

**HOTEL GRAND CENTRAL LIMITED**  
(Company Registration No. 196800243H)  
(Incorporated in the Republic of Singapore)

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**RESPONSE TO QUESTIONS RAISED BY SHAREHOLDERS IN RESPECT OF THE COMPANY'S ANNUAL REPORT  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 ("FY2024")**

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The Board of Directors (the "**Board**") of HOTEL GRAND CENTRAL LIMITED (the "**Company**", together with its subsidiaries, the "**Group**") would like to response to the questions raised by shareholders in relation to the Company's Annual Report for FY2024 as follows:

| No. | Shareholders' Questions  | Company's Responses   |
|-----|--|---|
| 1.  | <b>Dividend Policy and Capital Allocation</b><br>Given the Group's robust financial position and liquidity, can the Board clarify how it intends to balance reinvestment needs with shareholder returns? Specifically: |   |
| A-  | What principles guide the Board's decision-making on dividend payouts, and how does it weigh long-term capital requirements against immediate shareholder value creation?  | Decisions by the Board on dividend payouts are guided by providing a reasonable return to shareholders taking into account the income and operating cash performance of the Group in the reporting year. In an uncertain operating environment, the Board seeks to balance the return of value to shareholders against the need to maintain liquidity as part of the Group's overall risk management and to be able to capitalise on any profitable investment opportunities which arise. |
| B-  | Has the Board considered implementing a formal dividend policy to improve predictability and discipline in capital returns?  | The Board having considered whether to implement a formal dividend policy has decided that it is more advantageous to the Group to maintain flexibility in its dividend payout decisions without compromising on fiscal discipline and predictability.  |

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| 2.  | <p><b>Currency Exposure and Natural Hedging</b></p> <p>As at end-FY2024, the Group held approximately \$211 million (SGD equivalent) in AUD-denominated cash and deposits. Meanwhile, the foreign currency translation reserve loss has widened to \$(211) million, indicating ongoing value erosion in SGD terms for shareholders in Singapore.</p> |  |
| A-  | <p>Has the Board conducted a strategic review of the Group's currency exposure, particularly the concentration in AUD?</p>   | <p>The Board is aware of the Group's currency exposure to the Income Statement due to its substantial holding in AUD denominated fixed deposits. These deposits arose from the positive trading of our Australian hotels in previous years. Notwithstanding the foreign exchange losses reported to the Income Statement on these AUD denominated fixed deposits, they are held principally for reinvestment in either Australia or New Zealand. The foreign exchange losses are unrealised and do not crystallise until its eventual recycling in future capital purchases.</p> |
| B-  | <p>What frameworks are in place to assess and manage currency risk, and has the Board considered natural hedging mechanisms to reduce FX volatility and protect SGD shareholder value?</p>   | <p>Where appropriate, the Company borrows from banks in the same currency as the revenue from operating hotel or investment property as a natural hedge.</p> <p>As a natural hedge strategy, our foreign hotels and investment properties are held under a country holding company which allows foreign exchange translation movements to be recorded under the consolidated statement of comprehensive income as a reserve adjustment instead of the consolidated income statement.</p>   |

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| 3.  | <b>Strategic Capital Return Options</b><br><br>Over the past six years, despite the Group's sound fundamentals, the Company's share price has significantly underperformed—suggesting that intrinsic value is not being fully recognised by the market. |  |
| A-  | Is capital efficiency a strategic priority for the Board? Has this been on the agenda of Board meetings?  | <p>Yes. The Board's priority has always focused on optimising the Group's operating cashflow either organically or through building of the Group's hotel room stock. New assets that are either built or purchased are financed by a combination of debt and equity.</p> <p>The Group currently does not have additional bank loan requirements for its existing hotels and investment properties.</p> |
| B-  | Will the Board explore strategic capital return initiatives—such as a special dividend, capital reduction, or share buyback programme—to address this persistent valuation gap?   | <p>The Board having considered various capital return initiatives believe that given the current uncertainty in the global economy, it is prudent to conserve cash in order for the Group to be able to seize upon investment opportunities as they arise.</p> <p>In the interim, the surplus funds are placed in interest bearing fixed deposits earning a reasonable return.</p>                     |
| C-  | Have any analyses been conducted to assess the potential market impact and capital efficiency of such initiatives?  | The Board is of the view that under the present equity environment, any capital return initiatives are transitory in its market effect. The Board remains focused on maximising shareholder's wealth through optimising operating cash cashflows.  |
| D-  | Can the company carry out an off-market equal access offer for 5% of the company's shares at \$1.68 per share?  | It would not be prudent for the Company to carry out such an initiative as it would cost the Company SGD62.1 million.  |

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| 4.  | <p><b>Global Benchmarking and Shareholder Value Activation</b></p> <p>MAS has formed a Review Group in Singapore to revive the local market. In Japan and South Korea, regulators have asked listed companies to narrow valuation gaps through active capital return programmes and more transparent shareholder communications.</p> |   |
| A-  | <p>Has the Board benchmarked the Company's capital management practices against regional and global peers?</p>   | <p>Whilst the Board has not benchmarked the Company's capital management practices against regional and global peers, the Board is aware of multiple challenges faced by our peers in the hotel and property sectors due to their higher financial gearing.</p> <p>In contrast, our Company has an effective net gearing of nil and is well placed to weather the economic uncertainties in the short to medium term.</p> |
| B-  | <p>What structural or philosophical barriers, if any, prevent the Company from adopting similar shareholder-aligned actions?</p>   | <p>The Company will continue to be conservative in its cash and capital management policies and will remain prudent in its investment decisions. In the interim, the Company is committed to improving its operating cashflow as it believes that the intrinsic worth of the Company is underpinned by the strength of its operating cashflow.</p>  |
| 5.  | <p>On 22 July 2024, the company and Tan Chee Hoe &amp; Sons Sdn Bhd proposed to privatise Malaysia-listed Grand Central Enterprise. According to press reports, the minority shareholders blocked Grand Central Enterprises' privatisation plan. Has Hotel Grand Central forgotten to inform shareholders of the development?</p>    | <p>The above proposed transaction is a non-disclosable transaction within the Stock Exchange Listing Rules as it does not have a material impact to the Groups net asset or income.</p>   |

**By Order of the Board**

Yoo Loo Ping  
Company Secretary

23 April 2025