


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

**RESPONSE TO QUESTIONS RAISED BY SHAREHOLDERS IN RESPECT OF THE COMPANY'S ANNUAL REPORT
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 ("FY2025")**

The Board of Directors (the "**Board**") of **HOTEL GRAND CENTRAL LIMITED** (the "**Company**", together with its subsidiaries, the "**Group**") would like to respond to the questions raised by shareholders in relation to the Company's Annual Report for FY2025 as follows:

No.	Shareholders' Questions	Company's Responses
Section A	Share buyback	
A-	The board has put up Resolution 8 on share buyback. Given the current share price and cash holding, I would have thought the share buyback mandate approved at the last AGM should be applicable and exercised. While I am supportive, I would like to know under what circumstances the board will exercise its rights should Resolution 8 be approved.	Share buyback is one method of return to shareholders. The Company closely monitors the daily share price of the Company and acknowledges the weakness in the share price in recent years which is mainly market driven. Under Section 2.4 and 2.7 on the Share Repurchase Mandate Circular, we had outlined the Illustrative Financial Effects of a share buyback exercise. We had summarised that the Company would require S\$26.5 million to repurchase 36,971,307 shares representing 5% of the number of shares of the Company resulting in an increase in the Net Asset per share by only 5 cents.
B-	The lack of share buyback given the share is trading at decade low is causing poor ROE. With the share trading at more than 50% percent discount to NAV. The best investment is right in front, by buying back the company's share. Your comment please.	
C-	Would the management actually consider executing share buyback (considering that "SHARE REPURCHASE MANDATE" had been approved over the years and that a renewal is being seek for the current year). With share prices hovering well below its intrinsic value (for quite a while) and the company's strong cash position, this would certainly boost (market) confidence and improve ROE.	The company continuously evaluates the share price threshold at which a repurchase program would represent the single most effective use of capital compared to external acquisitions. The share buyback mandate is kept alive for flexibility reasons. If the mandate is removed because it has not

No.	Shareholders' Questions	Company's Responses
		been renewed, when we next require it, it is a long arduous process and will incur considerable legal expenses.
Section B	Capital Allocation, Fiduciary Duty & the Best Use of Shareholder Capital	
	 <p>The Share Repurchase Mandate has been renewed at each AGM with near-unanimous shareholder support. Note 14 of the FY2025 financial statements confirms zero treasury shares and an unchanged share count of 739,426,000 — meaning not a single share has been repurchased. We raise the following questions in the constructive spirit of encouraging a frank dialogue on capital allocation.</p>	
A-	<p><u>Purpose and deployment of liquid assets</u></p> <p>The Group holds S\$317.99m in gross cash and fixed deposits and S\$32.81m in investment securities. Free net cash grew to S\$248.6m — up S\$23.5m year-on-year even after paying S\$11.1m in dividends — while interest income fell 20% from S\$11.39m to S\$9.08m as deposit rates declined.</p> <p>With the Auckland construction programme now complete (capex fell from S\$27.5m to S\$8.3m), will the Board confirm:</p>	<p>The environment for the hospitality industry is currently uncertain with the ongoing geo-political tensions and US imposed tariffs.</p> <p>We believe that the Group is better positioned with its strong cashflow and low gearing to weather any sustained downturn in the economy.</p> <p>At the same time, we believe that we are able to capitalise on good opportunities which may arise for targeted acquisitions in the future.</p>
1.	Whether this capital is earmarked for identified hospitality acquisitions, and if so, what opportunities were formally evaluated over FY2023–FY2025 — with quantum, timeline and outcome?	
2.	If no material pipeline exists, whether the Board acknowledges that holding S\$317.99m in fixed deposits at a declining rate is a progressively less efficient use of shareholder capital that now demands a more active response?	The board will continually assess the efficiency of the use of shareholder capital to ensure that shareholder's value is maximised.

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B-	<p>The investment logic: Is there a better hospitality opportunity?</p> <p>The unaudited NAV per share is S\$1.67; the share price is ~S\$0.75 — a 55% discount. Every share repurchased at S\$0.75 acquires a proportionate interest in the Group's hotel portfolio at ~45 cents on the dollar, immediately and mathematically lifting NAV per share for remaining shareholders by ~S\$0.92. This is not speculation — it is certain, risk-free and immediate accretion.</p> <p>The case is, in fact, considerably stronger than the hotel discount alone implies. A share repurchase at S\$0.75 does not merely acquire the hotel portfolio at a 55% discount — it simultaneously acquires a proportionate share of the Group's free net cash and investment securities at that same ~45-cent-on-the-dollar price. The per-share arithmetic is set out in the table below. The conclusion is unambiguous: of the S\$0.75 buyback price, over 45% is effectively self-funded by the liquid assets acquired simultaneously. The net residual cost of the entire hotel portfolio — eleven properties across Australia, New Zealand, Singapore, Malaysia and China — is ~S\$0.370 per share: less than 29 cents on the fixed-asset NAV dollar. There is no capital deployment in the hospitality sector — acquisition, development, or refurbishment — that can offer a comparable risk-adjusted return with this degree of certainty.</p> <table border="1" data-bbox="363 1068 1178 1312"> <thead> <tr> <th>Component</th> <th>Group Total</th> <th>Per Share (739.4m)</th> </tr> </thead> <tbody> <tr> <td>Free Net Cash</td> <td>S\$248.6m</td> <td>S\$0.336</td> </tr> <tr> <td>Investment Securities</td> <td>S\$32.81m</td> <td>S\$0.044</td> </tr> <tr> <td>Combined Liquid Assets</td> <td>S\$281.4m</td> <td>~S\$0.380</td> </tr> <tr> <td>Net cost of hotel portfolio at S\$0.75 buyback (buyback price minus liquid assets per share)</td> <td>—</td> <td>~S\$0.370</td> </tr> <tr> <td>Hotel & Fixed Asset NAV per Share</td> <td>~S\$954m</td> <td>~S\$1.290</td> </tr> <tr> <td>Effective cost of hotels per NAV dollar at buyback price</td> <td>—</td> <td>< 29 cents</td> </tr> </tbody> </table>	Component	Group Total	Per Share (739.4m)	Free Net Cash	S\$248.6m	S\$0.336	Investment Securities	S\$32.81m	S\$0.044	Combined Liquid Assets	S\$281.4m	~S\$0.380	Net cost of hotel portfolio at S\$0.75 buyback (buyback price minus liquid assets per share)	—	~S\$0.370	Hotel & Fixed Asset NAV per Share	~S\$954m	~S\$1.290	Effective cost of hotels per NAV dollar at buyback price	—	< 29 cents	
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1.	The Board is asked directly: is purchasing the Company's own hotels — in Brisbane, Adelaide, Melbourne, Hobart, Launceston, Auckland, Wellington, Christchurch, Singapore, Malaysia and China — at a 55% discount not the single most value-accretive hospitality investment	As stated in the Share Repurchase Mandate Circular, it would require \$26.5 million to repurchase 36,971,307 shares representing 5% of the number of shares of the Company resulting in an increase in the Net Asset per																					

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	<p>available today? If the Board's position is that it is not, we respectfully invite it to identify on the record what alternative hospitality investment it considers superior, with expected return, risk profile, capital requirement and timeline.</p>	<p>share by only 5 cents. In addition, the opportunity cost would be the interest forgone of \$1 million based on an average interest rate of 4% on Australian Dollar fixed deposits.</p> <p>With some gearing, the \$26.5 million would be better deployed in acquiring a \$50 million hotel or office building earning at least 7% with a ROE of 13%.</p>
2.	<p>We note that the FY2025 statutory loss of S\$27.5m is entirely a paper loss — the S\$48.7m of non-cash write-downs had no impact whatsoever on the Group's cash position, which in fact grew by S\$23.5m over the year. Stripped of these accounting charges, underlying pre-tax operating profit was approximately S\$22.1m, up materially from S\$12.8m in FY2024. The Group's operations are improving, its cash is growing, and there is no financial impediment to activating the buyback mandate. The Board is asked to explain why a strengthening operating business sitting on S\$248.6m of free net cash has not taken the opportunity to purchase its own shares at ~45 cents on the dollar.</p>	<p>We are appreciative of your observation that despite the reported net loss during the year, the Group's operations had instead improved over the preceding year with cashflow increasing over last year. The total shareholder return for 2026 compared to the previous year is above 9% factoring the increase in share price from 70 cents to 75 cents and a dividend yield of 2%.</p> <p>We are of the opinion that a share buyback is not a sustainable method of value creation and is not in the best interest of the shareholders. Shareholder value is better served by concentrating on the core competencies of the Group which is the operation of mid-tier hotels, offices and carparks.</p> <p>Share buybacks also will reduce the public shareholding thereby reducing the trading liquidity of our shares. The group will continue to seek good investment opportunities while growing organically by improving in in room occupancies and RevPAR with continued cost efficiencies.</p>
C-	<p><u>A collegial reflection on fiduciary</u></p> <p>We raise this not as criticism but as a genuine and respectful invitation to reflect. The Companies Act 1967 and the Singapore Code of Corporate Governance 2018 oblige all directors — and specifically independent directors — to act in the best interests of all shareholders and to bring independent judgment to capital allocation. We have every</p>	

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	confidence that Mr Lim Thian Loong (Lead ID), Mr Hui Chiu Fung and Mr Teh Kok Lak take these responsibilities seriously, and ask them to respond individually and on the record:	
1.	Has the Board formally deliberated in the past three years on whether activating the buyback at a 55% discount to NAV — using a fraction of S\$248.6m of free net cash — would serve the best interests of all shareholders? If yes, what was the conclusion and reasoning? If no deliberation has occurred, will the Board commit to one now?	The board is fully engaged in the oversight of the Group's capital allocation. We will consider the perspectives raised as key inputs to our ongoing strategic discussions. Our collective objectives, including those of the Independent Directors', relating to shareholders' value are aligned.
2.	Each independent director is invited to explain, in their own words, how the current outcome — S\$248.6m in free net cash earning a declining return while shares trade at ~45 cents on the dollar — is consistent with acting in the best long-term interests of all shareholders.	The long term interest of all shareholders are best served by conserving surplus cash to weather the immediate uncertainty in the business environment the Group is operating under and deploying it to value accreting acquisition opportunities as they arise.
3.	All three independent directors were re-elected at the last AGM with over 99% of votes — a confidence that carries an expectation of active advocacy. Will each confirm that the persistent NAV discount and non-use of the buyback mandate are matters they are independently raising within the boardroom?	The independent directors reaffirm that they will raise the matters relating to share buyback by shareholders in upcoming board meetings during the year.
Section C	Value Creation	
A-	SGX has encouraged listed companies to undertake value creation. The total shareholders return for the past 5 years is appalling -24.5%. Can the company commit to value unlocking to improve shareholders' return?	The Company recognises the weak total shareholders return over the past 5 years. It is in support of SGX initiatives to encourage listed companies undertaking value creation. In that respect, the Company would conduct further research into value creation and is committed to undertake value unlocking measures to improve shareholders' return.
B-	Has the board reviewed the respective hotel sites for its best use. For example: Purpose-built student accommodations, built-to-rent, or residential apartments?	Yes, the Company continually reviews the operations of the respective hotels including assessing them for their best

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		use such as purpose-built student accommodations, built-to-rent, residential apartments and elderly care facilities.
C-	Can the company divest non-core assets to return capital to shareholders? Some examples for your consideration, the empty plot of land in New Zealand which is collecting car parking fees and the investment portfolio of mostly local stock worth \$37m are worthy candidates for divestment.	<p>The Company has reviewed the potential monetisation of the non-core assets within its portfolio.</p> <p>a. The empty piece of land in Christchurch was purchased for the construction of a hotel which would augment the performance of the existing Group's hotels in Wellington and Auckland. In the interim, it collects car parking fees which provides a positive net return to the Group. Due to high construction costs and weak tourism market (impacting rates), we have decided to continue to hold the land so that we have an option in the future. The land of 16,081sqft with GFA of 111,643 sqft was purchased for \$3.8million in 2019 and is valued at 5.6 million as at 31/12/2025.</p> <p>b. The Company's marketable security at \$32.81 million as at 31/12/2025 comprised 93.5% in OCBC shares at \$30.69 million. Share price of OCBC at 31 Dec was \$19.77 and is currently above \$22.00.</p> <p>Based on the dividends received and the share price as 31 December, this equates to a dividend yield of 4.95%. The dividend yield based on cost of investment is higher.</p>
Section D	Directors Remuneration	
A-	The proposed director remuneration is \$655,000 vs \$373,000 previously. Why the larger increase when the company suffered 2 years of losses in a row.	The Remuneration Committee had conducted a review on the salary and fees of the Executive Directors in particular, comparing them to companies of similar size.

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		<p>The Committee had found that the fees were not in line with the market.</p> <p>It also found that it was not equitable that the Executive Directors' remuneration was lagging behind some of the Group's General Managers.</p>
Section E	Room Rates in Singapore Hotels	
A-	What measures are taken to address poor room rates of our Singapore hotels	<p>Some of the key strategic measures undertaken by the company include:</p> <ul style="list-style-type: none"> i. Prioritize Wholesale FIT Segment Focus on expanding Wholesale FIT business to optimize room yield and to improve overall rate quality ii. Rebalance Group Segment Mix Reduce dependence on lower-rated GIT inbound tour groups and to strategically replace them with higher-yield segments such as Sports teams and Education/Training groups. iii. Strengthen Corporate Portfolio Grow corporate business by targeting high-potential sectors including Shipping Agencies, Shipyards, Logistics Companies, Embassies, and SMEs. iv. Enhance Online Distribution Strategy

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		<p>OTAs has become an important segment for all hotels including chain branded hotels. This is because OTAs has very strong loyalty programme that that is difficult to match in many ways. We will drive online revenue growth with a focus on long-haul markets, leveraging longer booking lead times to secure stronger rates and occupancy stability</p>
Section F	Dividends	
A-	<p>Will the company increase the normal dividend given the robust cash flow and substantial cash balance? Thank you.</p>	<p>On Page 24 of the Corporate Governance Report, we had stated that the Company does not have a fixed dividend policy. The Board considers various factors, such as the Company's and/or Group's earnings, general financial position, capital expenditure requirements, cash flow, general business environment, development plans and other factors that may be deemed appropriate, to determine whether dividends would be paid for the financial year.</p> <p>The Company will continue to be prudent in its dividend payout and may increase dividend if the factors mentioned above are favourable.</p>
Section G	Outlook in Australia and New Zealand	
A-	<p>The outlook for the hospitality sector in Australia and New Zealand?</p>	<p>We had an encouraging first quarter, but we are cautious on the outlook for the hospitality sector in the Australia and New Zealand. We expect geopolitical conflicts to dampen business sentiments if the conflict prolongs as high oil and gas prices affect air tickets and put inflationary pressure on hotel operating costs. Some airlines have reduced flights to these segment. We hope that the internal travelling will be attractive for the residents if outgoing flights are increasingly expensive.</p>

By Order of the Board

Yoo Loo Ping
Company Secretary

24 April 2026