

YTL HOSPITALITY REIT

(established in Malaysia pursuant to a deed dated 18 November 2005 (as amended and restated))

**EIGHTH ANNUAL GENERAL MEETING (“AGM”) OF
YTL HOSPITALITY REIT (“YTL REIT”) CONDUCTED ON
A FULLY VIRTUAL BASIS
VIA REMOTE PARTICIPATION (“RP”) FACILITY
AT THE BROADCAST VENUE, THE TOWN HALL, 8TH FLOOR, MENARA YTL,
205 JALAN BUKIT BINTANG, 55100 KUALA LUMPUR
ON THURSDAY, 15 OCTOBER 2020**

SUMMARY OF PROCEEDINGS AND KEY MATTERS DISCUSSED

CHAIRMAN

Tan Sri Dato’ (Dr) Francis Yeoh Sock Ping presided as Chairman for the AGM in accordance with Paragraph 4(b) of Schedule 2 to the Second Restated Deed dated 25 November 2019 entered into between Pintar Projek Sdn Bhd, the manager of YTL REIT (“**Manager**”) and Maybank Trustees Berhad, the trustee of YTL REIT.

WELCOME ADDRESS

On behalf of the Board of Directors of the Manager (“**Board**”), the Chairman welcomed all who had logged-in to the RP platform to participate in the AGM which was live streamed from the Broadcast Venue.

The Chairman explained that due to the pandemic that was ongoing and in compliance with the *Guidance and FAQs on Conduct of General Meetings for Listed Issuers* issued by the Securities Commission Malaysia, the AGM was conducted on a fully virtual basis through live streaming and RP.

QUORUM

The requisite quorum being present, the Chairman called the AGM to order at 3.00 p.m.

NOTICE OF MEETING

The notice convening the AGM as set out in the Annual Report was taken as read.

PRELIMINARIES

A brief outline of the general instruction on meeting procedures was presented. Participants were informed that Tricor Investor & Issuing House Services Sdn Bhd was appointed Share Registrar for the AGM.

AUDITED FINANCIAL STATEMENTS AND REPORTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

The audited financial statements of YTL REIT for the financial year ended 30 June 2020 together with the reports attached thereon were laid for discussion as these did not require approval of the Unitholders and hence not put for voting.

QUESTIONS AND ANSWERS (“Q&A”) SESSION

The AGM then dealt with the Q&A after tabling of the agenda item.

Several questions were received from unitholders/corporate representatives/proxies before the AGM. The questions and answers shown on screen are set out in Appendix I herein.

Questions submitted live via the RP facility were then read by the Secretary.

The Chief Executive Officer addressed questions covering the following issues, duly assisted by the Chairman wherever relevant:-

- Plans for acquisition of hotel properties in Malaysia and internationally;
- Sustainability of the income distributions;
- Substantial negative fair value adjustments for hotel properties in Australia and Japan;
- Relief measures from governments of Malaysia, Australia and Japan that benefit YTL REIT;
- Outlook for financial year ending 30 June 2021 (“FY2021”);
- Performance of and updates on the hotel properties in Malaysia, Australia and Japan;
- Cost cutting exercise such as staff retrenchment;
- Financing costs in FY2021;
- Borrowings matrix in respect of fixed and floating loans and interest rate risk/opportunities;
- Investment structure of the Australian portfolio as well as the master lease structure for Malaysia and Japan;
- Reason for lower revenue recorded in the fourth quarter ended 30 June 2020;
- Unit price performance;
- Plan to diversify business outside of Malaysia, Australia and Japan.

CLOSE OF MEETING

As there was no further business to be transacted, the Chairman thanked all participants of the AGM for their attendance and support.

The AGM was declared closed at 3.40 p.m.

YTL HOSPITALITY REIT

Annual General Meeting
15 October 2020QUESTION & ANSWER SESSION
Replies to Pre-Submitted Questions

No	Question	Reply
A	I understand that we are facing unprecedented challenges brought on by the Pandemic, however, I would like to request the Board to give us some e-vouchers as a token of appreciation for being loyal and long term shareholders of the company and for taking the time to attend this Virtual Meeting.	We will consider this request.
B	What have you been doing that your competitors have not? Who is the competitor you want to eliminate the most and why?	We are the only pure-play hospitality REIT in Malaysia and our assets hold market leading positions, so we do not face this issue of competing REITs here.
C	Who is your Head of Sales & Marketing and what are his or her track record and credentials?	<p>The hotels in Malaysia and Japan are under master leases, so they do not require a Sales and Marketing function.</p> <p>The hotels in Australia are marketed under the Marriott brand, leveraging the Marriott group's global distribution system.</p>

No	Question	Reply
D	<p>What is the plan from the management to mitigate the impact of covid-19 and generate more income for investors? How is the company addressing the uncertainties and challenges of the current business environment (in terms of debt management, growth, etc)?</p>	<p>As the pandemic has hit the tourism and hospitality sectors hard, we have agreed to rental variation arrangements with the hotel lessees for all the Malaysian hotels and Hilton Niseko in Japan to help the tenants to sustain their business operations.</p> <p>Our general approach is to preserve the lease and keep the property occupied so that the hotels can continue to generate rental cash flows during this challenging period.</p> <p>In Australia, the Sydney Harbour, Brisbane and Melbourne Marriotts participated in the government's quarantine programmes and JobKeeper scheme, which mitigated some of the business impacts of the pandemic.</p> <p>Whilst international borders remain closed and travel is restricted, we see recovery opportunities from domestic travellers as people vacation within their own borders, and our hotel lessees have done well to step up their promotional packages and offers to encourage this business.</p> <p>In terms of debt management, your REIT maintains a conservative gearing level at about 43.5% (as at 30 June 2020), so there is also headroom for potential growth should good opportunities arise.</p>

No	Question	Reply
E	<p>What is the biggest mistake you have made last year and what have you done about it? What is the company doing to maintain and improve its profit margins? What products and services do you have in the pipeline to continue your growth?</p>	<p>The greatest challenge facing us, as with all other companies, has been the pandemic. However, we have strong risk management, governance and internal controls to ensure that we are able to manage even unprecedented events when they arise.</p> <p>We have deferred non-essential capex whilst also taking the opportunity to undertake improvements which could not be implemented earlier due to peak business activities. This will ensure that our properties are position to regain our leading market positions when the pandemic is contained.</p>
F	<p>How much does our Company spend to hold this virtual AGM plus remote participation & voting (RPV)?</p>	<p>The cost is approximately RM26,000 to hold this virtual meeting.</p>
G	<p>Will YTL continue with the earlier plan to inject the UK assets into the REIT as now I believe the whole hospitality sector has been affected by COVID? If yes, please share with us what is the expected timeline for this transaction to be completed.</p>	<p>Yes, the plan to inject the UK assets is still in the pipeline. These are high-quality assets that would be yield-accretive to REIT and they would be an ideal fit for the portfolio.</p> <p>Timing will depend on how the current situation progresses. The UK has been quite hard hit by the pandemic and is still working out the best way to allow its businesses to safely open and drive the economic recovery process.</p>

No	Question	Reply
H	<p>The hospitality industry has been significantly affected by the closure of hotels and restrictions on international travel. YTL Hospitality REIT's hotels have been similarly affected. For the hotels in Malaysia and Japan which are on master leases, what is the likelihood that they will be granted some form of rental relief or rental rebate to tide them over these difficult times? If so what would be the likely amount of the rebate?</p>	<p>As we announced in July 2020, YTL Hospitality REIT has entered into rental variation arrangements for all our hotels in Malaysia and Hilton Niseko in Japan.</p> <p>This arrangement involves:-</p> <ul style="list-style-type: none"> ▪ Firstly, reducing the rentals by 50 percent for 24 months until June 2022, and ▪ Secondly, allowing the tenants to pay the rental difference on a staggered basis. This is to be done within either the next 7 years or the remaining tenures of the existing leases, whichever is earlier. <p>These rental variations do not involve any reduction or waiver of rental, and about 87% of the amount will be paid within the next 4.5 years.</p> <p>The rental differences will be paid to your REIT over time and have just been deferred, to help the tenants and preserve the leases, which will also benefits your REIT.</p>
I	<p>What is the average occupancy rate of our current hotels in Malaysia?</p>	<p>We have fixed lease arrangements for our hotels in Malaysia so, in normal circumstances, the occupancy rates of the hotels would not affect the REIT.</p> <p>However, the pandemic is an unprecedented event and many of the hotels did not operate during the lockdown, which is why we entered into the rental variation arrangements with the hotel tenants.</p> <p>The rental variation will assist the tenants to manage the current disruption and preserve the lease so that the REIT's income remains stable over the longer term. The deferred rentals are not lost and will be repaid over time.</p>

No	Question	Reply
J	<p>What are the management's plans to navigate the COVID crisis, especially for the Australian hotels that YTL REIT manages as they do not have master leases. What is the REIT's exposure if there are operating losses in the Australian properties? Is the REIT liable for these losses?</p>	<p>The effect of the pandemic on the Australian hotels was mitigated by the hotels' participation in the government's quarantine programme which created occupancy and revenue.</p> <p>The hotels' payrolls were also subsidised by the Australian Federal Government's Jobkeeper scheme, and other mitigating measures have been undertaken including streamlining overheads, delaying any non-essential capex and offering more promotional packages to attract local guests.</p> <p>Any losses in the Australian hotels would impact the REIT. However, these are prime, established hotels in the heart of the city, in Sydney, Brisbane and Melbourne.</p> <p>The team is also highly proactive in managing the hotels to ensure sound occupancy levels and financial performance.</p>
K	<ol style="list-style-type: none"> 1) Will the REIT have sufficient cash flow in FY2021 to maintain dividends at the FY2020 levels? 2) Will the REIT consider implementing a dividend re-investment plan to conserve cash in FY2021? 	<p>Yes, due to the rental variation arrangements, your REIT will still be able to pay distributions. The level for the 2021 financial year will depend on the REIT's performance for the year.</p> <p>As for the dividend re-investment plan, yes, we will continue to keep this as an option, but we will balance this with the unitholders' preference to receive cash, particularly during these difficult times.</p>

No	Question	Reply
L	Does YTL REIT plan to revert back to the previous dividend payout frequency after the pandemic is controlled or gone? Or will it continue to just be semi-annually from here on?	<p>For the time being, we will maintain the semi-annual frequency as it is prudent to do so given the current situation.</p> <p>We will closely monitor how well the spread of the virus is being contained to enable the tourism and hospitality sectors to recover, and then make the necessary adjustments in the best interests of the REIT and the unitholders.</p>
M	What is your forecast for the rental market next year?	<p>The rental market is not relevant to the REIT as we have hotels, not retail or office properties. In terms of the outlook for the hospitality industry, it will depend very much on how successfully the COVID-19 pandemic can be contained in countries around the world. As we can see from recent developments, further shutdowns and restrictions are unpredictable.</p> <p>However, once the situation stabilises, we expect to see good recovery, starting with domestic guests booking staycations and holidaying within their own countries, followed by increased international travel once border restrictions are lifted.</p>
N	<p>Referring to the rental deferment arrangements for Japan and Malaysia, the lessees are reputable hotel chain operators. Having said that:</p> <p>a) Is there any risk of the lessees terminating the master lease prematurely, or not honouring the deferred lease rentals?</p> <p>b) Is there any recourse or protection granted in the agreements that protect our REIT from such events?</p>	<p>Any defaults or terminations are highly unlikely to happen, given the high quality and financial stability of our lessees, which are part of the YTL Group. Nevertheless, the REIT's rights as a landlord are properly protected through its lease agreements.</p>