

ANNUAL GENERAL MEETING TO BE HELD ON 4 MAY 2020
RESPONSE TO QUESTIONS FROM SHAREHOLDERS

Question 1.

With much of the foreign workers out of action due to the outbreak of the Coronavirus in the workers' dormitories, are the construction progress of your development projects significantly affected?

Response:

- For the Property Segment, the Circuit Breaker will affect the construction progress of the Group's property developments, due to the temporary suspension of construction activity;
- We expect to experience some delays of original targeted project completion dates for the Group's ongoing property development projects. However, it is premature to determine the extent of the delay now.

Question 2.

What is the current occupancy of Grand Mercure Roxy Pacific? Has it taken on any government business to mitigate the plunge in room revenue?

Response:

- Grand Mercure Roxy Singapore has established itself as a choice MICE and business hotel and has enjoyed stable and high occupancy over the years. As at December 31, 2019, the average occupancy rate stood at 85%. It is unfortunate that the COVID-19 has significantly impacted Singapore's tourism industry and like other hospitality players, our hotel has experienced almost a standstill in occupancy. This is unexpected and beyond our control;
- Grand Mercure Roxy Singapore has joined a large number of hotels in Singapore in providing their entire accommodation facilities to persons who are required to serve the mandatory 14-day "Stay-Home Notice" period or any person(s) that need to be isolated from the general population in a "Government Quarantine Facility" as a matter of precaution. All persons accommodated at the hotel by the authorities are not identified as "COVID-19 Positive";
- Under the support measures introduced by the government, qualifying commercial properties affected by the virus outbreak, including hotels, serviced apartments, tourist attractions, shops and restaurants, will pay no property tax for 2020. The property tax that we will be exempt for 2020 is approximately \$0.7 million;
- Based on the Resilience Budget, the government will provide 75% wage support for all local employees in the tourism industry for 9 months. The co-funding amount for the hotel is approximately \$2.34 million.

Question 3.

Do you expect the government to grant developers additional time to develop and sell their projects given the disruptions to schedule completions as a result of the Circuit Breaker?

Response:

- The Circuit Breaker, which is the result of the COVID-19 situation, is only a part of the overall impact of the ongoing pandemic;
- COVID-19 has led to negative implications for residential sales with some of the following examples:
 - o Decline in foreigner buyers as a result of travel restrictions;
 - o Singaporean buyers are more cautious, amidst the looming recession;
 - o Developers and their marketing agents inability to serve potential purchasers during the circuit breaker period;
- The current situation is a cause for concern and we certainly hope that the government will review and relax the property cooling measures, which includes the additional buyer's stamp duty deadline;
- On a positive note, the Qualifying Certificate (“**QC**”) rule was changed in February to allow housing developers to apply for exemption from the QC regime on the basis that they have a substantial connection to Singapore. The Group has submitted the application for exemption which is currently under review by the authority. This allows developers like us to avoid penalties from QC if sales are slow.

Question 4.

What is your strategy in regard to the hotel business as COVID-19 has disrupted it quite badly?

Response:

- Our flagship hotel, Grand Mercure Roxy Singapore, has established itself as a choice MICE and business hotel and has enjoyed stable and high occupancy over the years. As at 31 December 2019, the average occupancy rate stood at 85%. It is unfortunate that the COVID-19 has significantly impacted Singapore's tourism industry and like other hospitality players, our hotel has experienced almost a standstill in occupancy. This is unexpected and beyond our control;
- As we continue to explore ways to reduce costs while maintaining a high service standard, we will also build on our value propositions to differentiate us from the competition and leverage on our competitive advantages to entice the market;
- To maintain our market position and build demand for when the market recovers, we will focus on our marketing strategies and partnerships with other tourism stakeholders;
- To support tourism businesses, the Singapore Tourism Board ("**STB**") has recently launched a \$20 million Marketing Partnership Programme. Under the programme, the STB will support part of the marketing costs and award additional funding boosters to companies that collaborate with other tourism stakeholders to create experiences that add greater value to visitors.

Question 5.

Is the government helping by housing healthcare workers etc in your Singapore hotel?

Response:

- Grand Mercure Roxy Singapore has joined a large number of hotels in Singapore in providing their entire accommodation facilities to persons who are required to serve the mandatory 14-day “Stay-Home Notice” period or any persons that need to be isolated from the general population in a “Government Quarantine Facility” as a matter of precaution. All persons accommodated at the hotel by the authorities are not identified as “COVID-19 Positive”.

Question 6.

Hotel prices are now low. Will you make acquisitions?

Response:

- As part of our strategy, we will continue to seek opportunities to expand our self-managed hotel brand, Noku hotels, and explore new geographical markets which are expected to experience favourable market cycles and returns to diversify our risks and enhance shareholder value;
- We will make the relevant announcements on SGXNET if or when there are any material developments.

Question 7.

You have pre-sold quite a few residential properties. Are payments coming on time and cash flow as expected or disrupted?

Response:

- As at 12 February 2020, we have S\$471.2 million in balance attributable billings to be recognised from our projects under development, the profits of which will be recognised from 1Q2020;
- Due to the circuit breaker period, construction progress will inevitably be affected due to work stoppage and this will likely affect progress payment collections;
- We recognise the challenging economic situation and are assessing these disruptions on a case-by-case basis;
- Meanwhile, the full impact of COVID-19 on the global economy remains to be seen and we will continue to monitor the market closely.

Question 8.

Roxy-Pacific's dividend policy has been conservative. Will you at least maintain dividend payouts?

Response:

- We adopted a dividend policy in FY2012, with a view of paying dividends of at least 50% of the net operating profits attributable to the Company's business of hotel ownership and provision of hotel accommodation services, on a half-yearly basis, subject to the Group's level of cash and retained earnings, net profits and the projected levels of capital expenditure and other investment plans;
- For FY2019, the Board has proposed a final cash dividend (one-tier tax exempt) of 1.09 Singapore cents. Coupled with the interim dividend (one-tier tax exempt) of 0.195 Singapore cent, this brings the total distributions for the financial year to 1.285 Singapore cents, representing a dividend payout ratio of 55%.