

YTL HOSPITALITY REIT



Second Quarter FY2019 Financial Results

27 February 2019

FINANCIAL

HIGHLIGHTS

- Income available for distribution of RM33.0 million, -2.7% q-o-q
- 1.9387 sen distribution per unit (“DPU”) declared for 2Q FY2019

CAPITAL

MANAGEMENT

- Average interest rates for the quarter
 - Borrowings in Ringgit Malaysia : 5.0%
 - Borrowings in Australian Dollar : 4.6%
 - Borrowings in Japanese Yen : 0.8%
- Debt headroom of ~RM864 million for acquisitions (Leverage limit reduced to 50% under new regulatory guidelines)

PORTFOLIO

MANAGEMENT

- Properties in Malaysia and Japan under master leases
- 2Q FY2019 average occupancy rate for properties in Australia at 84.2%, 4.5 percentage points lower as compared to 2Q FY2018 due to the ongoing renovations at Brisbane Marriott
- 2Q FY2019 ADR for properties in Australia at AUD298, 4.4% higher as compared to 2Q FY2018
- 2Q FY2019 RevPAR for properties in Australia at AUD251, 0.9% lower as compared to 2Q FY2018
- Renovation Capex
 - Brisbane Marriott (Ongoing, targeted completion during 3Q FY2019): AUD20 million
 - Melbourne Marriott (Planned): AUD1 million



1

Financial performances 2Q FY2019

FINANCIAL PERFORMANCE: 2Q FY2019

YTL HOSPITALITY REIT

1 October - 31 December	2Q FY2019	2Q FY2018	Change
Total Revenue	132.5	134.7	(1.6%)
- Hotel Revenue (Management Contracts)	91.9	99.6	(7.7%) ⁽¹⁾
- Lease Rental (Master Leases)	40.6	35.1	+ 15.6% ⁽²⁾
Net Property Income (NPI)	69.3	67.7	+ 2.4%
- Management Contracts	31.9	35.7	(10.7%) ⁽¹⁾
- Master Leases	37.4	32.0	+ 16.9% ⁽²⁾
Income available for distribution	33.0	33.9	(2.7%)
Income distribution	33.0	33.9	(2.7%)
- from current quarter	33.0	33.9	(2.7%)
Distribution per unit (DPU) (sen)	1.9387	1.9917	(2.7%)
Payout ratio (%)	100.0	100.0	0.0 pp*

* pp = change in percentage points

Notes:

(1) Decreased mainly due to (i) the refurbishment exercise at Brisbane Marriott and (ii) the weakening of Australian Dollar against Ringgit Malaysia.

(2) Increased mainly due to (i) the acquisition of The Green Leaf Niseko Village in September 2018 and (ii) full quarter (3 months) contributions from (a) the lease rental income of The Majestic Hotel Kuala Lumpur in 2Q FY2019 as compared to 2 months in 2Q FY2018 and (b) the 5% step-up lease rental income for JW Marriott Hotel Kuala Lumpur in 2Q FY2019 as compared to 1 month in 2Q FY2018.

All figures in RM million unless indicated otherwise.

STATEMENT OF FINANCIAL POSITION

YTL HOSPITALITY REIT

RM ('000)	As at 31 December 2018 (Unaudited)	As at 30 June 2018 (Audited)	Change
Investment properties	2,604,604	2,371,618	+ 9.8% ⁽¹⁾
Property, plant and equipment	1,897,301	1,947,753	(2.6%)
Cash & cash equivalents	130,685	155,457	(15.9%)
Other assets	51,966	36,827	+ 41.1%
Total Assets	4,684,556	4,511,655	+ 3.8%
Borrowings	1,902,677	1,687,694	+ 12.7% ⁽²⁾
Other liabilities	109,271	105,450	+ 3.6%
Total Liabilities	2,011,948	1,793,144	+ 12.2%
Net Asset Value (NAV)	2,672,608	2,718,511	(1.7%)
Number of units in circulation ('000)	1,704,389	1,704,389	0.0%
NAV per unit (RM)	1.568 ⁽³⁾	1.595	(1.7%)

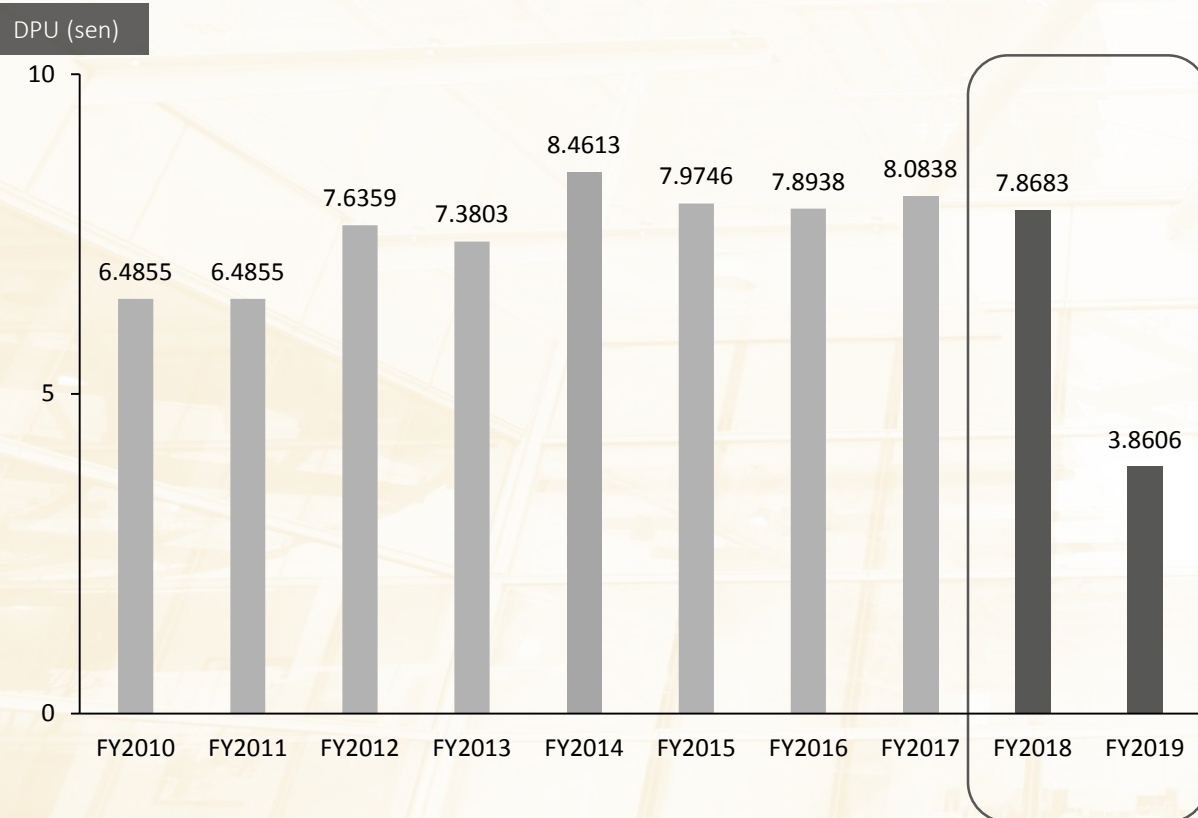
Notes:

(1) Increased due to the acquisition of The Green Leaf Niseko Village on 26 September 2018.

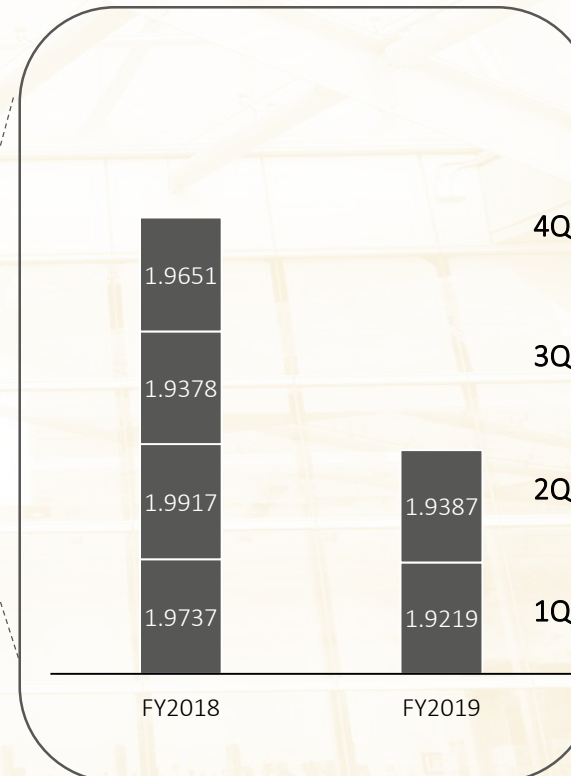
(2) Increased due to the acquisition of The Green Leaf Niseko Village on 26 September 2018 and drawdown for refurbishment of Brisbane Marriott.

(3) After total income distribution of RM65.8 million in respect of YTD FY2019.

Total DPU



Quarterly Breakdown



	Total Distributions*	
	FY2018	FY2019
Cumulative	134.1	65.8
4Q	33.5	
3Q	33.0	
2Q	33.9	33.0
1Q	33.6	32.8

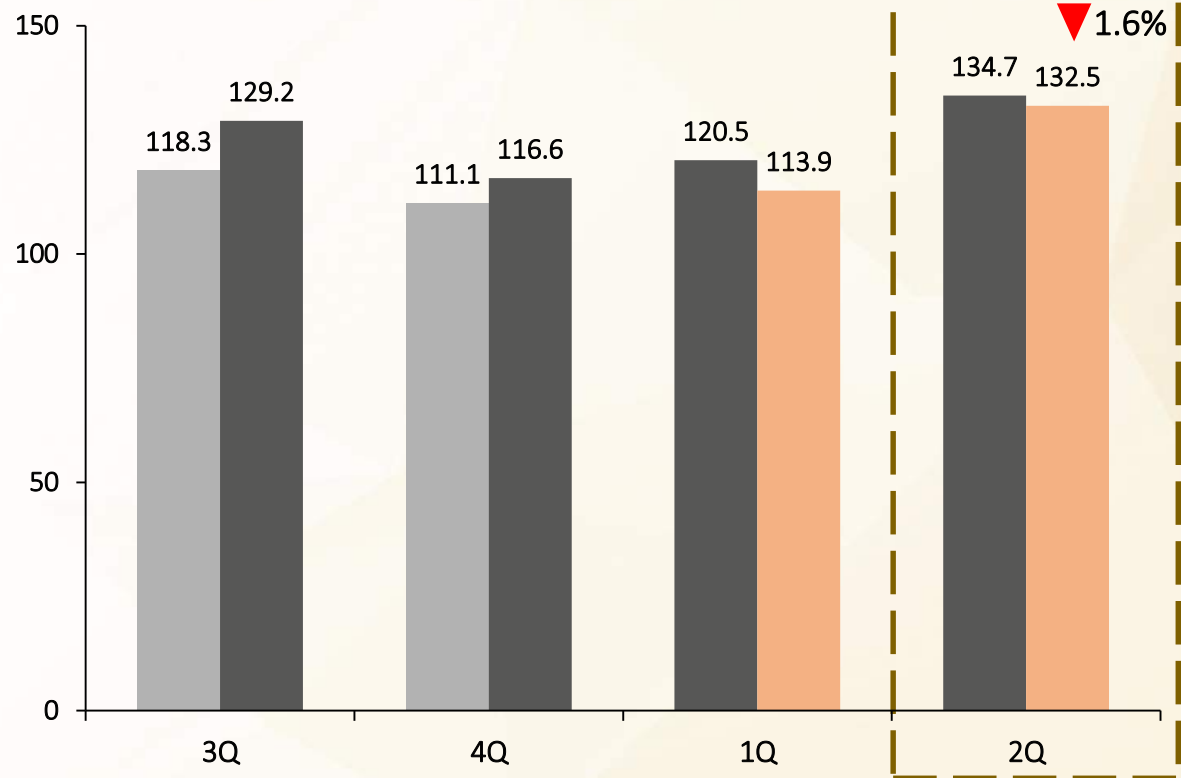
* In RM million

Notes:

1. Quarterly distributions commenced during the financial year ended 30 June 2014.
2. DPUs subsequent to the issuance of 380,000,000 new placement units on 16 December 2016 are based on the enlarged number of units in issue.

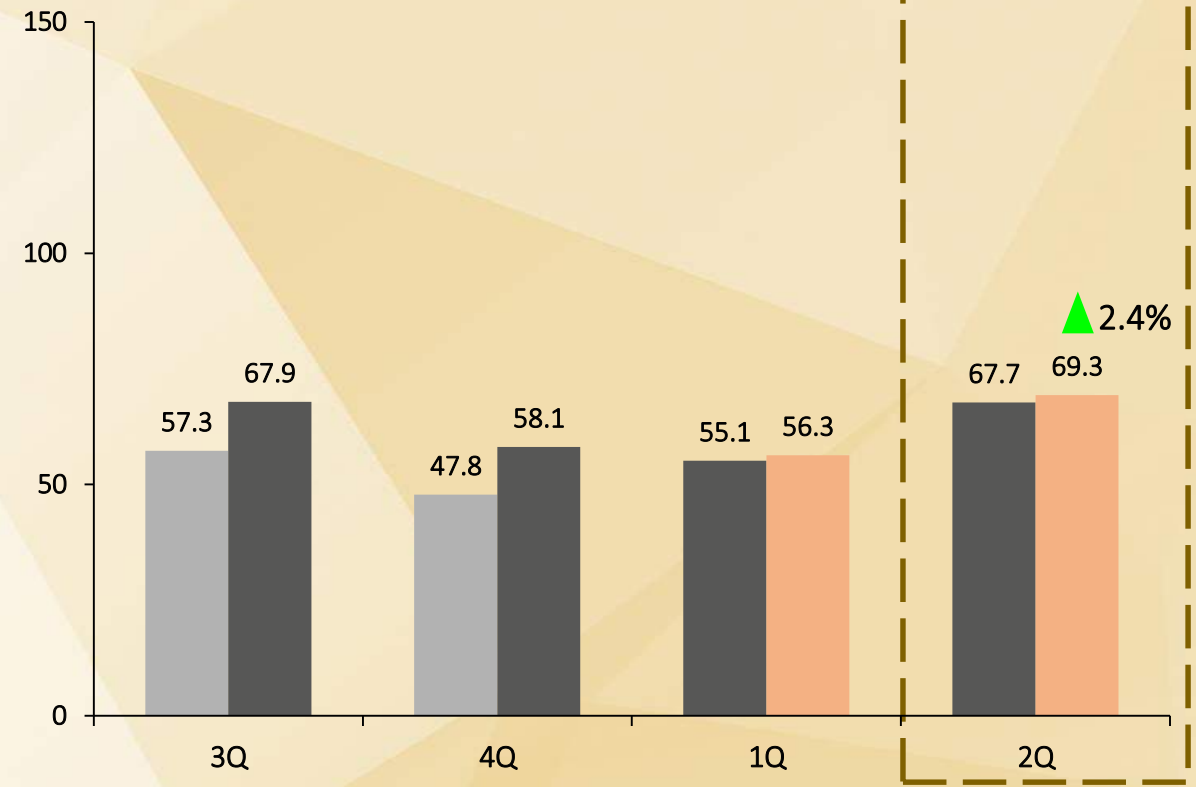
TOTAL revenue

RM (million)



NET property income

RM (million)

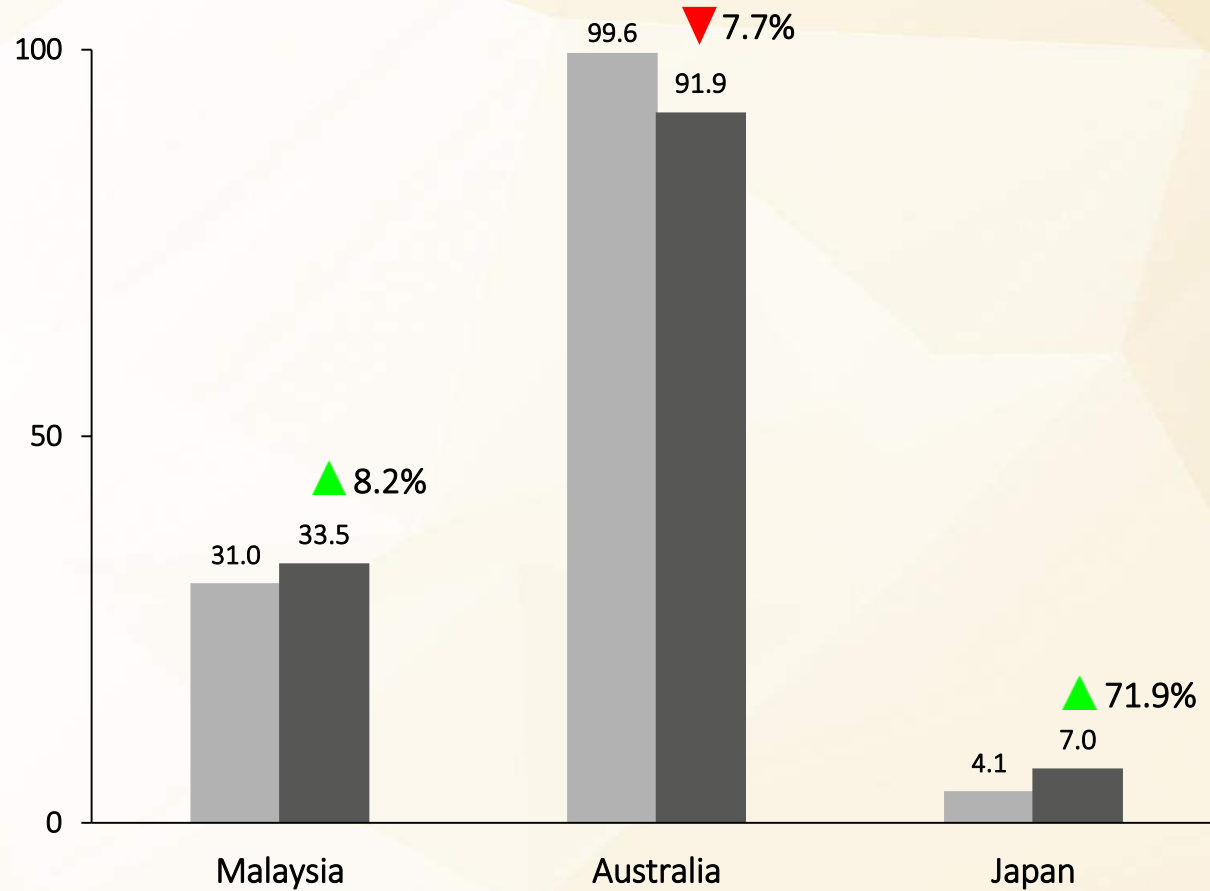


FY2017
 FY2018
 FY2019

2Q FY2018 2Q FY2019

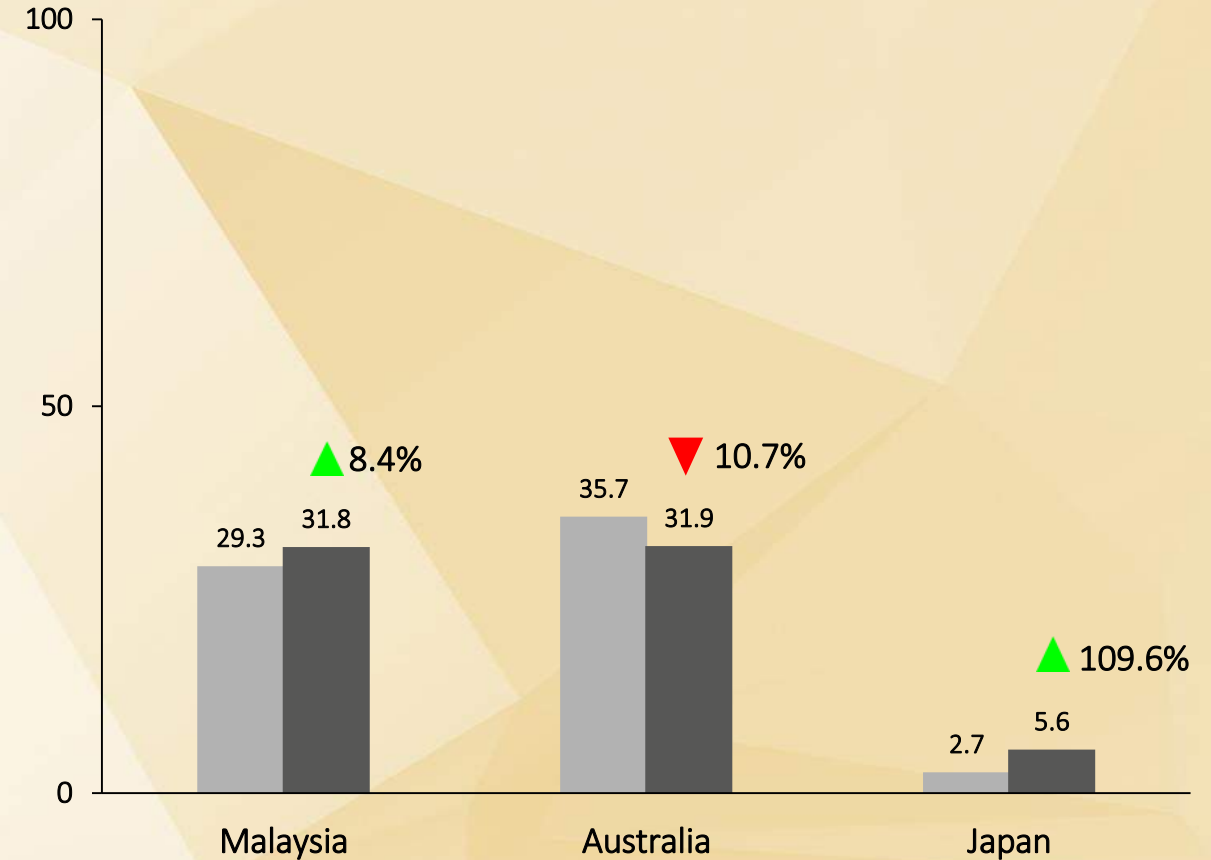
TOTAL revenue

RM (million)



NET property income

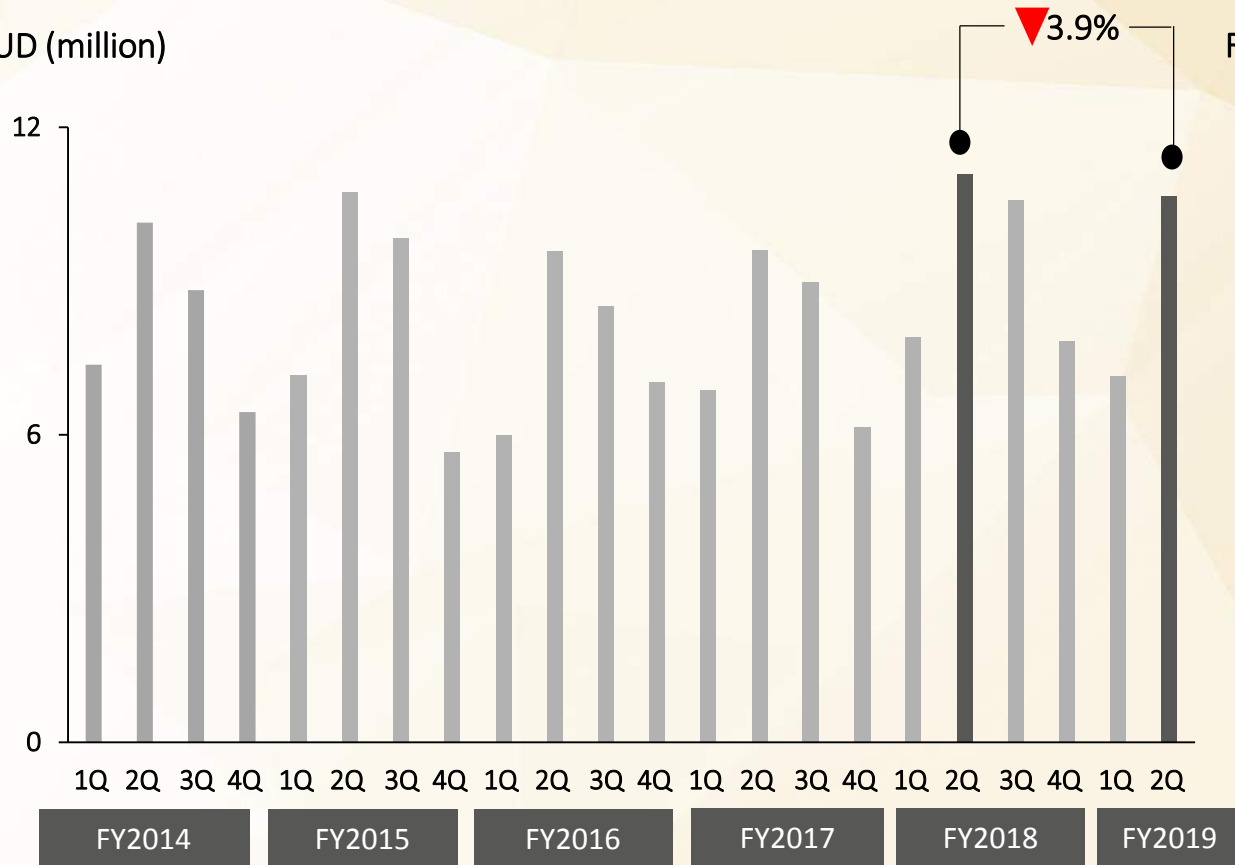
RM (million)



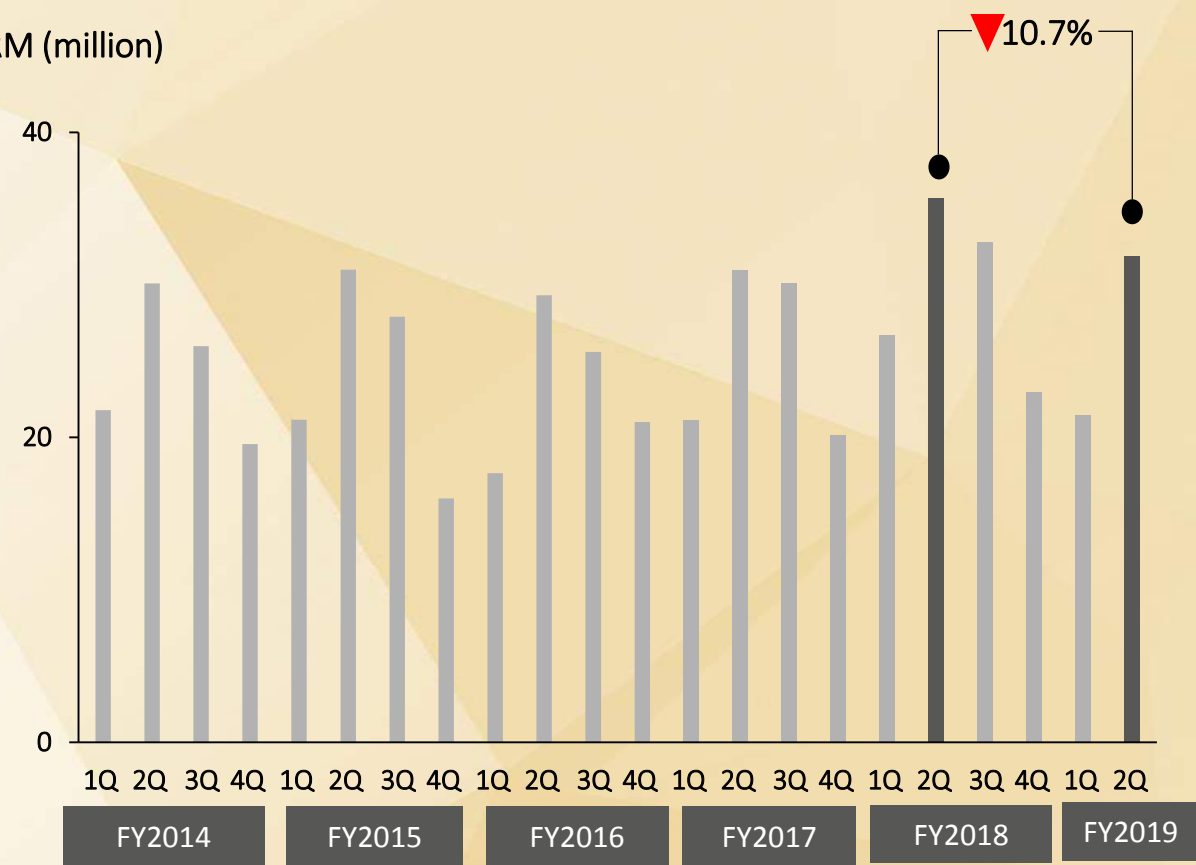
NPI FOR AUSTRALIA IN AUD AND RM

NPI in RM impacted by the foreign exchange effects of the weaker AUD relative to RM

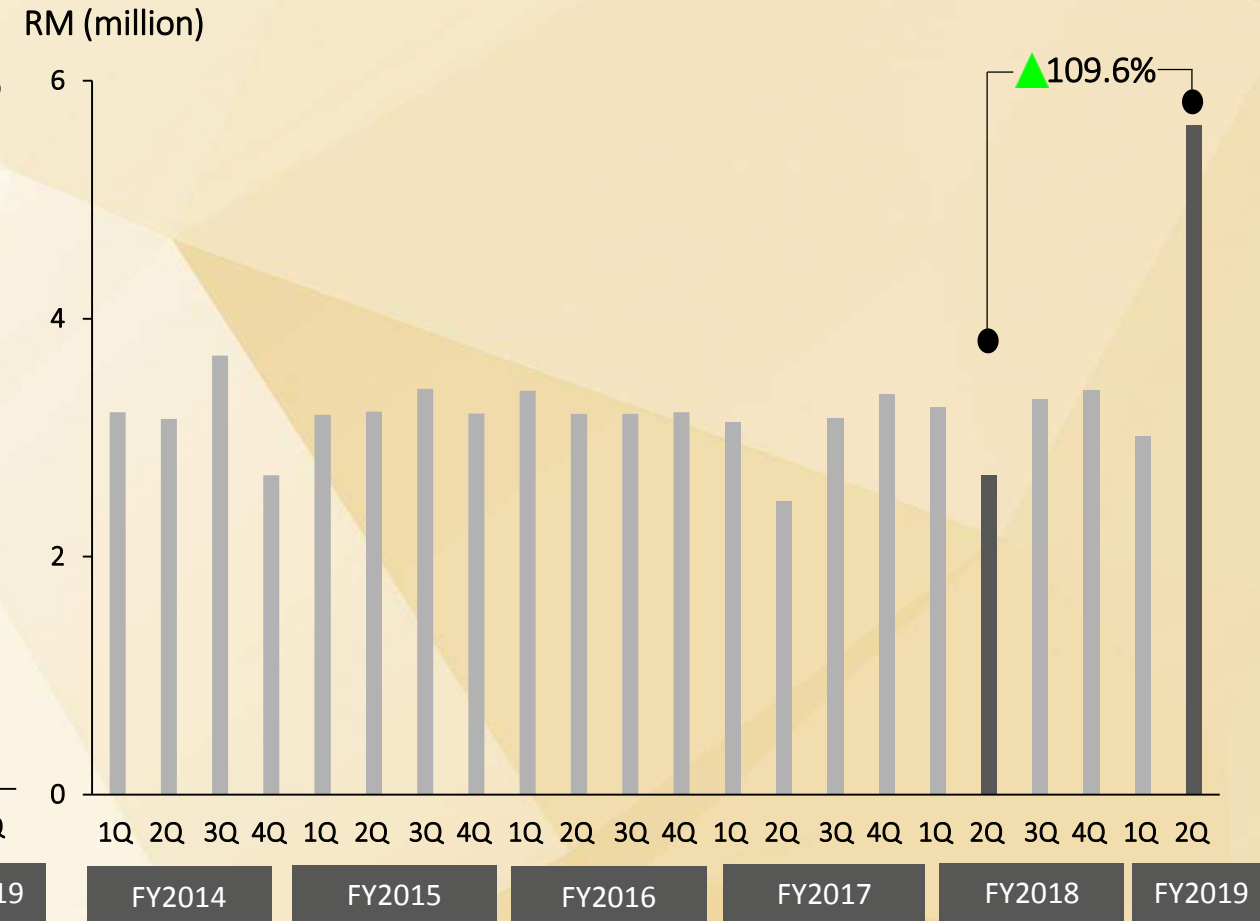
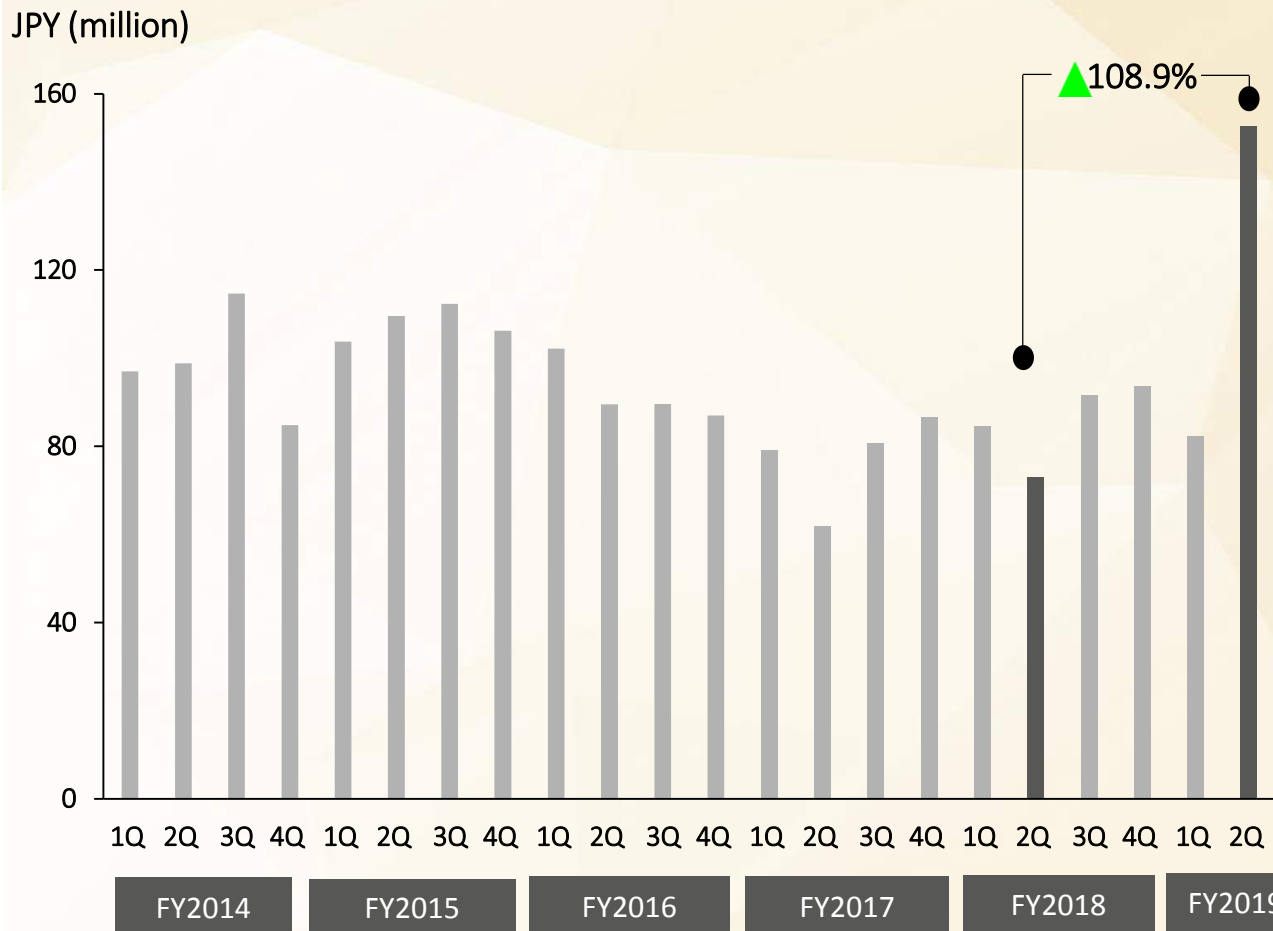
AUD (million)



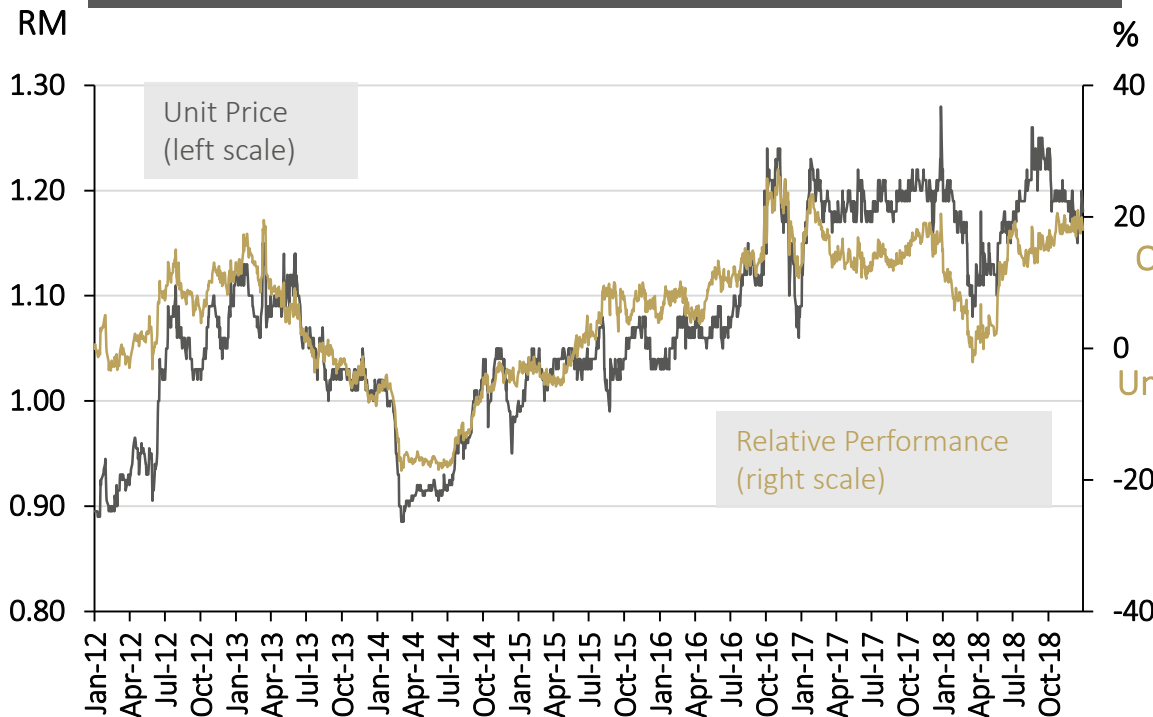
RM (million)



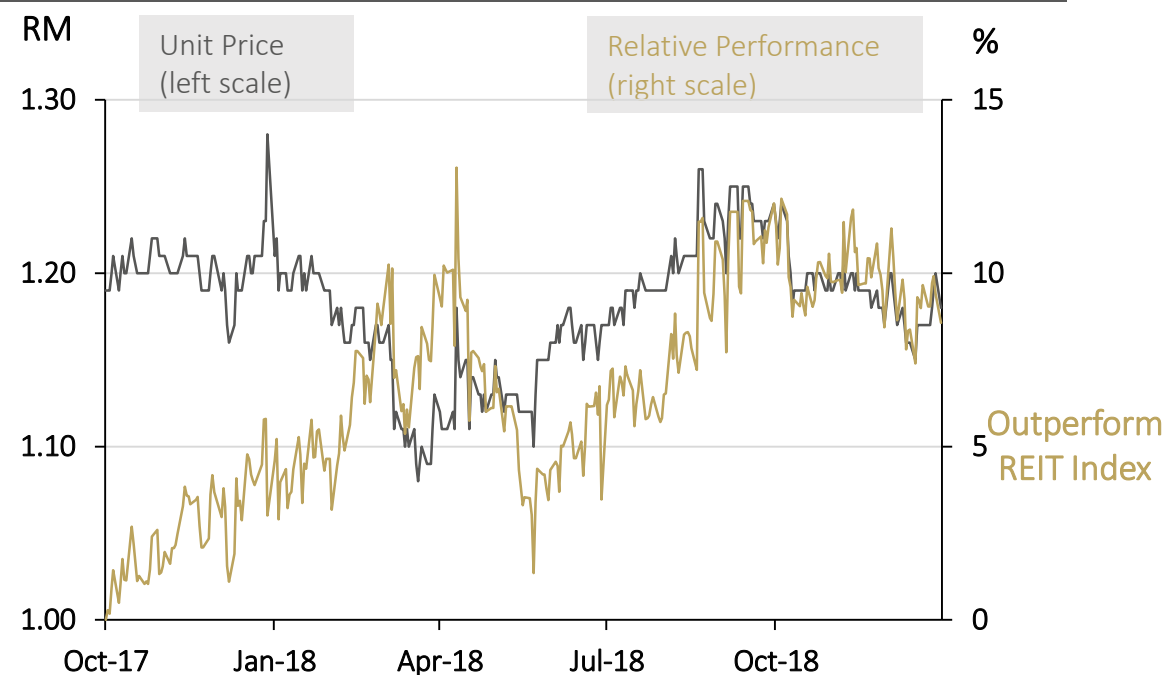
NPI in RM impacted by the foreign exchange effects of the stronger JPY relative to RM



**YTL Hospitality REIT's
Unit Price Movement & Relative Performance to FBMKLCI
(1 January 2012 to 31 December 2018)**



**YTL Hospitality REIT's
Unit Price Movement & Relative Performance to REIT Index
(1 October 2017 to 31 December 2018)**



TRADING STATISTIC

Closing price ⁽¹⁾	RM1.18
Market Cap (RM) ⁽¹⁾	RM2,011 mil
Units issued ⁽¹⁾	1,704,388,889
Average daily traded volume for 2Q FY2019 ('000 units) ⁽²⁾	449.2

Source: Bloomberg

Notes:

(1) As at 31 December 2018.

(2) For the quarter ended 31 December 2018.



2

Financial performances: 6 months ended
31 December 2018 (YTD FY2019)

FINANCIAL PERFORMANCES: 6 MONTHS ENDED 31 DEC 2018 (YTD FY2019)

YTL HOSPITALITY REIT

1 July - 31 December	YTD FY2019	YTD FY2018	Change
Total Revenue	246.3	255.2	(3.5%)
- Hotel Revenue (Management Contracts)	168.0	189.4	(11.3%) ⁽¹⁾
- Lease Rental (Master Leases)	78.4	65.8	+ 19.2% ⁽²⁾
Net Property Income (NPI)	125.6	122.8	+ 2.3%
- Management Contracts	53.3	62.4	(14.5%) ⁽¹⁾
- Master Leases	72.3	60.4	+ 19.6% ⁽²⁾
Income available for distribution	65.8	67.6	(2.6%)
Income distribution	65.8	67.6	(2.6%)
- from current year	65.8	67.6	(2.6%)
Distribution per unit (DPU) (sen)	3.8606	3.9654	(2.6%)
Payout ratio (%)	100.0	100.0	0.0 pp*

* pp = change in percentage points

Notes:

(1) Decreased mainly due to (i) the refurbishment exercise at Brisbane Marriott and (ii) the weakening of Australian Dollar against Ringgit Malaysia.

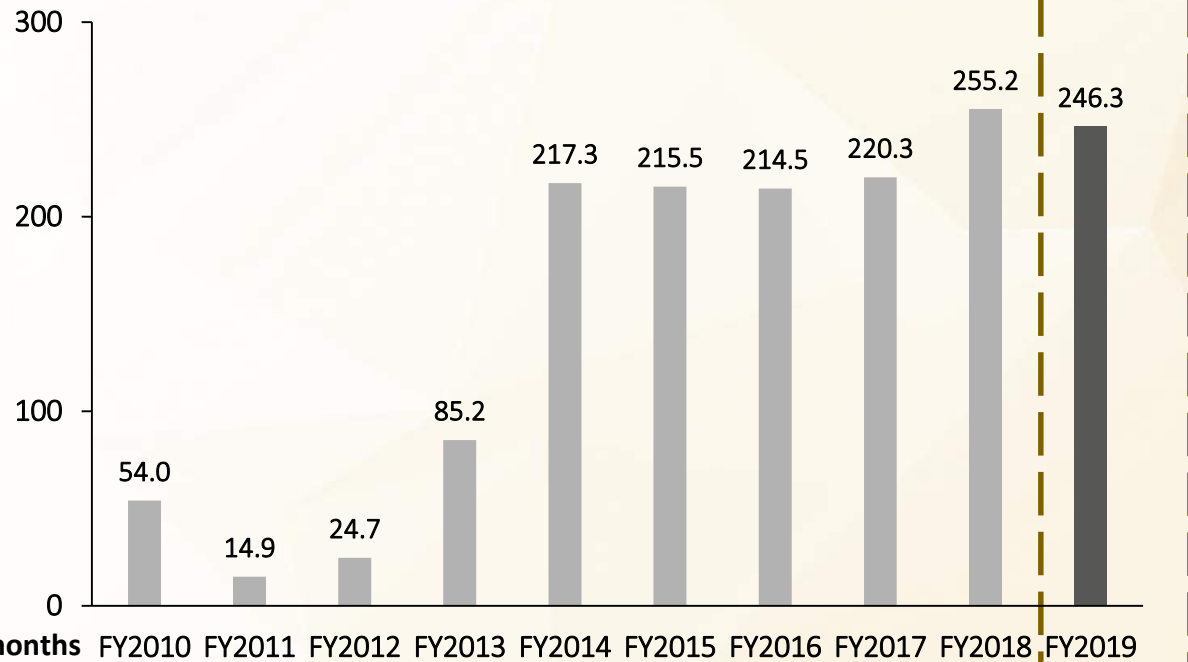
(2) Increased mainly due to (i) the acquisition of The Green Leaf Niseko Village in September 2018 and (ii) 6 months of contributions from (a) the lease rental income of The Majestic Hotel Kuala Lumpur for YTD FY2019 as compared to 2 months in YTD FY2018 and (b) the 5% step-up lease rental income for JW Marriott Hotel Kuala Lumpur in YTD FY2019 as compared to 1 month in YTD FY2018.

All figures in RM million unless indicated otherwise.

6 MONTHS (1 JUL-31 DEC) FINANCIAL PERFORMANCES

TOTAL revenue

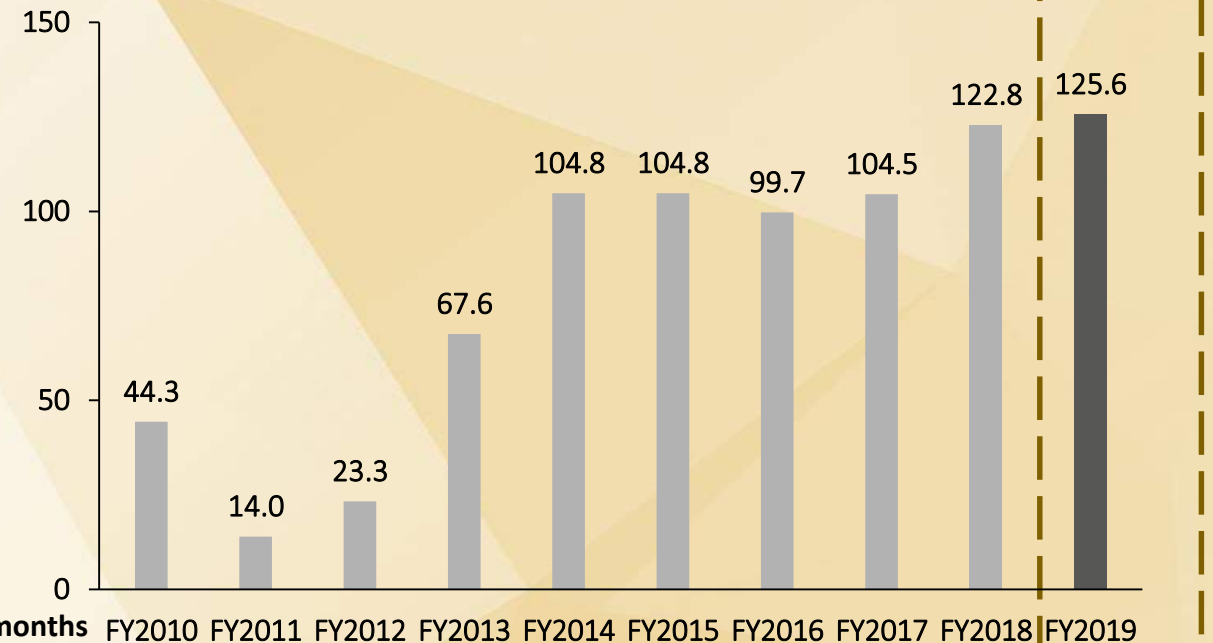
RM (million)



6 months (1 Jul – 31 Dec)

NET property income

RM (million)

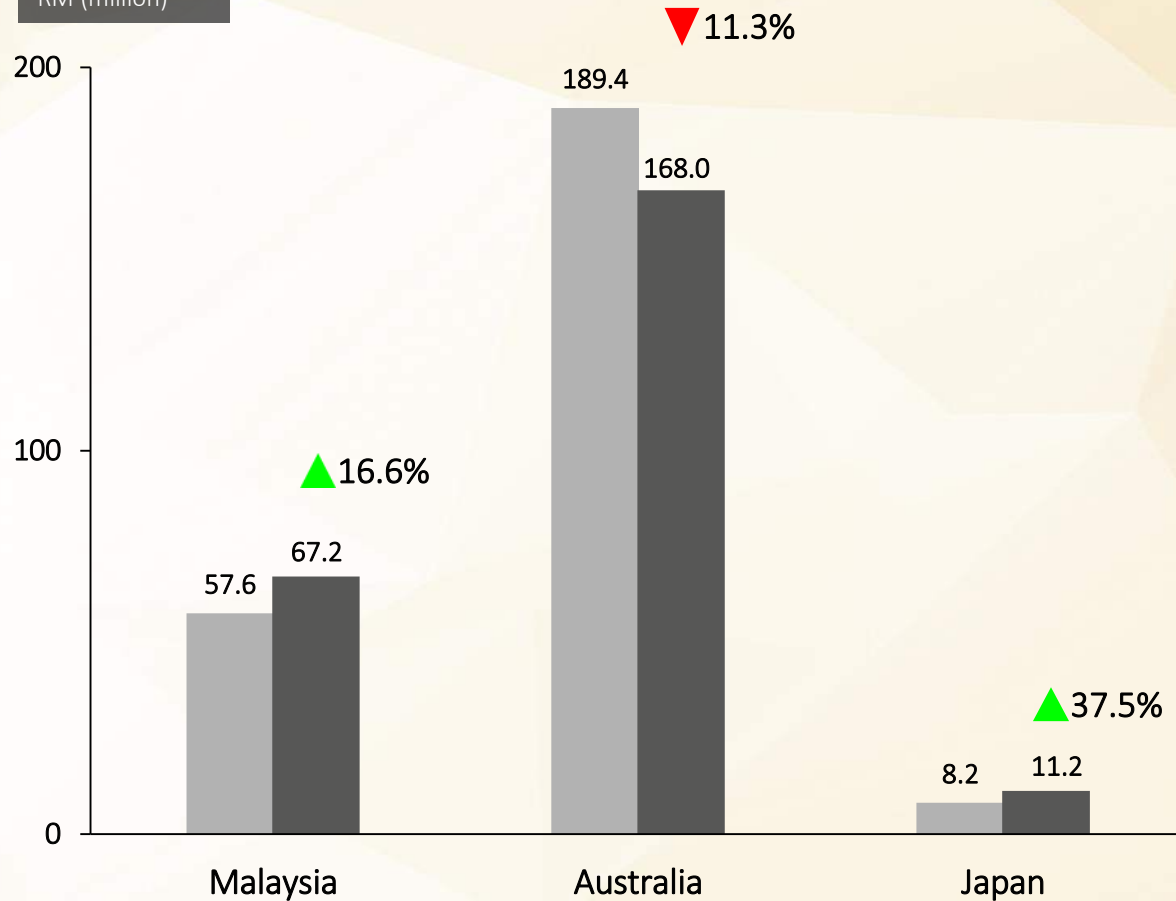


6 months (1 Jul – 31 Dec)

6 MONTHS (1 JUL-31 DEC) FINANCIAL PERFORMANCES BY COUNTRY

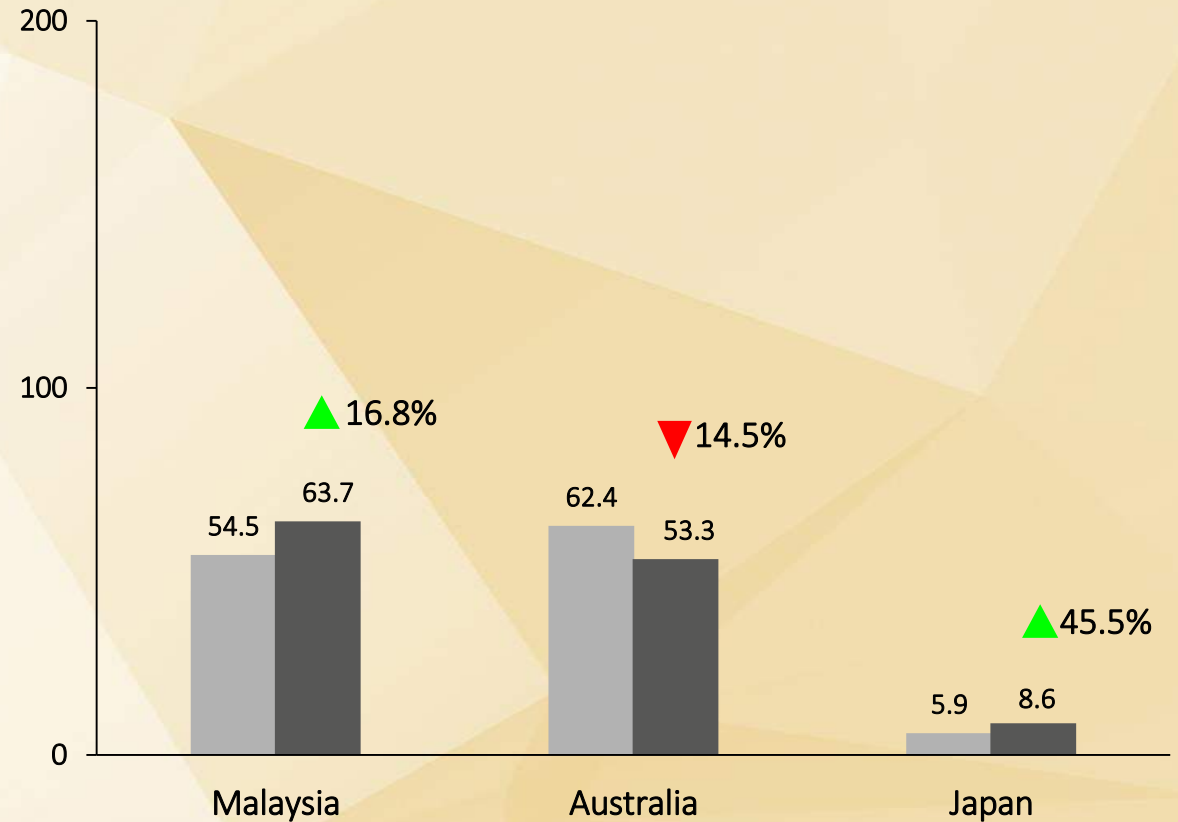
TOTAL revenue

RM (million)



NET property income

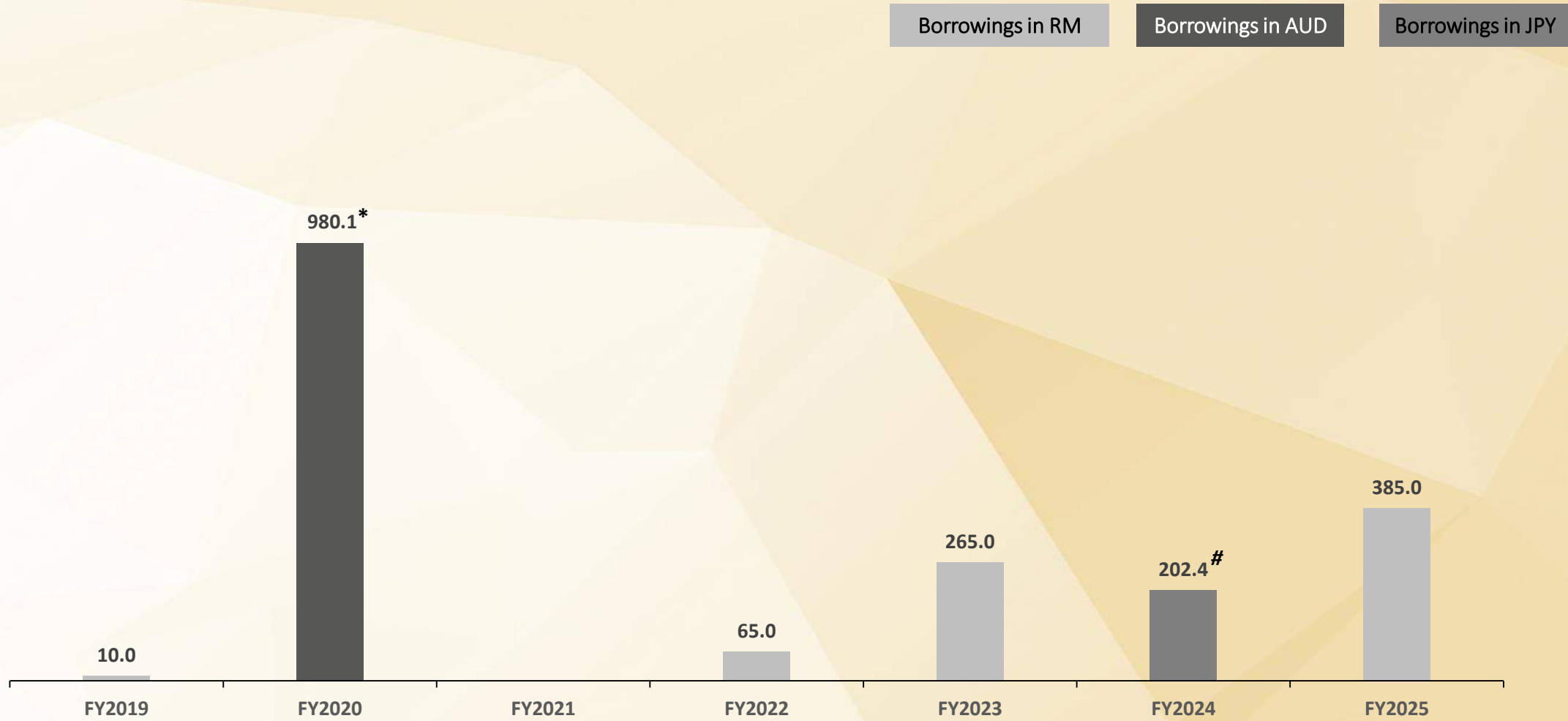
RM (million)



A wide-angle photograph of a tropical beach. The foreground shows a dark, shadowed area with a person in a light-colored shirt leaning over a lounge chair. The middle ground features a sandy beach with several white umbrellas and lounge chairs. The background shows the ocean meeting a clear blue sky, with a line of palm trees on the right side.

3

Capital management



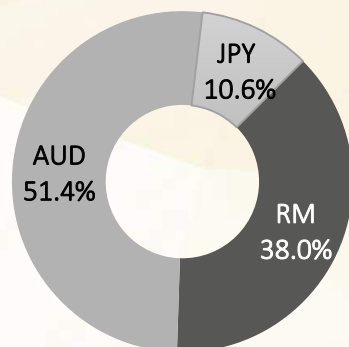
Notes:

^ Excluding the effects of capitalised transaction costs.

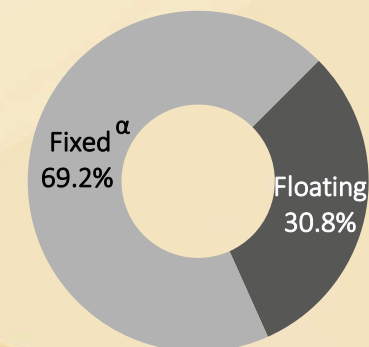
* RM equivalent based on the exchange rate of A\$1.00: RM2.9228 as at 31 December 2018.

RM equivalent based on the exchange rate of JPY100: RM3.7475 as at 31 December 2018.

CURRENCY



INTEREST RATE



	31 December 2018	30 September 2018	Change
Borrowings [^] (RM'000)	1,907,555	1,898,780	+ 0.5%
Total Asset Value (RM'000)	4,684,556	4,715,763	(0.7%)
Gearing (%)	40.7%	40.3%	+ 0.4 pp
Average Interest Rates (%) *			
- Borrowings in Ringgit Malaysia	5.0%	5.0%	0.0 pp
- Borrowings in Australian Dollar [@]	4.6%	4.5%	+ 0.1 pp
- Borrowings in Japanese Yen	0.8%	0.8%	0.0 pp
Interest Cover * #	3.1 x	2.7 x	0.4 x

Notes:

* For the respective Quarter.

[^] Excluding the effects of capitalised transaction costs.

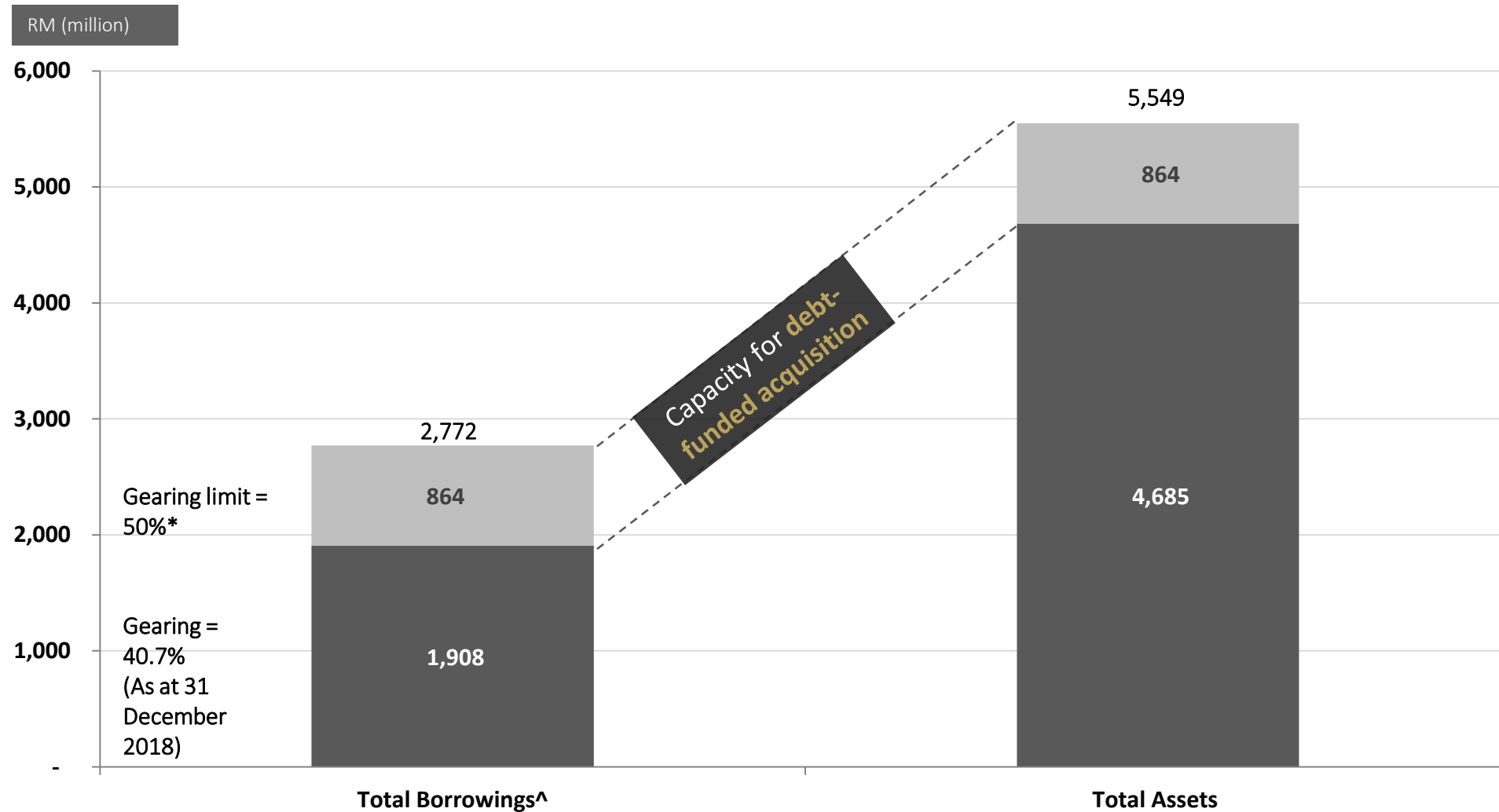
Computed as NPI / Finance Cost

[@] The interest rate is hedged and fixed at the effective rate of 4.68% with effect from 29 December 2017.

^α 51.4% denominated in AUD and 17.8% denominated in RM.

^β 10.6% denominated in JPY and 20.2% denominated in RM.

DEBT HEADROOM OF ~RM864 million FOR ACQUISITIONS



Notes:

[^] Excluding the effects of capitalised transaction costs.

* Leverage limit reduced to 50% under new regulatory guidelines, previous limit of 60% no longer applicable

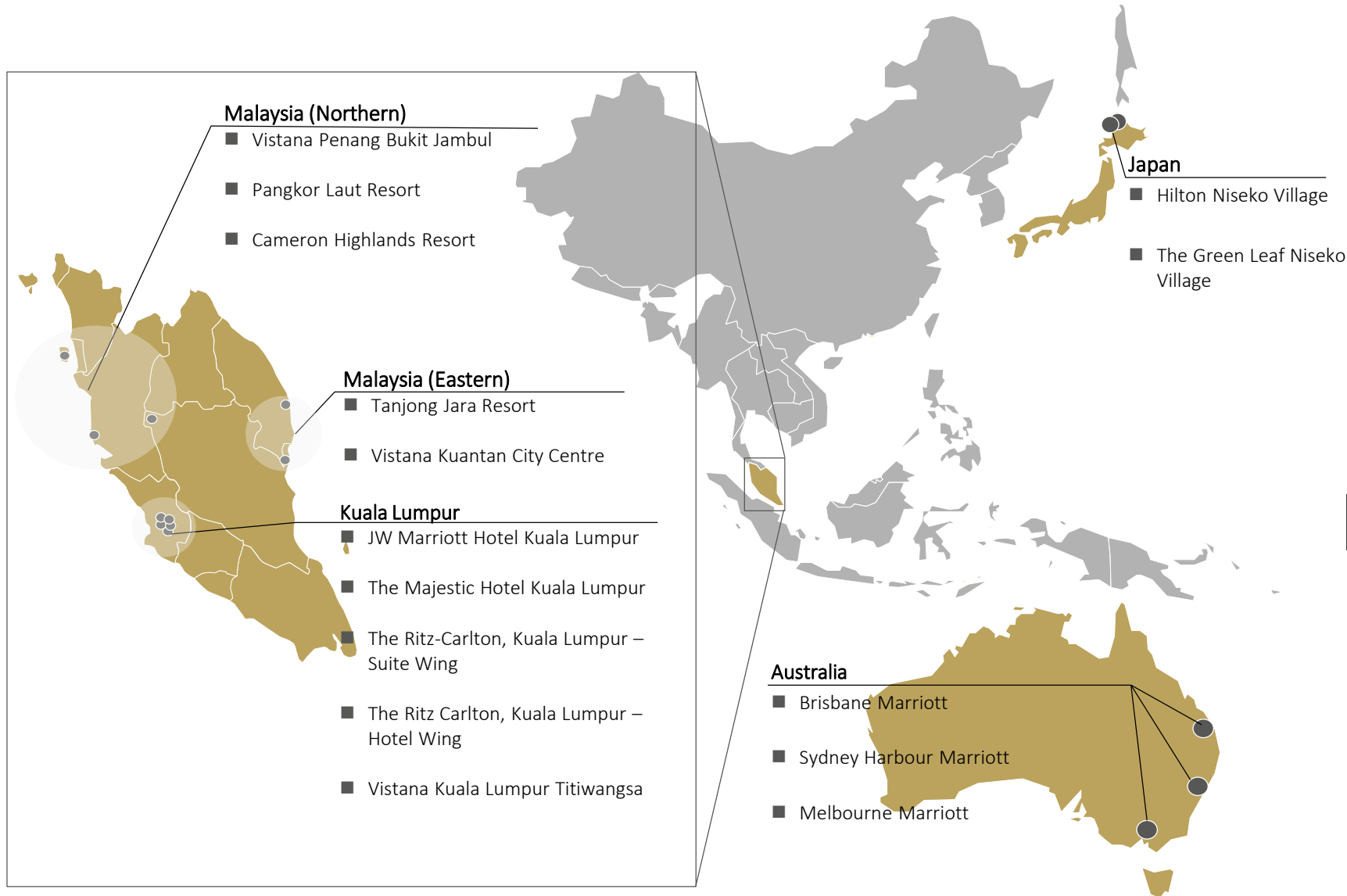


4

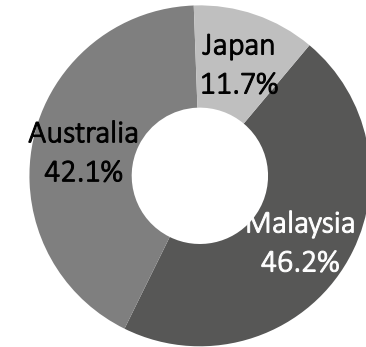
Asset management

LUXURY HOTELS & SERVICED RESIDENCES IN 3 COUNTRIES

YTL HOSPITALITY REIT



ASSET breakdown (by Country)⁽¹⁾



ASSET breakdown (by Contract Type)⁽¹⁾



Note:

(1) Based on investment properties and property, plant & equipment as at 31 December 2018.

	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	2Q FY2019
Malaysia	Under Master Leases								
Japan	Under Master Leases								
Australia	—	—	83.1% ⁽¹⁾	84.2%	84.4%	86.4%	86.9%	87.8%	84.2%

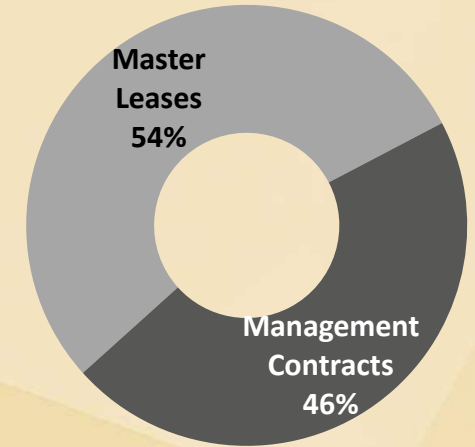
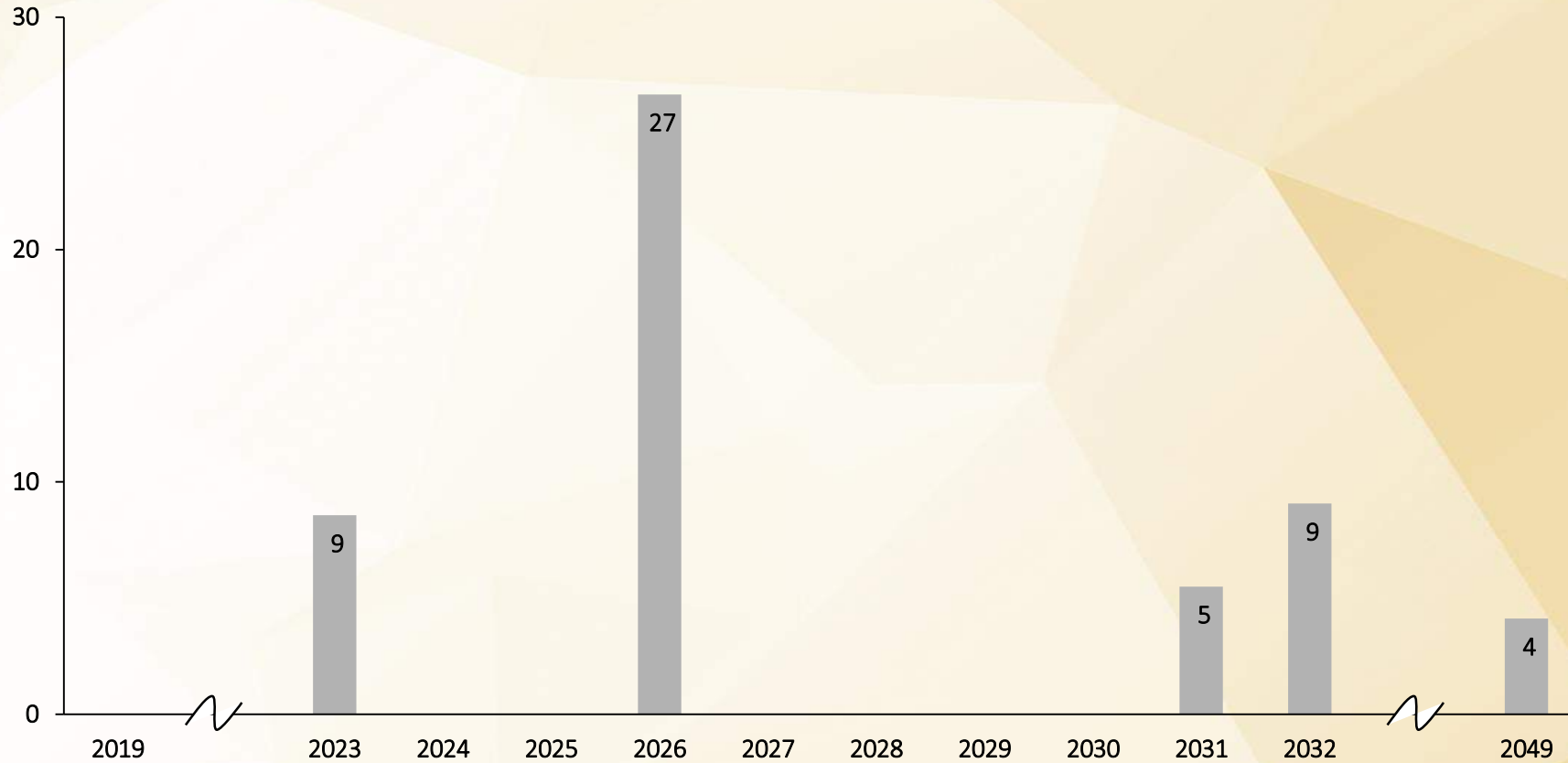
Note:

(1) For 1 July 2012 to 30 June 2013 which includes certain pre-acquisition period as the properties were acquired on 29 November 2012.

NET property income
(%of total *)

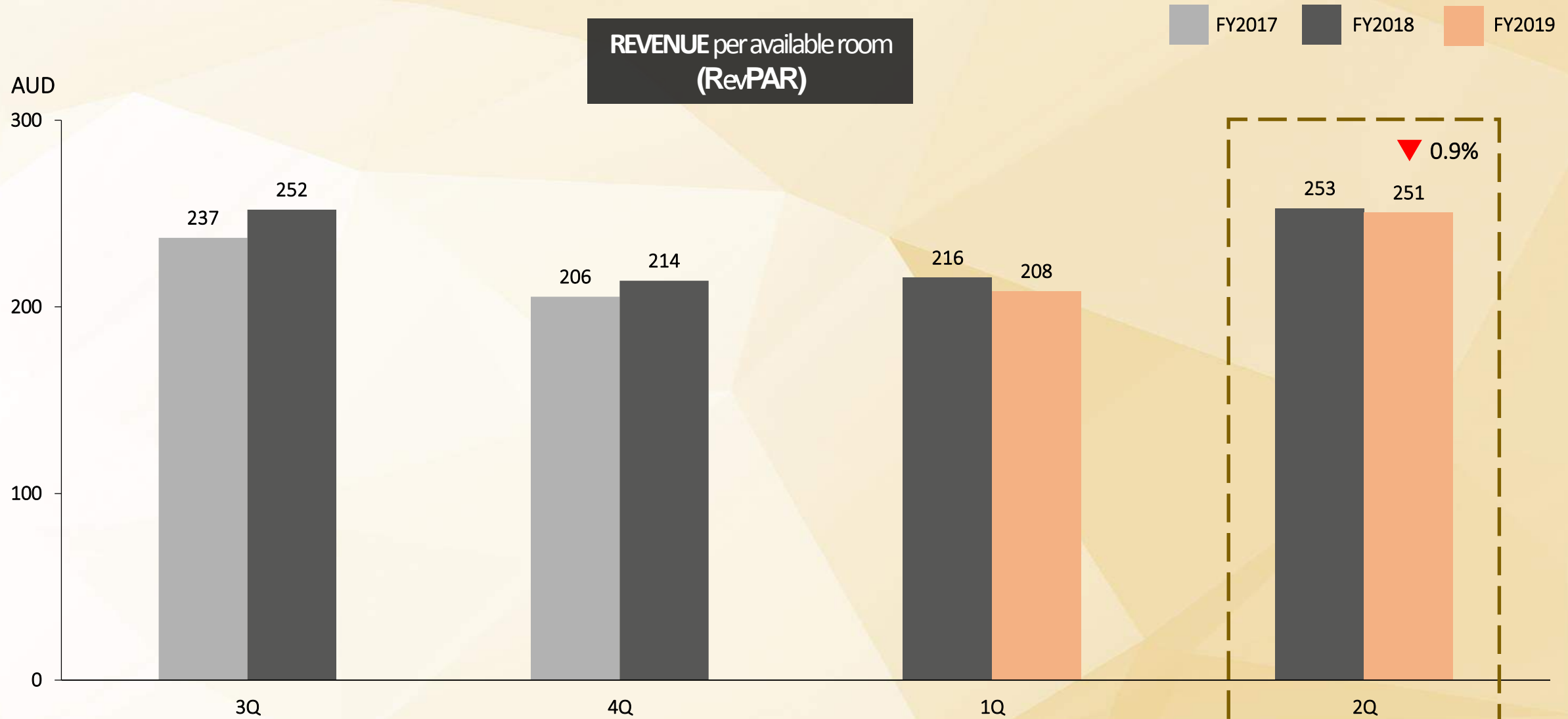
Master leases

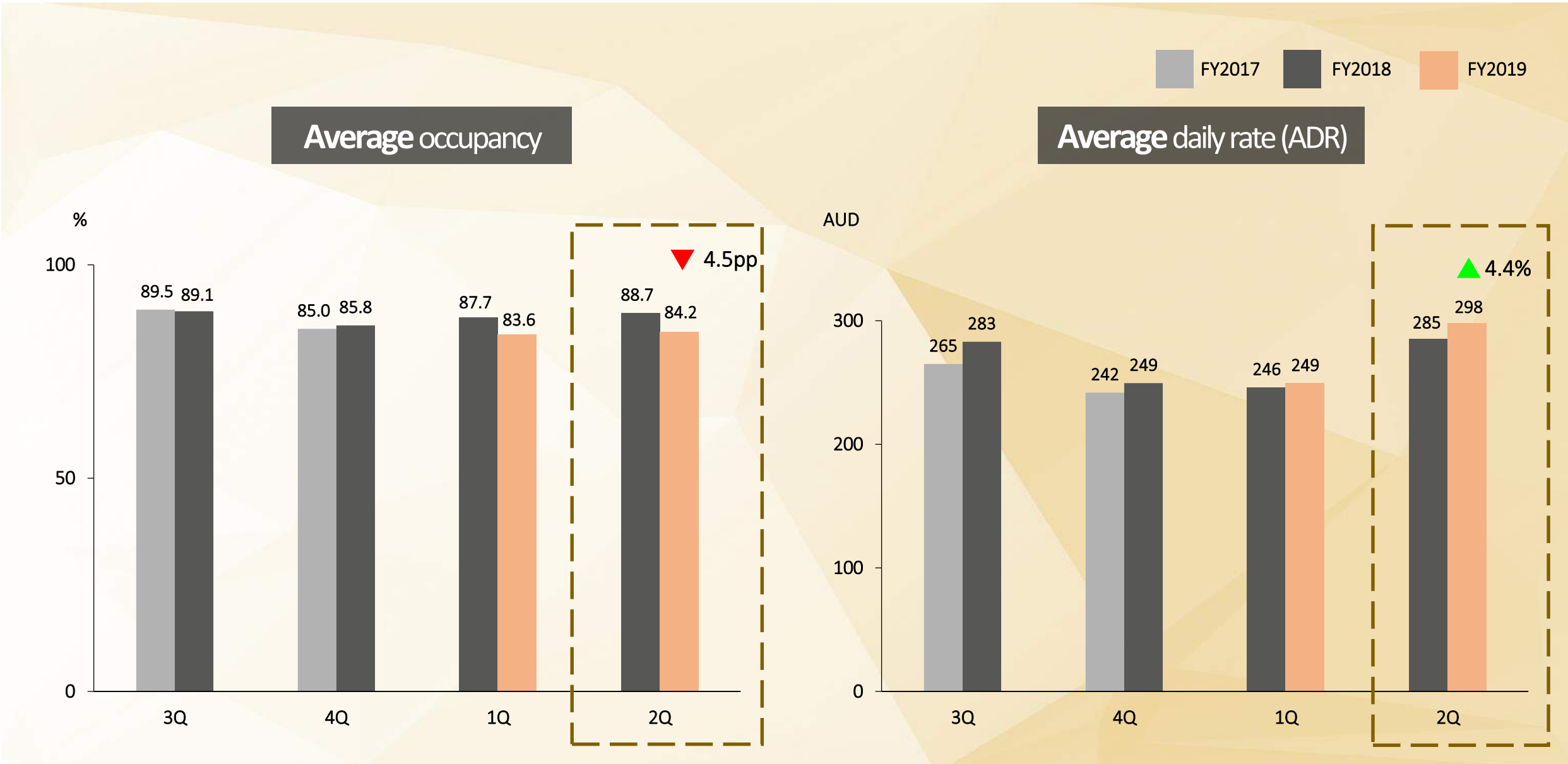
NET property income
(%of total *)



Note:
** For 2Q FY2019.*

REVENUE per available room (RevPAR)







5

Appendices

Address	No. 183, Jalan Bukit Bintang, 55100 Kuala Lumpur
Description	A 5-star hotel with 578 rooms located on part of an 8-level podium block and entire 24-level tower block of Starhill Gallery together with car park bays located partially at basement 1 and 4 and the entire basement 2, 3 and 5 of JW Marriott Hotel Kuala Lumpur
Tenure	Freehold
Master lease expiry	31 December 2023
Master lease remaining ⁽¹⁾	5 years
Annual rental ⁽²⁾	RM25.69 million
No. of rooms	578
Acquisition date	16 December 2005
Valuation ⁽³⁾	RM424 million



Notes:

1. Lease remaining calculated as at 31 December 2018. There is an option for the lessee to renew the lease upon expiry.
2. Derived by annualising the applicable monthly rental as at 31 December 2018.
3. As at 30 April 2018.

Address	No. 5, Jalan Sultan Hishamuddin, 50000 Kuala Lumpur
Description	A 5-star hotel comprising Majestic Wing (original historic hotel building) with 47 luxurious suites, Tower Wing with 253 guestrooms and suites, Majestic Ballroom with seating capacity of 1,200 for banquet or 1,500 theatre-style, Contango restaurant with seating capacity of 250, Colonial Cafe with seating capacity of 120, Orchid Conservatory with seating capacity of 15 and 3 levels of basement car park
Tenure	90-year registered lease expiring on 11 May 2091
Master lease expiry	2 November 2032
Master lease remaining ⁽¹⁾	14 years
Annual rental ⁽²⁾	RM26.60 million
No. of rooms	300
Acquisition date	3 November 2017
Valuation ⁽³⁾	RM385 million



Notes:

1. Lease remaining calculated as at 31 December 2018. There is an option for the lessee to renew the lease upon expiry.
2. Derived by annualising the applicable monthly rental as at 31 December 2018.
3. As at 30 April 2018.

Address	No. 168, Jalan Imbi, 55100 Kuala Lumpur
Description	Parcel 1: 60 units of hotel suites, 4 levels of commercial podium, 1 level of facilities deck and 2 levels of basement car parks Parcel 2: 50 units of hotel suites, 4 units of penthouses and 1 level of basement car park
Tenure	Freehold
Master lease expiry	30 June 2031
Master lease remaining ⁽¹⁾	13 years
Annual rental ⁽²⁾	RM16.38 million
No. of rooms	114
Acquisition date	16 May 2007 & 15 November 2011
Valuation ⁽³⁾	Parcel 1: RM207 million Parcel 2: RM99 million



Notes:

1. Lease remaining calculated as at 31 December 2018. There is an option for the lessee to renew the lease upon expiry.
2. Derived by annualising the applicable monthly rental as at 31 December 2018.
3. As at 30 April 2018.

Address	No. 168, Jalan Imbi, 55100 Kuala Lumpur
Description	22-storey 5-star hotel building comprising 251 rooms with 4-storey basement car parks
Tenure	Freehold
Master lease expiry	14 November 2026
Master lease remaining ⁽¹⁾	8 years
Annual rental ⁽²⁾	RM21.63 million
No. of rooms	251
Acquisition date	15 November 2011
Valuation ⁽³⁾	RM343 million



Notes:

1. Lease remaining calculated as at 31 December 2018. There is an option for the lessee to renew the lease upon expiry.
2. Derived by annualising the applicable monthly rental as at 31 December 2018.
3. As at 30 April 2018.

Address	No. 9, Jalan Lumut, Off Jalan Ipoh, 50400 Kuala Lumpur
Description	17-storey hotel building with 364 rooms and 2-storey basement car parks
Tenure	Freehold
Master lease expiry	14 November 2026
Master lease remaining ⁽¹⁾	8 years
Annual rental ⁽²⁾	RM8.61 million
No. of rooms	364
Acquisition date	15 November 2011
Valuation ⁽³⁾	RM136 million



Notes:

1. Lease remaining calculated as at 31 December 2018. There is an option for the lessee to renew the lease upon expiry.
2. Derived by annualising the applicable monthly rental as at 31 December 2018.
3. As at 30 April 2018.

Address	No. 213, Jalan Bukit Gambier, Bukit Jambul, 11950 Pulau Pinang
Description	17-storey Hotel Wing with 238 hotel rooms and 26-storey Suite Wing with 189 hotel suites with an annexed 3-storey podium
Tenure	99-year leasehold expiring on 27 October 2094
Master lease expiry	14 November 2026
Master lease remaining ⁽¹⁾	8 years
Annual rental ⁽²⁾	RM8.61 million
No. of rooms	427
Acquisition date	15 November 2011
Valuation ⁽³⁾	RM118 million



Notes:

1. Lease remaining calculated as at 31 December 2018. There is an option for the lessee to renew the lease upon expiry.
2. Derived by annualising the applicable monthly rental as at 31 December 2018.
3. As at 30 April 2018.

Address	Jalan Teluk Sisek, 25000 Kuantan, Pahang
Description	8-storey hotel building with 215 rooms
Tenure	99-year leasehold expiring on 11 July 2092
Master lease expiry	14 November 2026
Master lease remaining ⁽¹⁾	8 years
Annual rental ⁽²⁾	RM6.30 million
No. of rooms	215
Acquisition date	15 November 2011
Valuation ⁽³⁾	RM88 million



Notes:

1. Lease remaining calculated as at 31 December 2018. There is an option for the lessee to renew the lease upon expiry.
2. Derived by annualising the applicable monthly rental as at 31 December 2018.
3. As at 30 April 2018.

Address	Pangkor Laut Island, 32200 Lumut, Perak Darul Ridzuan
Description	36 units of Garden Villas, 52 units of Hill Villas, 8 units of Beach Villas and 1 unit of Pavarotti Suite
Tenure	99-year registered lease expiring on 21 May 2095
Master lease expiry	14 November 2026
Master lease remaining ⁽¹⁾	8 years
Annual rental ⁽²⁾	RM8.82 million
No. of rooms	97
Acquisition date	15 November 2011
Valuation ⁽³⁾	RM117 million



Notes:

1. Lease remaining calculated as at 31 December 2018. There is an option for the lessee to renew the lease upon expiry.
2. Derived by annualising the applicable monthly rental as at 31 December 2018.
3. As at 30 April 2018.

Address	Batu 8, Off Jalan Dungun, 23000 Dungun, Terengganu Darul Iman
Description	Small luxury boutique resort with 100 rooms
Tenure	60-year leasehold expiring on 4 December 2067
Master lease expiry	14 November 2026
Master lease remaining ⁽¹⁾	8 years
Annual rental ⁽²⁾	RM7.35 million
No. of rooms	100
Acquisition date	15 November 2011
Valuation ⁽³⁾	RM102 million



Notes:

1. Lease remaining calculated as at 31 December 2018. There is an option for the lessee to renew the lease upon expiry.
2. Derived by annualising the applicable monthly rental as at 31 December 2018.
3. As at 30 April 2018.

Address	By the Golf Course, 39000 Tanah Rata, Cameron Highlands, Pahang Darul Makmur
Description	3-storey luxury resort with a 2-storey spa village block with 56 rooms and suites and a single storey building
Tenure	99-year leasehold expiring on 9 December 2108
Master lease expiry	14 November 2026
Master lease remaining ⁽¹⁾	8 years
Annual rental ⁽²⁾	RM4.20 million
No. of rooms	56
Acquisition date	15 November 2011
Valuation ⁽³⁾	RM60 million



Notes:

1. Lease remaining calculated as at 31 December 2018. There is an option for the lessee to renew the lease upon expiry.
2. Derived by annualising the applicable monthly rental as at 31 December 2018.
3. As at 30 April 2018.

Address	Aza-Soga, Niseko-cho, Abuta-gun, Hokkaido
Description	16-storey hotel building with 1-storey of basement comprising 506 rooms
Tenure	Freehold
Master lease expiry	21 December 2026
Master lease remaining ⁽¹⁾	8 years
Annual rental ⁽²⁾	RM16.32 million
No. of rooms	506
Acquisition date	22 December 2011
Valuation ^(3, 4)	JPY8,020 million (RM300.55 million)



Notes:

1. Lease remaining calculated as at 31 December 2018. There is an option for the lessee to renew the lease upon expiry.
2. Derived by annualising the applicable monthly rental as at 31 December 2018.
3. As at 30 April 2018.
4. RM equivalent based on the exchange rate of JPY100:RM3.7475 as at 31 December 2018.

Address	1, 6 and 7, Aza-Higashiyama, Niseko-cho, Abuta-gun, Hokkaido
Description	5-storey hotel building with 1-storey of basement comprising 200 rooms
Tenure	Freehold
Master lease expiry	25 September 2048
Master lease remaining ⁽¹⁾	30 years
Annual rental ^(2,4)	JPY315 million (RM11.80 million)
No. of rooms	200
Acquisition date	26 September 2018
Valuation ^(3, 4)	JPY6,000 million (RM224.85 million)



Notes:

1. Lease remaining calculated as at 31 December 2018. There is an option for the lessee to renew the lease upon expiry.
2. Derived by annualising the applicable monthly rental as at 31 December 2018.
3. As at 30 April 2018.
4. RM equivalent based on the exchange rate of JPY100:RM3.7475 as at 31 December 2018.

Address	30 Pitt Street, Sydney, New South Wales
Description	33-storey hotel building with central atrium comprising 595 rooms including 3 levels of basement with car parking bays
Tenure	Freehold
No. of rooms	595
Acquisition date	29 November 2012
Valuation ^(1, 2)	AUD498 million (RM1,455.55 million)



Notes:

1. As at 30 April 2018.
2. RM equivalent based on the exchange rate of A\$1.00:RM2.9228 as at 31 December 2018.

Address	515 Queen Street, Brisbane, Queensland
Description	28-storey hotel building comprising 267 rooms with 3 levels of basement with car parking bays
Tenure	Freehold
No. of rooms	267
Acquisition date	29 November 2012
Valuation ^(1, 2)	AUD80 million (RM233.82 million)



Notes:

1. As at 30 April 2018.
2. RM equivalent based on the exchange rate of A\$1.00:RM2.9228 as at 31 December 2018.

Address	Corner Exhibition and Lonsdale Streets, Melbourne, Victoria
Description	16-storey hotel building comprising 186 rooms with 5 split levels of car park
Tenure	Freehold
No. of rooms	186
Acquisition date	29 November 2012
Valuation ^(1, 2)	AUD78.4 million (RM229.15 million)



Notes:

1. As at 30 April 2018.
2. RM equivalent based on the exchange rate of A\$1.00:RM2.9228 as at 31 December 2018.

This presentation shall be read in conjunction with YTL Hospitality REIT's interim financial report for the quarter ended 31 December 2018, a copy of which is available on www.bursamalaysia.com and www.ytlhospitalityreit.com.

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