	33,502
Expenses not deductible for tax purposes	17,213	28,518	13,502	7,514
Utilisation of capital allowances	(9,661)	(8,056)	(9,661)	(8,056)
Income exempted from tax	(331)	(41)	(331)	(41)
Income not subject to tax	(45,565)	(48,968)	(37,574)	(31,564)
Different tax rates in other countries	434	(1,243)	-	-
Under provision in prior years	68	9	-	-
Income tax expense	6,421	5,411	1,293	1,355

11. EARNINGS PER UNIT

	Group		Trust	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Profit for the year after manager's fees	178,007	141,221	146,026	138,237
Profit for the year before manager's fees	189,069	151,197	157,088	148,213
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)	10.44	8.29	8.57	8.11
Earnings per unit before manager's fees (sen)	11.09	8.87	9.22	8.70

NOTES TO THE FINANCIAL STATEMENTS

12. INVESTMENT PROPERTIES

	Group		Trust	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<u>Completed properties at fair value</u>				
At beginning of the financial year	2,792,750	2,754,328	2,275,000	2,258,000
Acquisitions	195,102	-	195,102	-
Enhancements	38,747	853	38,747	853
Changes in fair value:				
- Per valuation reports	50,240	36,762	27,914	16,147
- Unrealised lease income	24,091	7,468	21,808	5,827
Unrealised lease income (Note 14)	(24,091)	(7,468)	(21,808)	(5,827)
Finance costs capitalised	1,837	-	1,837	-
Currency translation differences	(49,619)	807	-	-
At end of the financial year	3,029,057	2,792,750	2,538,600	2,275,000
<u>Building under development, at cost</u>				
At beginning of the financial year	-	-	-	-
Addition	24,887	-	-	-
Currency translation differences	(1,685)	-	-	-
At end of the financial year	23,202	-	-	-
Total investment properties	3,052,259	2,792,750	2,538,600	2,275,000
Analysis of investment properties at fair value:-				
Freehold land & building	2,027,457	1,878,250	1,537,000	1,360,500
Leasehold land & building	475,000	390,500	475,000	390,500
Registered lease & building	526,600	524,000	526,600	524,000
	3,029,057	2,792,750	2,538,600	2,275,000

NOTES TO THE FINANCIAL STATEMENTS

12. INVESTMENT PROPERTIES (CONT'D.)

The fair value of the investment properties as at 30 June 2024 are as follows:-

Description of property	Tenure	Remaining lease period (years)	Initial acquisition cost RM'000	Fair value as at 30.6.2024 RM'000	% of fair value to Net Asset Value as at 30.6.2024	Fair value as at 30.6.2023 RM'000	% of fair value to Net Asset Value as at 30.6.2023
					%		%
Real Estate - Commercial							
JW Marriott Hotel Kuala Lumpur	Freehold		331,024	538,000	18.07	527,500	18.14
The Ritz-Carlton, Kuala Lumpur							
- Suite Wing (Parcel 1)	Freehold		125,000	220,000	7.39	218,000	7.50
The Ritz-Carlton, Kuala Lumpur							
- Suite Wing (Parcel 2)	Freehold		73,881	106,000	3.56	106,000	3.65
The Ritz-Carlton, Kuala Lumpur							
- Hotel Wing	Freehold		253,017	368,000	12.36	362,000	12.45
Pangkor Laut Resort	Registered lease	71	98,365	124,000	4.17	124,000	4.27
Tanjong Jara Resort	Leasehold	43	88,050	108,000	3.63	107,000	3.68
AC Hotel Kuala Lumpur Titiwangsa	Freehold		101,207	165,000	5.54	147,000	5.06
AC Hotel Penang Bukit Jambul	Leasehold	70	101,778	139,500	4.69	126,000	4.33
AC Hotel Kuantan City Centre	Leasehold	68	75,980	106,500	3.58	95,500	3.28
Cameron Highlands Resort	Leasehold	84	50,649	63,000	2.12	62,000	2.13
The Majestic Hotel Kuala Lumpur	Registered lease	67	384,221	402,600	13.53	400,000	13.76
Hotel Stripes Kuala Lumpur	Freehold		139,415	140,000	4.70	-	-
Ipoh Hotel (formerly known as Syeun Hotel)	Leasehold	870	55,687	58,000	1.95	-	-
Hilton Niseko Village	Freehold		187,702*	301,955	10.14	314,787	10.83
The Green Leaf Niseko Village	Freehold		176,056*	188,502	6.33	202,963	6.98
			2,242,032	3,029,057	101.76	2,792,750	96.06
Net Asset Value				2,976,648		2,907,403	

* Initial acquisition cost translated at the exchange rate as at 30 June 2024.

NOTES TO THE FINANCIAL STATEMENTS

12. INVESTMENT PROPERTIES (CONT'D.)

The following are recognised in income statement in respect of investment properties:-

	Note	Group		Trust	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Rental income	4	181,219	173,423	154,024	146,145
Direct operating expenses:-					
- income generating investment properties	5	(11,315)	(11,056)	(7,923)	(7,441)
- non-income generating investment property	5	(48)	-	(48)	-
Changes in fair value of investment properties*		74,331	44,230	49,722	21,974

* The changes in fair value of investment properties of the Group and of the Trust include unrealised lease income amounting to RM24.091 million and RM21.808 million (2023: RM7.468 million and RM5.827 million) respectively.

Investment properties of the Group and of the Trust with carrying amounts of RM2,459.557 million and RM1,969.100 million (2023: RM2,435.750 million and RM1,918.000 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.

Included in the initial acquisition cost was an amount of RM1.930 million being acquisition fee paid to the Manager and capitalised as part of the incidental costs to the addition of the two investment properties acquired during the year.

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, Knight Frank Malaysia Sdn Bhd, Azmi & Co Sdn Bhd, Savills (Malaysia) Sdn Bhd and Colliers International Japan KK on 31 May 2024 using the income capitalisation approach (also known as the investment approach) and comparison 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.

The building under development is measured at cost until the earlier of the date of completion of construction or the date at which the fair value becomes reliably determinable.

During the current financial year, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

NOTES TO THE FINANCIAL STATEMENTS

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 4.25% to 14.50% (2023: 6.00% to 7.00%)	The higher the capitalisation rate, the lower the fair value.
	- Reversion capitalisation rate of 4.75% to 7.50% (2023: 6.50% to 7.50%)	
	Japanese Properties	
	- Discount rate of 4.60% (2023: 4.60% to 4.70%)	The higher the discount rate, the lower the fair value.
	- Capitalisation rate of 4.80% to 4.90% (2023: 4.80% to 5.00%)	The higher the capitalisation rate, the lower the fair value.

The investment properties are valued primarily 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 and its current usage.

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.

During the current financial year, a hotel property was acquired, remained vacant and is undergoing a major refurbishment. The hotel property is valued using comparison approach due to the absence of a reliable measurement of the income approach as the hotel is under refurbishment. Comparison approach entails comparing the subject property with comparable hotel buildings which have been sold or are being offered for sale and making adjustments for factors which affect value such as location and accessibility, building condition, number of rooms, expected star rating, tenure of land, restrictions and other relevant characteristics.

NOTES TO THE FINANCIAL STATEMENTS

13. PROPERTY, PLANT AND EQUIPMENT

Group - 2024	Freehold land RM'000	Buildings RM'000	Equipment RM'000	Other assets RM'000	Total RM'000
Cost/Valuation					
At 1.7.2023	689,928	1,303,788	246,498	47,276	2,287,490
Additions	-	1,208	1,873	1,733	4,814
Adjustments	-	-	(3,338)	-	(3,338)
Transfers	-	471	615	(1,086)	-
Disposals	-	-	(887)	(58)	(945)
Revaluation surplus	64,676	3,587	-	-	68,263
Revaluation loss	-	(10,036)	-	-	(10,036)
Revaluation adjustments	-	(51,845)	-	-	(51,845)
Reversal of revaluation decrement	-	18,402	-	-	18,402
Currency translation differences	6,918	10,594	2,088	414	20,014
At 30.6.2024	761,522	1,276,169	246,849	48,279	2,332,819
Representing:					
At cost	-	-	246,849	48,279	295,128
At valuation	761,522	1,276,169	-	-	2,037,691
At 30.6.2024	761,522	1,276,169	246,849	48,279	2,332,819
Accumulated depreciation					
At 1.7.2023	-	4,346	154,725	42,841	201,912
Depreciation charge	-	51,718	11,308	284	63,310
Disposals	-	-	(857)	(49)	(906)
Revaluation adjustments	-	(51,845)	-	-	(51,845)
Currency translation differences	-	35	1,489	371	1,895
At 30.6.2024	-	4,254	166,665	43,447	214,366
Net book value					
At cost	-	-	80,184	4,832	85,016
At valuation	761,522	1,271,915	-	-	2,033,437
At 30.6.2024	761,522	1,271,915	80,184	4,832	2,118,453

NOTES TO THE FINANCIAL STATEMENTS

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

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 surplus	-	90,790	-	7	90,797
Revaluation adjustments	-	(47,958)	-	-	(47,958)
Reversal of revaluation decrement	-	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

NOTES TO THE FINANCIAL STATEMENTS

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*	Fair value as at 30.6.2024	% of Fair value to Net Asset Value as at 30.6.2024	Fair value as at 30.6.2023	% of Fair value to Net Asset Value as at 30.6.2023
				RM'000		RM'000
Real Estate - Commercial						
Sydney Harbour Marriott	Freehold	827,566	1,578,787	53.04	1,559,048	53.62
Brisbane Marriott	Freehold	376,261	289,994	9.74	278,222	9.57
Melbourne Marriott	Freehold	176,398	249,672	8.39	248,308	8.54
		1,380,225	2,118,453	71.17	2,085,578	71.73
Net Asset Value			2,976,648		2,907,403	

* Translated at the exchange rate as at 30 June 2024.

Property, plant and equipment at net book value amounting to RM2,118.453 million (2023: RM2,085.578 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 2024, 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	
	2024	2023
	RM'000	RM'000
Freehold land	162,777	161,392
Buildings	579,877	614,368
	742,654	775,760

NOTES TO THE FINANCIAL STATEMENTS

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 7.50% to 7.75% (2023: 7.75%)	The higher the discount rate, the lower the fair value.
	Capitalisation rate of 5.25% to 5.50% (2023: 5.25% to 5.50%)	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. UNREALISED LEASE INCOME

	Group/Trust	
	2024 RM'000	2023 RM'000
Unrealised lease income	-	22,004

The above unrealised lease income of the Group and of the Trust included the changes in fair value of investment properties amounting to RM24.091 million and RM21.808 million (2023: RM7.468 million and RM5.827 million), respectively.

Credit risks relating to unrealised lease income are disclosed in Note 34(a) to the financial statements.

NOTES 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 71 (2023: 72) 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	
	2024 RM'000	2023 RM'000
At beginning of the financial year	198	201
Depreciation of right-of-use asset	(3)	(3)
At end of the financial year	195	198

Set out below are the carrying amount of lease liability and the movements during the current financial year:-

	Group/Trust	
	2024 RM'000	2023 RM'000
At beginning of the financial year	202	203
Accretion of interest	11	10
Lease rental payments	(11)	(11)
At end of the financial year	202	202

The following are the amounts recognised in income statements:-

	Group		Trust	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Depreciation of right-of-use asset	3	3	3	3
Interest expense on lease liability	11	10	11	10
Lease expense - short-term and low value leases	211	191	-	-

Total cash outflow for leases which included the low value leases of the Group was RM0.222 million (2023: RM0.202 million).

NOTES TO THE FINANCIAL STATEMENTS

16. INVESTMENT IN SUBSIDIARIES

	Trust	
	2024 RM'000	2023 RM'000
Unquoted shares, at cost		
At beginning of the financial year	538,714	533,522
Additional investment via capitalisation of debt	11,384	5,192
At end of the financial year	550,098	538,714

Details of the subsidiaries are as follows:-

Name of subsidiary	Place of incorporation	Principal activities	Effective equity interest	
			2024 %	2023 %
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

NOTES TO THE FINANCIAL STATEMENTS

16. INVESTMENT IN SUBSIDIARIES (CONT'D.)

The amounts due from subsidiaries pertain mainly to loans, loan interest 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 RM1,110.227 million (2023: RM1,100.784 million) with tenure of ten years bears interest payable quarterly at a weighted average interest rate of 7.32% (2023: 6.28%) per annum. During the previous 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 RM242.883 million (2023: RM267.763 million) with tenure of fifteen and thirty years bear interest payable monthly at the fixed rate of 5% (2023: 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 RM1,060.000 million (2023: 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 (2023: 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
2024		
Within 1 year	117,134	384,970
Later than 1 year and not later than 5 years	140,277	675,000
Later than 5 years	1,212,833	-
	1,470,244	1,059,970
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

NOTES TO THE FINANCIAL STATEMENTS

17. DEFERRED TAX ASSETS

	Note	Group	
		2024 RM'000	2023 RM'000
At beginning of the financial year		3,096	2,137
Charged to income statement:	10	262	890
- Accrued expenses		118	24
- Provision for employee benefits		137	857
- Others		7	9
Currency translation differences		31	69
At end of the financial year		3,389	3,096

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	
	2024 RM'000	2023 RM'000
Deferred tax assets provided are in respect of:-		
Deferred tax assets		
Accrued expenses	154	34
Provision for employee benefits	3,208	3,043
Others	27	19
	3,389	3,096

NOTES TO THE FINANCIAL STATEMENTS

18. INVENTORIES

	Group	
	2024 RM'000	2023 RM'000
Beverage inventories	686	710

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.

The Group's cost of inventories recognised as expenses and included in "hotel operating expenses" amounted to approximately RM11.639 million (2023: RM10.774 million).

19. TRADE RECEIVABLES

	Group		Trust	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Trade receivables	12,864	10,811	179	-

There was no allowance for impairment losses on trade receivables during the financial year (2023: Nil).

The Group's and the Trust's amount due from a company related to the Manager of approximately RM0.179 million (2023: Nil) relates to rental due in respect of an agreement and is generally subject to normal trade terms.

The trade credit terms of trade receivables range from 30 to 90 (2023: 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	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Other receivables	19,847	9,376	31	21
Prepayments	5,063	19,149	1,010	650
Deposit	20	-	20	-
	24,930	28,525	1,061	671

Included in the other receivables of the Group is RM19.525 million (2023: RM8.887 million) recoverable from Australian tax authorities for withholding tax on foreign source distribution received by a subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

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 3.5% and 3.5% (2023: 2.5% and 2.8%) per annum, respectively.

The average maturities of deposits of the Group and of the Trust ranged from 1 to 41 days (2023: 1 to 34 days).

22. UNITHOLDERS' CAPITAL

	Group/Trust Number of units	
	2024 '000	2023 '000
Issued and fully paid		
At beginning and end of the financial year	1,704,389	1,704,389

	Group/Trust	
	2024 RM'000	2023 RM'000
Issued and fully paid		
At beginning and end of the financial year	1,690,806	1,690,806

23. RESERVES

	Note	Group		Trust	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Currency translation reserves	23(a)	(187,418)	(148,806)	-	-
Revaluation reserve	23(b)	1,424,199	1,353,462	-	-
Non-distributable unrealised (loss)/income	23(c)	(218,728)	(201,843)	352,428	354,705
		1,018,053	1,002,813	352,428	354,705

(a) Currency translation reserves

	Group	
	2024 RM'000	2023 RM'000
At beginning of the financial year	(148,806)	(149,554)
Net effects of currency translation differences from foreign operations and net investment hedge	(38,612)	748
At end of the financial year	(187,418)	(148,806)

NOTES TO THE FINANCIAL STATEMENTS

23. RESERVES (CONT'D.)

(b) Revaluation reserve

	Group	
	2024 RM'000	2023 RM'000
At beginning of the financial year	1,353,462	1,233,913
Surplus on revaluation of properties	58,227	90,797
Currency translation differences	12,510	28,752
At end of the financial year	1,424,199	1,353,462

The revaluation reserve represents revaluation surplus from freehold land and buildings.

(c) Non-distributable unrealised (loss)/income

	Group		Trust	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
At beginning of the financial year	(201,843)	(187,825)	354,705	343,331
Unrealised (loss)/income for the year	(16,885)	(14,018)	(2,277)	11,374
At end of the financial year	(218,728)	(201,843)	352,428	354,705

24. BORROWINGS - SECURED

	Group/Trust	
	2024 RM'000	2023 RM'000
Non-current		
Term loans	448,965	1,081,690
Capitalised transaction costs	(3,203)	(5,190)
	445,762	1,076,500
Current		
Term loans	813,124	174,563
Capitalised transaction costs	(1,185)	(82)
	811,939	174,481
Total borrowings	1,257,701	1,250,981

NOTES TO THE FINANCIAL STATEMENTS

24. BORROWINGS - SECURED (CONT'D.)

- (i) The term loan denominated in Australian Dollar of AUD352.541 million (2023: AUD348.842 million) is equivalent to RM1,102.537 million (2023: RM1,081.690 million). The term loan is repayable by bullet payments of AUD260.000 million and AUD92.541 million on 28 June 2025 and 28 June 2026, respectively, bears a weighted average interest rate of 6.29% (2023: 4.92%) 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 JPY5,442.500 million (2023: JPY5,401.250 million), which is equivalent to RM159.552 million (2023: RM174.563 million), was refinanced on 26 September 2023. The term loan is repayable by bullet payment on 26 September 2028, bears a weighted average interest rate of 1.25% (2023: 0.82%) 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	
	2024 RM'000	2023 RM'000
Non-current		
Medium Term Notes	675,000	815,000
Current		
Medium Term Notes	385,000	-
Total MTNs	1,060,000	815,000

NOTES TO THE FINANCIAL STATEMENTS

25. MEDIUM TERM NOTES (“MTNs”) (CONT’D.)

The MTNs of the Group were issued pursuant to a 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, RM1,060.000 million (2023: RM815.000 million) were issued at nominal value by the Group as follows:-

Issue date	Maturity date	Nominal value	
		RM'000	Utilisation
3 November 2017	1 November 2024	385,000	Acquisition of The Majestic Hotel Kuala Lumpur.
23 May 2022	21 May 2027	80,000	Renovation costs carried out at The Ritz-Carlton, Kuala Lumpur - Hotel and Suite Wing.
23 November 2022	23 November 2027	265,000	Refinance previous borrowings for the acquisition of certain Malaysian Properties.
28 June 2023	28 June 2028	85,000	Renovation costs carried out at JW Marriott Hotel Kuala Lumpur.
31 October 2023	31 October 2028	140,000	Acquisition of Hotel Stripes Kuala Lumpur.
3 November 2023	3 November 2026	25,000	Renovation costs carried out at AC Hotels.
4 December 2023	4 December 2028	25,000	Renovation costs carried out at AC Hotels and capital expenditure for certain Malaysian Properties.
8 April 2024	6 April 2029	55,000	Acquisition of Ipoh Hotel (formerly known as Syeun Hotel).
		1,060,000	

The MTNs upon maturity are redeemable at nominal value and expected to be refinanced by the same MTN programme at the same nominal value.

The MTNs bear coupon rates ranging from 4.78% to 5.64% (2023: 3.42% to 5.46%) 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 RM1,061.818 million (2023: RM814.882 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 4.81% to 5.64% (2023: 4.78% to 5.46%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

26. OTHER PAYABLES

	Group		Trust	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Non-current				
Other payables	1,443	1,261	-	-

Non-current other payables of the Group is recognised in relation to long service leave of employees from its Australian operations.

	Group		Trust	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Current				
Other payables	36,201	40,283	2,782	11,914
Accruals	23,585	15,021	11,330	7,533
Contract liabilities	7,086	11,915	-	-
	66,872	67,219	14,112	19,447

Included in other payables of the Group and the Trust are amounts due to the Manager and a company related to the Manager amounting to RM2.782 million (2023: RM11.497 million) which 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.

The significant changes to contract liabilities balances during the year are as follows:-

	Group	
	2024 RM'000	2023 RM'000
Contract liabilities as at the beginning of the year recognised as revenue during the year	(11,809)	(5,684)
Advance deposits received during the year	126,519	62,985

NOTES TO THE FINANCIAL STATEMENTS

27. TRADE PAYABLES

The credit terms of trade payables granted to the Group is 30 days (2023: 30 days).

28. PROVISION FOR INCOME DISTRIBUTION

	Group/Trust	
	2024 RM'000	2023 RM'000
At beginning of the financial year	74,709	35,230
Provision made during the financial year	140,887	126,863
Distribution paid during the financial year	(145,920)	(87,384)
At end of the financial year	69,676	74,709

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 2024 to 30 June 2024, the Manager declared a final income distribution of 4.0880 sen per unit (2023: 4.3833 sen per unit), totalling RM69,675,418 (2023: RM74,708,478) which was paid on 30 August 2024. Total distribution declared and paid for the financial year ended 30 June 2024 is 8.2661 sen per unit, totalling RM140,886,490, representing approximately 95% of the total distributable income for the financial year ended 30 June 2024 (2023: 7.4433 sen per unit, totalling RM126,862,778, representing approximately 100% of the total distributable income).

NOTES TO THE FINANCIAL STATEMENTS

28. PROVISION FOR INCOME DISTRIBUTION (CONT'D.)

Distribution to unitholders is from the following sources:-

	Group	
	2024 RM'000	2023 RM'000
Net property income	289,527	251,271
Finance income	5,423	1,894
Other income	2,057	2,334
Changes in fair value	92,733	68,050
Less: Expenses	(205,312)	(176,917)
Less: Income tax expense	(6,421)	(5,411)
Profit after tax	178,007	141,221
Distribution adjustments:-		
Depreciation	63,313	60,421
Fair value changes	(92,733)	(68,050)
Unrealised lease income	46,095	15,635
Net income from foreign operations	(46,589)	(28,376)
Unrealised foreign translation differences	210	6,012
Income available for distribution/Total distributable income/Total realised income	148,303	126,863
Less: Income distribution	(140,887)	(126,863)
Undistributed realised income	7,416	-
Distributable income per unit (sen)	8.7012	7.4433
Gross distribution per unit (sen)	8.2661	7.4433
Net distribution per unit (sen)	8.2661	7.4433

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 2024, the Manager did not hold any unit in the Trust.

NOTES TO THE FINANCIAL STATEMENTS

31. UNITHOLDERS RELATED TO THE MANAGER

	<-----2024----->		
	No. of units held '000	Percentage of total units %	Market value RM'000
YTL Corporation Berhad	937,464	55.00	1,134,331
YTL Power International Berhad	43,090	2.53	52,139
Business & Budget Hotels (Kuantan) Sdn. Bhd.	18,750	1.10	22,687
Megahub Development Sdn. Bhd.	13,250	0.78	16,032
East-West Ventures Sdn. Bhd.	64,250	3.77	77,743
Syarikat Pelanchongan Pangkor Laut Sendirian Berhad	24,250	1.42	29,343
	1,101,054	64.60	1,332,275

	<-----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

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 2024 of RM1.21 per unit (2023: RM0.95 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.

NOTES TO THE FINANCIAL STATEMENTS

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:-

Entity	Relationship	Nature of transaction	Group/Trust	
			2024 RM'000	2023 RM'000
Business & Budget Hotels (Penang) Sdn. Bhd.	Subsidiary company of the major unitholder	Lease rental of investment property	8,987	8,948
Business & Budget Hotels (Kuantan) Sdn. Bhd.	Associated company of the major unitholder	Lease rental of investment property	6,580	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	8,996	8,948
Star Hill Hotel Sdn. Bhd.	Subsidiary company of the major unitholder	Lease rental of investment properties	48,968	47,676
YTL Land Sdn. Bhd.	Subsidiary company of the major unitholder	Rental of car park space	2,140	2,139
Tanjong Jara Beach Hotel Sdn. Bhd.	Company related to an alternate 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
Hotel 25 Sdn. Bhd.	Subsidiary company of the major unitholder	Acquisition of investment property	138,000	-
		Lease rental of investment property	6,466	-
Syarikat Pembinaan Yeoh Tiong Lay Sdn. Bhd.	Subsidiary company of the major unitholder	Refurbishment works of investment properties	37,538	-

NOTES TO THE FINANCIAL STATEMENTS

32. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D.)

Entity	Relationship	Nature of transaction	Group/Trust	
			2024 RM'000	2023 RM'000
Pintar Projek Sdn. Bhd.	Manager of the Trust	Acquisition fee	1,930	-
		Performance fee	5,791	5,026
		Base fee	5,271	4,950

Entity	Relationship	Nature of transaction	Group	
			2024 RM'000	2023 RM'000
Niseko Village K.K.	Subsidiary company of the major unitholder	Lease rental of investment properties	27,195	27,278

Entity	Relationship	Nature of transaction	Trust	
			2024 RM'000	2023 RM'000
Starhill Hospitality REIT (Australia) Sdn. Bhd.	Subsidiary company	Shareholder loan interests	80,304	67,353
		Management fee	90	135
Starhill Hotel (Australia) Sdn. Bhd.	Subsidiary company	Management fee	36	54
Starhill REIT Niseko G.K.	Subsidiary company	Shareholder loan interests	13,011	13,557
YTL REIT MTN Sdn. Bhd.	Subsidiary company	Interest charges	48,981	37,653
		Administrative charges	133	134
		Advances received	245,000	-

The above lease rental of investment properties included the lease income accrued and billed pursuant to the supplemental agreements executed in relation to the rental variation programme.

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.

NOTES TO THE FINANCIAL STATEMENTS

33. CAPITAL COMMITMENTS AND OPERATING LEASE ARRANGEMENTS

(a) Capital commitments

	Group		Trust	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Contracted but not provided for	223,906	1,475	62,171	1,475

The commitments of the Group in the current financial year relates to property development of a Japanese hotel property, a major refurbishment work for a Malaysian hotel property which was contracted with a subsidiary company of the major unitholder and minor asset enhancement maintenance works for a Malaysian hotel property.

(b) Operating lease arrangements

The Group and the Trust lease out their 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 supplemental agreements in relation to the rental variation programme which were executed for all the Malaysian and Japanese properties (except The Green Leaf Niseko Village) on 30 July 2020 to (i) reduce the lease rentals by fifty percent (50%) for twenty-four months which commenced 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. Accordingly, the first rental difference was collected at the end of June 2023, whereas the last rental difference will be collected at the end of June 2029.

During the current financial year, an agreement was entered into by the Trustee with a related party to renew the lease for JW Marriott Kuala Lumpur for a period of fifteen years commencing on 1 January 2024 and expiring on 31 December 2038.

Undiscounted lease payments including the Rental Differences from the operating leases to be received after the reporting date are as follows:-

	Group		Trust	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Not later than 1 year	204,820	202,910	175,511	172,735
Between 1 to 2 years	204,820	160,709	175,511	130,407
Between 2 to 3 years	176,697	160,709	151,456	130,407
Between 3 to 4 years	105,522	134,278	95,825	108,044
Between 4 to 5 years	107,499	64,106	97,439	53,416
Later than 5 years	778,274	432,474	566,501	187,917
	1,577,632	1,155,186	1,262,243	782,926

NOTES TO THE FINANCIAL STATEMENTS

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

The Group and the Trust seek to ensure that adequate resources are available to manage the above risks and to create value for its unitholders. It is not the Group's and the Trust's policy to engage in speculative transactions.

(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.

Unrealised 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 unrealised 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.

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL RISK MANAGEMENT (CONT'D.)

(a) Credit risk (cont'd.)

Unrealised lease income and trade receivables (cont'd.)**Exposure to credit risk, credit quality and collateral (cont'd.)**

The exposure of credit risk for unrealised lease income and trade receivables as at the end of the reporting period by geographic region was:-

	Group		Trust	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Domestic	179	22,004	179	22,004
Australia	12,685	10,811	-	-
	12,864	32,815	179	22,004

Recognition and measurement of impairment losses

The Group and the Trust use individual assessment to measure expected credit losses ("ECLs") of unrealised 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 unrealised lease income and trade receivables as at the end of the reporting period:-

Group	Note	2024 RM'000	2023 RM'000
Non-current assets			
Unrealised lease income	14	-	22,004
Current assets			
- Current (not past due)		8,034	9,909
- Past due 1 - 90 days		4,818	875
- Past due 91 - 180 days		12	27
Trade receivables	19	12,864	10,811
		12,864	32,815

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL RISK MANAGEMENT (CONT'D.)

(a) Credit risk (cont'd.)

Unrealised lease income and trade receivables (cont'd.)*Recognition and measurement of impairment losses (cont'd.)*

Trust	Note	2024 RM'000	2023 RM'000
Non-current assets			
Unrealised lease income	14	-	22,004
Current assets			
Trade receivables – Current (not past due)	19	179	-
		179	22,004

There was no allowance for impairment losses during the financial year (2023: 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.

NOTES TO THE FINANCIAL STATEMENTS

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 - 2024					
<i>Financial liabilities</i>					
Borrowings	1,362,953	887,787	310,242	164,924	-
MTNs	1,198,364	426,989	35,814	735,561	-
Lease liability	755	11	11	32	701
Trade payables	10,654	10,654	-	-	-
Other payables	61,229	59,786	1,443	-	-
	2,633,955	1,385,227	347,510	900,517	701
Group - 2023					
<i>Financial liabilities</i>					
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

NOTES TO THE FINANCIAL STATEMENTS

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 - 2024					
<i>Financial liabilities</i>					
Borrowings	1,362,953	887,787	310,242	164,924	-
Lease liability	755	11	11	32	701
Other payables	14,112	14,112	-	-	-
Subsidiary	1,198,364	426,989	35,814	735,561	-
	2,576,184	1,328,899	346,067	900,517	701
Trust - 2023					
<i>Financial liabilities</i>					
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

(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.

NOTES TO THE FINANCIAL STATEMENTS

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	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Fixed rate instruments				
<i>Financial assets</i>				
Shareholders loan	-	-	242,883	267,763
<i>Financial liabilities</i>				
MTNs	85,000	85,000	-	-
Subsidiary	-	-	85,000	85,000
Floating rate instruments				
<i>Financial assets</i>				
Shareholders loan	-	-	1,110,227	1,100,784
Deposits with licensed financial institutions	111,172	74,660	83,401	74,660
<i>Financial liabilities</i>				
Borrowings	1,262,089	1,256,253	1,262,089	1,256,253
MTNs	975,000	730,000	-	-
Subsidiary	-	-	975,000	730,000

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

Since the previous 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 RM5.467 million (2023: RM5.359 million).

NOTES TO THE FINANCIAL STATEMENTS

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 RM0.556 million and RM0.417 million (2023: RM0.373 million and RM0.373 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 RM11.185 million (2023: RM9.931 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
2024				
5% change on AUD exchange rate	61,990	(5,654)	-	6,196
5% change on JPY exchange rate	19,098	(839)	-	4,606
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

NOTES TO THE FINANCIAL STATEMENTS

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 the AUD term loan with a total carrying amount of AUD352.541 million (RM1,102.537 million) (2023: AUD278.000 million as part of the AUD term loan (RM862.022 million)) and the JPY term loan with a carrying amount of JPY5,442.500 million (RM159.552 million) (2023: JPY5,401.250 million (RM174.563 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 : 1.10 (2023: 1 : 1.01) for Australia and 1 : 1.09 (2023: 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 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 the income statement is RM0.389 million (2023: RM6.333 million) in relation to the net investment hedges.

NOTES TO THE FINANCIAL STATEMENTS

35. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The table below provides an analysis of financial instruments categorised as amortised cost ("AC"):-

Carrying amount	Note	Group		Trust	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<i>Financial assets</i>					
Non-current					
Unrealised lease income	14	-	22,004	-	22,004
Amount due from subsidiaries	16	-	-	1,353,110	1,368,547
Current					
Trade receivables	19	12,864	10,811	179	-
Other receivables & deposits	20	19,867	9,376	51	21
Amount due from subsidiaries	16	-	-	117,134	120,201
Cash and cash equivalents		233,701	183,599	92,328	80,909
		266,432	225,790	1,562,802	1,591,682
<i>Financial liabilities</i>					
Non-current					
Borrowings	24	445,762	1,076,500	445,762	1,076,500
MTNs	25	675,000	815,000	-	-
Lease liability	15	202	202	202	202
Other payables	26	1,443	1,261	-	-
Amount due to a subsidiary	16	-	-	675,000	815,000
Current					
Borrowings	24	811,939	174,481	811,939	174,481
MTNs	25	385,000	-	-	-
Trade payables	27	10,654	6,486	-	-
Other payables	26	59,786	55,304	14,112	19,447
Amount due to a subsidiary	16	-	-	384,970	-
		2,389,786	2,129,234	2,331,985	2,085,630

NOTES TO THE FINANCIAL STATEMENTS

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 transfers 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	
	2024 %	2023 %	2024 %	2023 %
MER	0.61	0.50	0.61	0.55

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 base and performance fees, trustee's fee, auditors' remuneration, 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.

NOTES TO THE FINANCIAL STATEMENTS

37. SEGMENTAL REPORTING

The Group's 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.

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 2024 is as follows:-

	<-----Property rental-----> <----Hotel----->			
	Malaysia RM'000	Japan RM'000	Australia RM'000	Total RM'000
External revenue	154,024	27,195	373,689	554,908
Operating expenses	(7,971)	(3,392)	(254,018)	(265,381)
Net property income	146,053	23,803	119,671	289,527
Finance income				5,423
Other income				2,057
Changes in fair value				92,733
Total income				389,740
Trust and administration expenses				(20,471)
Depreciation				(63,313)
Finance costs				(121,318)
Unrealised loss on foreign exchange				(210)
Profit before tax				184,428
Non-current assets	2,538,795	513,659	2,121,842	5,174,296
Current assets	93,689	6,034	172,459	272,182
Total assets	2,632,484	519,693	2,294,301	5,446,478
Non-current liabilities	1,120,964	-	1,443	1,122,407
Current liabilities	1,280,736	2,908	63,779	1,347,423
Total liabilities	2,401,700	2,908	65,222	2,469,830
Additions to capital expenditure	233,849	23,202	4,814	261,865

NOTES TO THE FINANCIAL STATEMENTS

37. SEGMENTAL REPORTING (CONT'D.)

The Group's segmental result for the financial year ended 30 June 2023 is as follows:-

	<-----Property rental-----> <-----Hotel----->			Total RM'000
	Malaysia RM'000	Japan RM'000	Australia 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 capital expenditure	853	-	15,554	16,407

The following are major customers with revenues equal or more than 10 percent of the Group's total revenue:-

	Group Revenue	
	2024 RM'000	2023 RM'000
Common control companies:-		
under major unitholder	141,941	134,145
under the holding company of major unitholder	31,640	31,640
	173,581	165,785

NOTES TO THE FINANCIAL STATEMENTS

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.

	Note	Group	
		2024 RM'000	2023 RM'000
Borrowings	24	1,262,089	1,256,253
MTNs	25	1,060,000	815,000
Total borrowings		2,322,089	2,071,253
Total assets		5,446,478	5,127,278
Gearing ratio (%)		42.63	40.40

The Trust is not subject to externally imposed capital requirements for the financial years ended 30 June 2024 and 30 June 2023.

NOTES TO THE FINANCIAL STATEMENTS

39. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) During the current financial year, the Trust entered into a sale and purchase agreement for the acquisition of Hotel Stripes Kuala Lumpur from Hotel 25 Sdn. Bhd. for a cash consideration of RM138.000 million.

The acquisition of Hotel Stripes Kuala Lumpur was completed on 31 October 2023.

- (b) On 19 September 2023, the Trustee entered into three supplemental lease agreements with the following lessees for a total rental increase of RM2.695 million per annum ("Additional Rentals") in consideration of the Trust agreeing to pay for the costs of the refurbishment works of the hotel properties:

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

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

The refurbishments had been completed on 31 May 2024 and the commencement date of the Additional Rentals was on 15 June 2024, in accordance with the supplemental lease agreements.

- (c) On 7 February 2024, the Trustee entered into a sale and purchase agreement with Syeun Hotel Berhad for the acquisition of Ipoh Hotel (formerly known as Syeun Hotel) for a total cash consideration of RM55.000 million.

The Property will be renovated and proposed to re-open under the AC Hotels by Marriott brand and will be leased to the YTL Corporation Berhad group.

The acquisition of the Ipoh Hotel was completed on 8 April 2024. The Manager announced that SPYTL will be appointed to undertake the proposed renovation works at the Ipoh Hotel at a cost of up to RM55.000 million on the same day.

- (d) On 29 April 2024, the Manager announced that Starhill REIT Niseko G.K., a wholly owned subsidiary of YTL Hospitality REIT, is developing a hotel in Niseko, Japan for an estimated total development cost of approximately JPY6.380 billion (equivalent to RM199.000 million) ("Proposed Development").

The Proposed Development will be funded via a combination of internally generated funds and borrowings.

For the current financial year to date, total cost incurred for the investment property under development was RM23.202 million (JPY791.450 million).

40. 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 5 September 2024.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twelfth Annual General Meeting of YTL Hospitality REIT (“**YTL REIT**”) will be held on Thursday, the 7th day of November, 2024 at 3.00 p.m. or at any adjournment thereof and will be conducted as a **fully virtual** meeting through live streaming, online remote participation and voting 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 2024 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
1 October 2024

NOTICE OF ANNUAL GENERAL MEETING

Notes:

REMOTE PARTICIPATION AND VOTING ("RPV")

1. The Twelfth Annual General Meeting ("12th 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 12th AGM which is available on YTL REIT's website at <https://ytlhospitalityreit.com/meetings> to register, participate, speak (in the form of real time submission of typed texts) and vote remotely via the RPV facilities provided by the share registrar for the 12th 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 12th AGM via the RPV facilities.
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 12th AGM i.e. no later than **5 November 2024 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 12th AGM.

8. For the purpose of determining a unitholder who shall be entitled to attend the 12th AGM via the RPV facilities, 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 30 October 2024. Only a depositor whose name appears on the General Meeting Record of Depositors as at 30 October 2024 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 RPV facilities, 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 12th 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 2024 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

Resolution 1 is a renewal of the general authority given to the Board to allot and issue units as approved by the unitholders at the Eleventh Annual General Meeting held on 12 October 2023 ("Previous Mandate").

As at the date of this Notice, YTL REIT has not issued any new units pursuant to the Previous Mandate which will lapse at the conclusion of this AGM.

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 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.

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 Twelfth Annual General Meeting of YTL Hospitality REIT which will be conducted as a **fully virtual** meeting through live streaming, online remote participation and voting via the online meeting platform hosted on the TIIH Online System ("**TIIH Online**") at <https://tiih.com.my> ("**Meeting Platform**") on **Thursday, 7 November 2024 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 _____ 2024.

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, speak (in the form of real time submission of typed texts) and vote remotely via the Remote Participation and Voting ("RPV") facilities 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 and vote at a general meeting of YTL Hospitality REIT may appoint not more than two (2) proxies to participate instead of the unitholder at the Twelfth Annual General Meeting ("12th AGM") via the RPV facilities.
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 12th AGM i.e. no later than **5 November 2024 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://tiah.com.my>. Please follow the procedures set out in the Administrative Guide for the 12th AGM.
6. Only unitholders whose names appear on the General Meeting Record of Depositors as at 30 October 2024 shall be entitled to attend the 12th AGM via the RPV facilities 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 RPV facilities, 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 12th AGM or adjourned meeting.

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AFFIX
STAMP

Tricor Investor & Issuing House Services Sdn Bhd
Share Registrar for the 12th 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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