



**HOTEL GRAND CENTRAL**



Annual General Meeting 2019

# QUESTIONS AND ANSWERS – TOTAL OF 20

## Q1. Could the board do a business update presentation for 2019 and current business please?

	<b>FY2019</b>	<b>FY 2018</b>	<b>% Change</b>
<b>Group's revenue</b>	<b>\$155.26 million</b>	<b>\$162.72 million</b>	<b>- 4.5%</b>

- A relatively stable Singapore revenue base, a small growth in Australia but a drop in New Zealand performance due to rooms being taken out of inventory for renovation.
- Continued impact of a weaker Australia and New Zealand exchange rate.

<b>Group's profit net of tax</b>	<b>\$26.5 million</b>	<b>\$26.1 million</b>	<b>nil</b>
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- A lower foreign exchange loss of about \$1.85 million compared to \$5.93 million in FY 2018 held up profit on a flat top revenue.

# QUESTIONS AND ANSWERS – TOTAL OF 20

**Q1. Could the board do a business update presentation for 2019 and current business please?**

	<b>FY2019</b>	<b>FY 2018</b>	<b>% Change</b>
<b>Group's Total Assets</b>	<b>\$1.58 billion</b>	<b>\$1.62 billion</b>	<b>- 2.5%</b>
<b>Net Gearing Ratio</b>	<b>nil</b>	<b>nil</b>	<b>nil</b>
<b>Net Asset Per Share</b>	<b>\$1.86</b>	<b>\$1.90</b>	<b>-2.1%</b>

The Group's financial position remained stable as at 31 December 2019 with minimal liabilities.

# QUESTIONS AND ANSWERS – TOTAL OF 20

## Q2. What is the plan post Covid-19?

- As of today, most country borders remained closed and where there are relaxation, strict control measures such as imposition of 14 days stay home notice are still in place.
- So long as the strict control measures are in place between countries, tourists will take time to resume travelling for leisure. This is the same for Business travellers.
- Australia and New Zealand have the benefit of a domestic market, and packages are being offered to encourage domestic travellers to travel and stay in hotels.
- In the longer term, the Group would actively target the international markets as border restrictions in these countries progressively get lifted.
- We are further raising hygiene levels in our hotels so that travellers will feel safe staying in our properties. In Singapore, we adopt the Government recommended safe standards and we obtained SG Safe Certification.

# QUESTIONS AND ANSWERS – TOTAL OF 20

**Q3. What is the chance of Hotel Chancellor @ Orchard, Singapore divestment?**

We are not actively looking to divest the property nor any properties within the Group

# QUESTIONS AND ANSWERS – TOTAL OF 20

**Q4. Would you plan to delist since it might be a good time now?**

No we are not planning to delist.

# QUESTIONS AND ANSWERS – TOTAL OF 20

## Q5. How has the COVID-19 affected the cashflow and balance sheet of the business?

The impact of COVID-19 is pervasive. It not only affects businesses big and small, but also how we interact with our friends, relatives, colleagues and the way we work.

Although there is some abatement in restrictions, the travel industry will take a longer time to recover compared to other retail businesses for the following reasons:

- a. Many country borders are still closed
- b. 14 days stay home notice on arrival into countries still in place for those that have opened up
- c. Airlines have not resume capacity

As a result of all the above, we believe we will be similarly affected as our competitors. We expect this to impact on the Group's Balance Sheet items such as the values of the Group's fixed assets and investment properties to happen.

# QUESTIONS AND ANSWERS – TOTAL OF 20

**Q6. Please advise the financial impact of COVID -19 on 2020 financials.**

COVID-19 has adversely affected the Group's cashflow and profit.



# QUESTIONS AND ANSWERS – TOTAL OF 20

## Q7. Has any of your hotels been operating in March – June 2020? If so, what is the occupancy and Revpar?

- At the height of the infection spread, New Zealand initiated a decisive stop work order for all businesses, excepting those in essential services. The Wellington hotel in New Zealand was closed for the period 25 March to 19 May 2020.
- In Australia, while the restriction was less severe, no inter-state travelling was allowed from 18 March 2020. So the hotels were only capturing domestic travellers from outer areas into the City. Occupancy was hovering between 10% and 20% with single digit Revpar.
- 4 hotels within the group, was able to operate at slightly better than breakeven level as 3 of it in Australia and 1 in Singapore were let out fully to the government for varying periods mainly to house essential workers.

## QUESTIONS AND ANSWERS – TOTAL OF 20

**Q8. I note that the major shareholders have been buying the shares in the open market. I hope they do not intend to privatise the company at the current low price, as this will penalise minority shareholders who have been loyal all these years.**

There are no plans to privatise the Company at the current share price levels of the Company.

# QUESTIONS AND ANSWERS – TOTAL OF 20

## **Q9. Are there plans in the next 12 months to acquire or dispose of any hotels?**

- There are no immediate plans to acquire or dispose any hotels within the next 12 months.

# QUESTIONS AND ANSWERS – TOTAL OF 20

**Q10. What is the dividend policy given the COVID-19 situation, taking into consideration the large retained earnings that the company has?**

- The Company does not have a stated dividend policy. The quantum of dividends declared is dependent on the Group's results yearly.



HOTEL GRAND CENTRAL

# QUESTIONS AND ANSWERS – TOTAL OF 20

**Q11. What is the estimated cost increase to meet COVID -19 cleaning requirements for the next financial year?**

The Group's hotels already have robust cleaning practices in place and do not expect the cost increase to meet COVID-19 cleaning requirement to be material in the future.



HOTEL GRAND CENTRAL

# QUESTIONS AND ANSWERS – TOTAL OF 20

**Q12. What is the level of pain can HGCL sustain before dividend payout is affected?**

- The Company's dividend payout is dependent on the Group's profitability and cash generated from operations during the year.
- It is sustainable to the extent that the Group can maintain both its profit and cash generated from operations.

# QUESTIONS AND ANSWERS – TOTAL OF 20

**Q13. What was the impact of COVID – 19 on our business and the outlook of business in the next 3 - 5 years? Any other foreseeable risk going forward**

We expect recovery in travelling when the following happens:

- a. Countries removes border closures
- b. Airlines resumes flying load
- c. Fear of catching COVID-19 either during flying in a close proximity with fellow passengers or when visiting places of interest or
- d. When COVID-19 vaccine becomes readily available

Once the first 3 conditions sets in, the travel industry is likely to recover and according to some experts it might be a V shape recovery. However, no one is certain if the start of the recovery will take place within 6 months, a year or even longer. We operate in an ecosystem, not singly. The time the ecosystem finds its balance, will be the time we will recover.

The other foreseeable risk significant to the Groups would be the impact of the foreign exchange rates of the Australia and New Zealand dollar against the Singapore dollar on the Group's foreign cash deposits and net assets

# QUESTIONS AND ANSWERS – TOTAL OF 20

**Q14. What was the damage or burn rate of our Group per month due to COVID - 19?**

The cash burn rate of the Group due to COVID-19 is still manageable due to the varying government support in the countries where the hotels are located such as wage support. We expect improvement in the longer term as the hotel markets recover.





HOTEL GRAND CENTRAL

Shareholders

## QUESTIONS AND ANSWERS – TOTAL OF 20

**Q15. Any plan to delist the Company given the observation that the management or board members have been buying back shares diligently almost daily for years and the accumulated shares held by the board members and related parties in total are getting closer to 90%?**

There are no plans to delist the Company.

## QUESTIONS AND ANSWERS – TOTAL OF 20

**Q16. COVID-19 had a massive impact on the hospitality industry. Could the Company share what was the occupancy rate trend for the Group's hotels in Singapore, Australia and New Zealand during the respective lockdown period and how this has improved since the re-opening of the various economies?**

All properties reported very low occupancy. The re-opening of various markets has been very slow and gradual and there are no signs of pent up travelling desires. Many people are still not travelling due to lack of flight accessibility.



HOTEL GRAND CENTRAL

# QUESTIONS AND ANSWERS – TOTAL OF 20

**Q17. For the Group's Australia and New Zealand hotels, what is the mix between domestic and international guests?**

The Australia and New Zealand guests would make up approximately 75 - 80% of total guests across both countries.

Hence, if the travel bubble between Australia and New Zealand materialized, we expect some recovery in occupancy level of the hotels in this region.

# QUESTIONS AND ANSWERS – TOTAL OF 20

## Q18. What has been the room occupancy in 2019?

The room occupancy in Australia and Singapore was generally in the mid 80% range.

The room occupancy of the Wellington hotel was in the mid 50% due to the ongoing refurbishment project in the hotel.

# QUESTIONS AND ANSWERS – TOTAL OF 20

## Q19. What is the current room occupancy?

Except for 3 hotels in Australia and 1 hotel in Singapore which were fully let out to the respective government authorities to accommodate COVID-19 requirements, the current room occupancy ranges between 10 – 20% in Australia and New Zealand and about 50% in Singapore.

# QUESTIONS AND ANSWERS – TOTAL OF 20

## Q20. What is the impact of COVID-19 on the Company's performance in different countries?

COVID-19 has adversely affected almost every single industry that we can think of. Naturally, we are affected in the same manner.

All the hotels in Australia, New Zealand, Singapore, Malaysia and China have reported low operating revenue, which impacted on the Group's cashflow and profit.