

Issuer: Hotel Royal Limited

Security: Hotel Royal Limited

Meeting details:

Date: 28 April 2018

Time: 2.30 p.m.

Venue: Hotel Royal (Newton), Royal Room 1, Level 3, 36 Newton Road, Singapore 307964

Company Description

Hotel Royal Limited, an investment holding company, operates in the hotelier business. The company operates through Hotel Operation, Property Investment, and Financial Investment segments. It owns and operates seven hotels in Singapore, Malaysia, and Thailand. The company is also involved in the rental of investment properties. In addition, it holds financial assets that comprise shares, bonds, funds, and other financial products. Hotel Royal Limited was incorporated in 1968 and is based in Singapore.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=H12)

1. As shown in the Corporate Milestones (pages 10 & 11 of the annual report), the group's last 4 major investments/developments were the Bangkok hotel, Royal Residences in Singapore, Burasari Resort in Phuket and Baba House at Melaka.

- (i) **Hotels: What is the group's capital allocation strategy going forward? Is the group actively looking for more investments in hospitality assets? If so, where would the group be expanding its network? Does the group have a strategy to build up a network of strategically located hotels in key cities to reap the network effect?**
- (ii) **Investment properties: The group has a sizeable investment property segment that generated \$9.6 million in revenue and \$5.4 million in segment profit in FY2017. Would the group be looking to expand its investment property portfolio to achieve a larger and a more diversified recurring income base?**
- (iii) **Financial investments: Has the group evaluated the performance its in-house and managed portfolios? Did the group compare the returns against an appropriate benchmark?**

2. Would the board/management provide shareholders with better clarity on the following operational matters? Specifically:

- (i) **The Baba House: Given the long gestation period of this boutique hotel, what are the projected returns expected once the whole redevelopment is completed? What is the total investment?**
- (ii) **Occupancy rates (Hotels): Would management consider disclosing the occupancy rates and the REVPAR of the major hotel assets in the group?**
- (iii) **Occupancy rates (Investment properties): Similarly, please disclose the occupancy rates at the major investment property assets, such as Royal Residences, Penang Plaza and Grand Complex Properties.**

3. The company will be holding its 49th Annual General Meeting on Saturday, 28 April 2018 at 2.30 p.m. The company is one of the few companies locally that would hold its AGM on the weekend. In addition, the company has a practice of posting the minutes of the AGM on SGX that includes a detailed record of the questions posted by shareholders and the answers given by management and the board. This is a highly commendable practice.

- (i) **Would the board help shareholders understand the reason(s) for holding the AGM on the weekend at the end of the month of April?**
- (ii) **Has the board considered holding the AGM earlier in the first or second week of April on a weekday? Has the board evaluated if that would increase shareholders' participation and attendance at the AGM?** Shareholders are appreciative that the company has avoided holding its AGMs on the peak days in the last week of April where it is common for over 100 companies to hold their AGMs on certain days.