

MANAGING SUSTAINABILITY

STRUCTURE AND MANAGEMENT

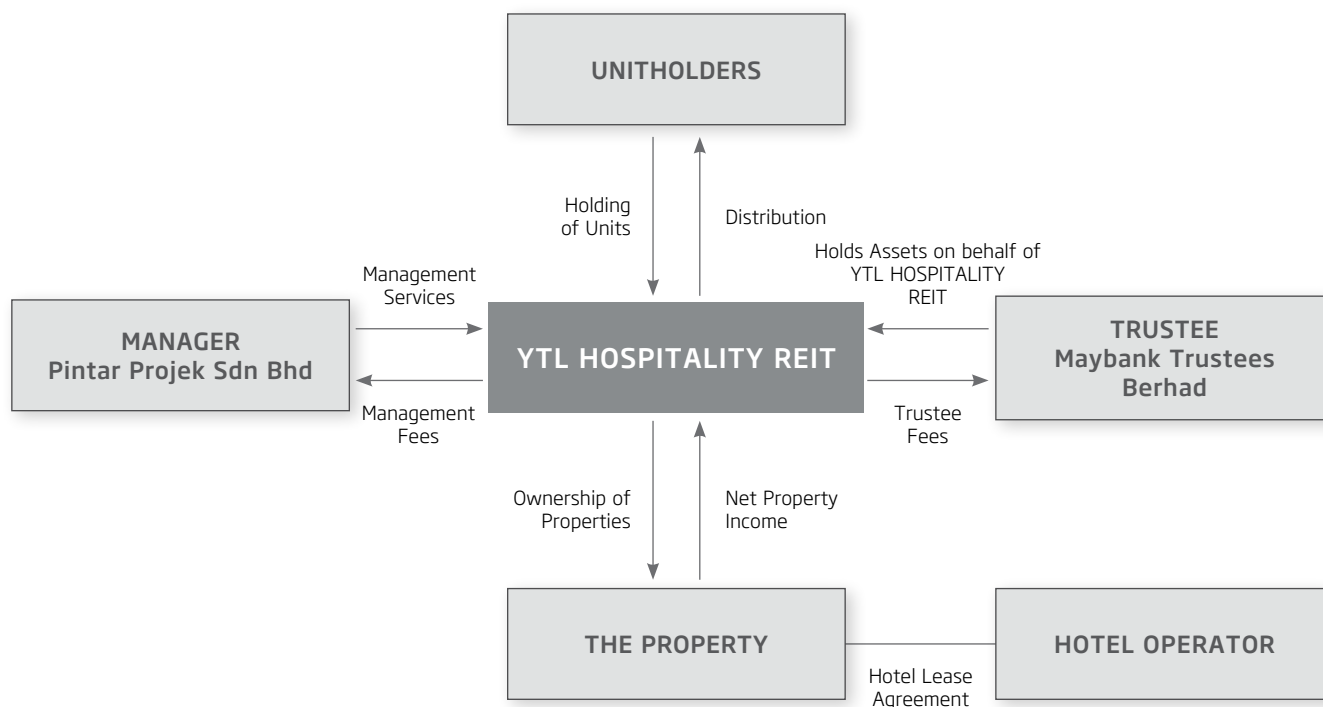
YTL Hospitality REIT (“YTL REIT” or the “Trust”) was listed on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) on 16 December 2005 and is an income and growth type fund. The principal investment objective of YTL REIT is to own and invest in real estate and real estate-related assets,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

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

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

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

YTL Hospitality REIT Structure



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REPORTING PERIOD AND SCOPE

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

In addition, the sustainability initiatives, performance and achievements of the lessees and operators of the Trust's properties will be outlined in greater detail in the consolidated YTL Group

Sustainability Report 2023, which will be published in October 2023 in conjunction with YTL Corp's Annual Report for the financial year ended 30 June 2023. The report will be available for download at www.ytl.com/sustainability.

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



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OUR APPROACH TO SUSTAINABILITY

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

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

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

YTL Group Sustainability Framework



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

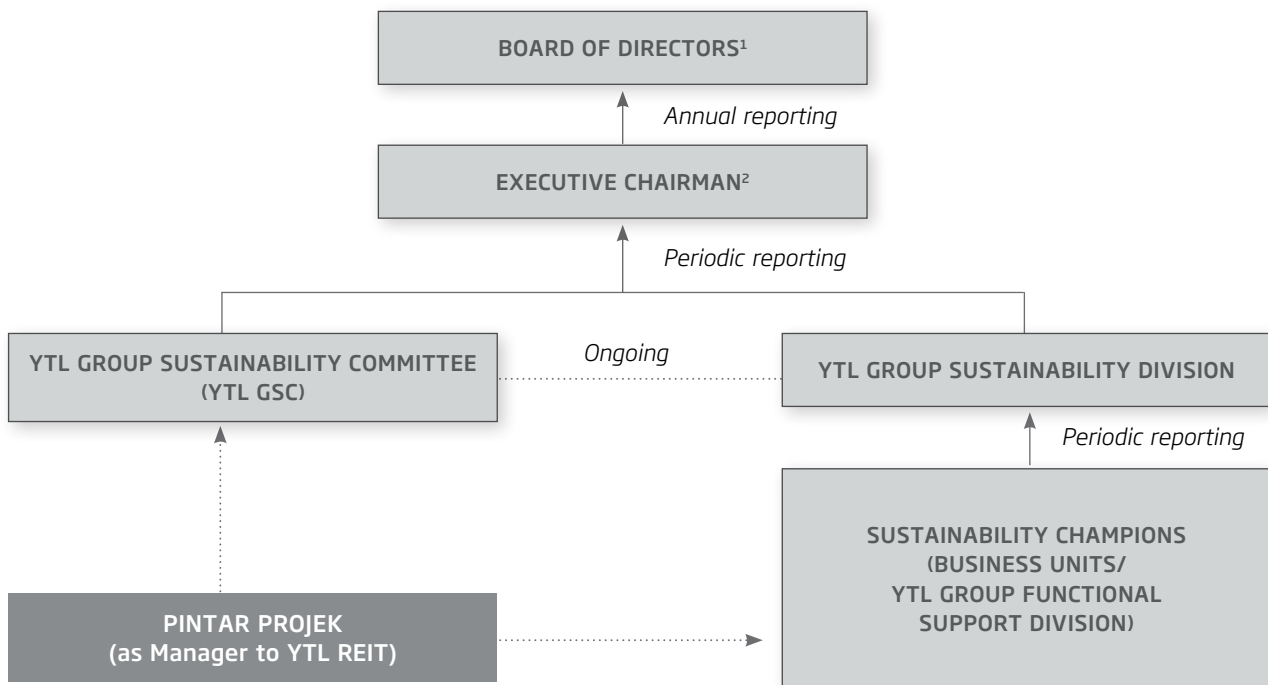
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SUSTAINABILITY GOVERNANCE

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

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

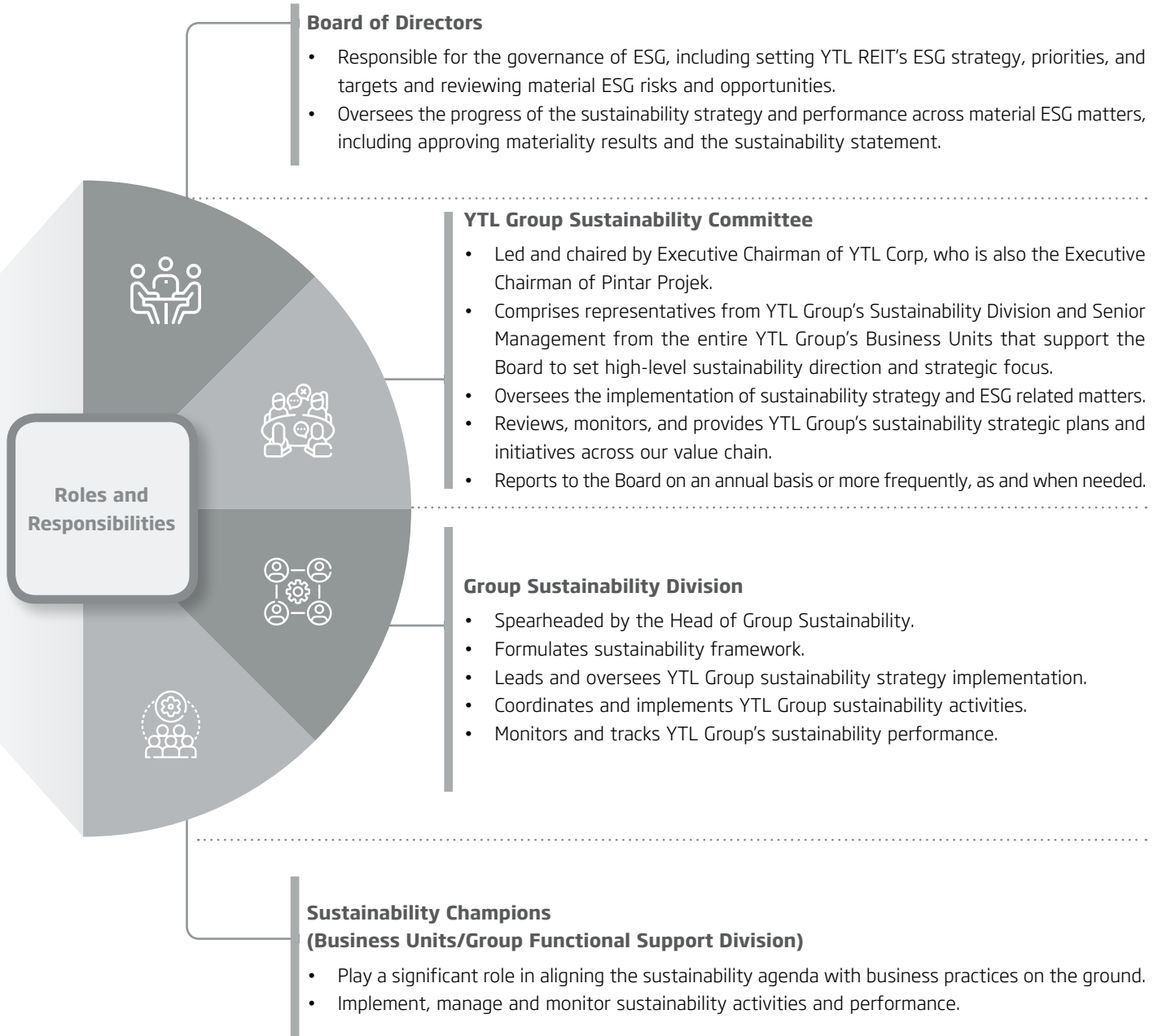
YTL Group Sustainability Governance Structure

**Note:**

¹ Refers to YTL Corp's Board of Directors

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

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STAKEHOLDER ENGAGEMENT

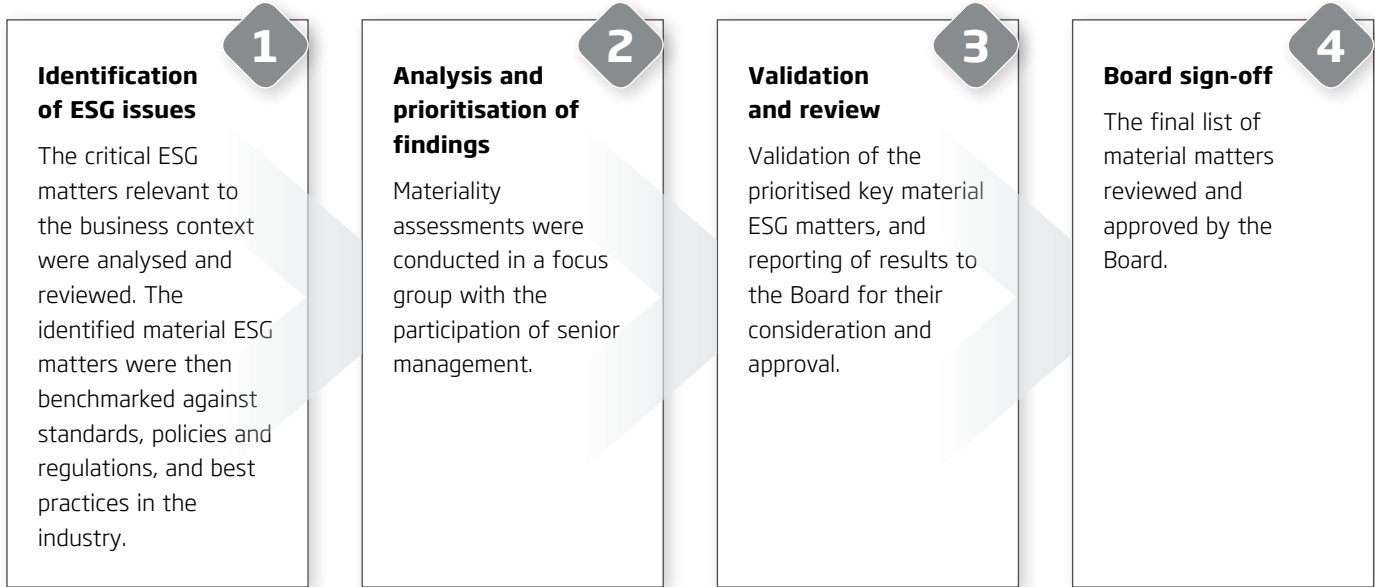
Stakeholders	Engagement Methods	Stakeholder Interests and Concerns	Our Response and Initiatives
 LESSEES	<ul style="list-style-type: none"> Dialogue and engagement sessions 	<ul style="list-style-type: none"> Create a conducive hotel environment Property maintenance and enhancement 	<ul style="list-style-type: 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 to 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
 GUESTS	<ul style="list-style-type: none"> Newsfeed in lounges, guest rooms and public areas Loyalty programmes for hotel guests Social media Website 	<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 Competitive remuneration and benefits Rewards and recognitions Diversity, equity and inclusion Training and career development Health and safety 	<ul style="list-style-type: none"> Create an inclusive and safe work environment Provide equal opportunities for employees to develop skills and gain knowledge Organise employee wellness activities
 GOVERNMENTS AND REGULATORS	<ul style="list-style-type: none"> Meetings, feedback, and correspondence 	<ul style="list-style-type: none"> Compliance with rules and regulations Sustainability and risk management Adopt industry best practices 	<ul style="list-style-type: none"> Implement policies and procedures to ensure regulatory compliance Regularly monitor and review regulatory issues and performance
 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 policy and practices Workplace safety Adherence to timelines Timely payment Local procurement or nearshoring 	<ul style="list-style-type: none"> Ensure ethical business practices and integrity Promote responsible supply chain management
 COMMUNITY	<ul style="list-style-type: none"> Corporate social responsibility ("CSR") programme 	<ul style="list-style-type: none"> Community investment Support local communities 	<ul style="list-style-type: none"> Ongoing CSR activities Support for environmental and social causes

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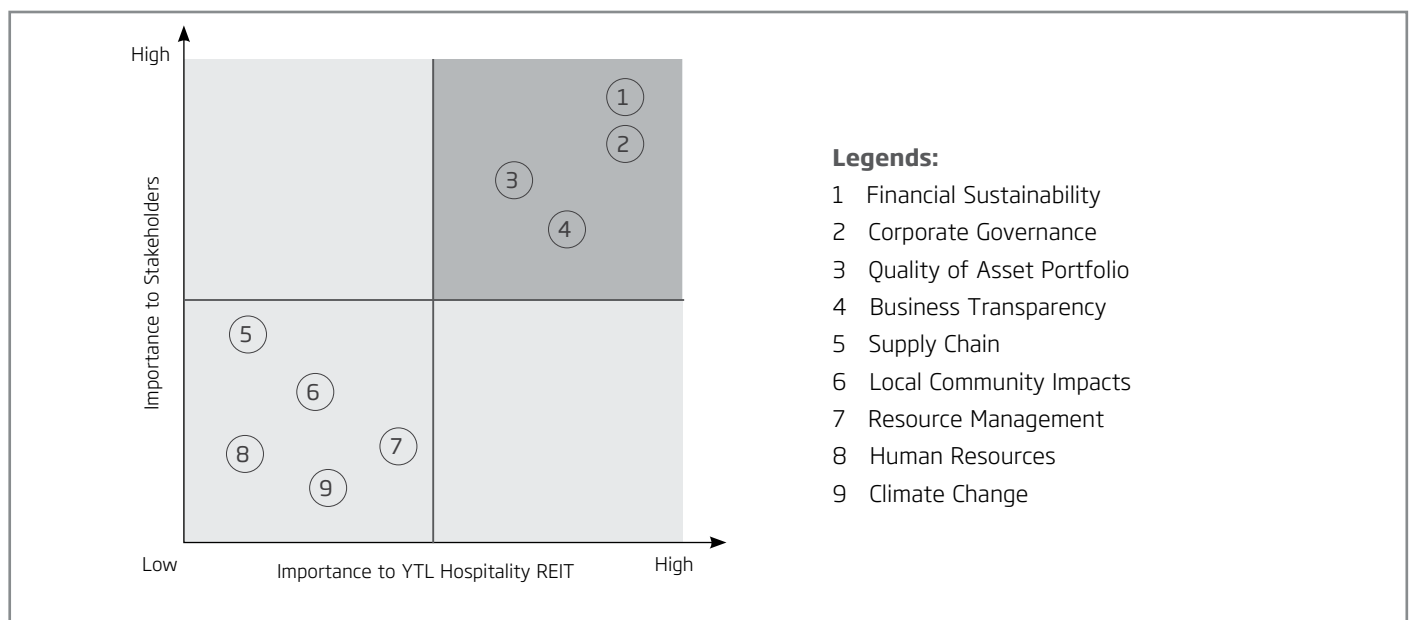
MATERIALITY

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

Materiality Assessment Process



YTL Hospitality REIT Materiality Matrix



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

	Material ESG Matters	Management Approach	Risks	Opportunities
GOVERNANCE	<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 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"> Unlocking value through the optimisation of the asset portfolio Leveraging core competencies to promote economic and industry growth Better collaboration with suppliers in managing procurement processes
ENVIRONMENT	<ul style="list-style-type: none"> Resource Management Climate Change 	<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

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GOVERNANCE

Corporate Governance and Business Transparency

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

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

ECONOMIC

Financial Sustainability and Quality of Asset Portfolio

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

Supply Chain

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

ENVIRONMENT

Resource Management

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



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Climate Change

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

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

Climate Related Risks	Potential Impacts
<p>Transition Risks</p> <ul style="list-style-type: none"> Policy and Legal: Stringent environmental regulations or emissions-reporting obligations Technology: Rapid changing of new technologies; transition/substitution of existing services and processes with lower emissions options Market: Evolving customer behaviour; shift in consumer preferences; changing in price of resource management (i.e. energy, water, etc.) Reputation: Increased stakeholder concerns or negative stakeholder feedback <p>Physical Risks</p> <ul style="list-style-type: none"> Acute: Increased severity of extreme weather events (e.g., floods, droughts) Chronic: Changes in precipitation patterns and extreme variability in weather patterns (e.g., sea level rise, high temperature) 	<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 investment required for climate adaptation and energy efficiency measures Write-offs and early retirement of existing equipment
	<p>Potential Opportunities</p> <ul style="list-style-type: none"> Increased value of fixed assets (e.g., highly rated energy-efficient buildings, sustainable design buildings) Better competitive position to reflect shifting consumer preferences, resulting in increased revenues Increased reliability of supply chains and ability to operate under challenging and variable conditions Leverage new and cleaner technologies with the use of supportive policy incentives, subsidies and tax benefits

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

SOCIAL

Local Community Impacts

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

Human Resources

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