

## REAL ESTATE EQUITY RESEARCH

## PRICE PERFORMANCE

## Banyan Tree Holdings

SGX: B58

Bloomberg: BTH:SP

ISIN code: SG1T49930665

Country: Singapore

Industry: Hotels, Consumer Services

7 October 2022

**RECOMMENDATION: BUY**

Current price: S\$0.280

Target price: S\$0.426

Issued units: 866.85 million (30 Jun 22)

Market capitalisation: S\$242.72 million

52-week range: S\$0.250 - S\$0.375



## COMPANY DESCRIPTION

Banyan Tree Holdings Limited and its subsidiaries (collectively defined herein as BTH) is an investment holding company which develops, operates, and manages resorts, hotels, spas, and residences in Singapore, Southeast Asia, Indian Oceania, the Middle East, Northeast Asia, and internationally. It operates through Hotel Investments, Property Sales, and Fee-Based segments.

## SUMMARY

As international borders open and travel resumes, BTH's performance has improved across all business segments and regions. Revenue increased by 134% in the first half of 2022 (1H2022) compared to the same period a year ago due to higher revenue from all business segments. At the same time, total costs and expenses also increased by 46% with an increase in expense categories due to improved business performance. Accordingly, BTH recorded an operating profit of S\$26.5 million in 1H2022 compared to a loss of S\$16.4 million in 1H2021. During the period, BTH reported profit attributable to owners of the Company of S\$0.5 million, translating to an earnings per share of 0.06 cents. Meanwhile, for 1H2022, no dividends has been declared as BTH continues to adopt a prudent and cost discipline approach.

## RECOMMENDATION

Since our initiation report on 3 September 2021, when BTH's share price closed at S\$0.325, we note that the share price weakened. From then till present, the share price is down approximately 14% to the current price of S\$0.280. In terms of valuation, based on BTH's reported NAV per share of S\$0.56 as at 30 June 2022, the share is currently trading at a P/B of 0.50x, representing a discount of approximately 50% to NAV. Our peer comparison results show that BTH could be undervalued, given a lower P/B of 0.50x compared to peer average P/B of 0.76x. Adopting a relative valuation approach, we estimate a target price of S\$0.426 if BTH's P/B were to adjust to the peer average P/B of 0.76x. This target price is a 52.14% upside from the current share price of S\$0.280. We believe this upside could be justified by a potential recovery in BTH's earnings as supported by the growth in Revenue Per Available Room (RevPAR), stable contribution from property sales and its pipeline of hotels/resorts over the next 3 years. Further, in an unlikely event of a privatisation, we estimate a privatisation offer of S\$0.395 per share, representing a price premium of 41.2%. Given the above, we believe a buy recommendation is warranted on BTH.

## KEY FINANCIALS

| Year ended Dec 31            | Revenue<br>(S\$ million) | Profit <sup>(2)</sup><br>(S\$ million) | EPS<br>(cents) | P/E<br>(x) | DPS<br>(cents) | Dividend yield<br>(%) | NAV per share<br>(S\$) | P/B<br>(x) |
|------------------------------|--------------------------|--|----------------|------------|----------------|-----------------------|------------------------|------------|
| 2020 actual                  | 159.6                    | (95.8)                                 | (11.41)        | NM         | -              | -                     | 0.67                   | 0.42       |
| 2021 actual                  | 234.5                    | (55.2)                                 | (6.50)         | NM         | -              | -                     | 0.57                   | 0.49       |
| 2022 forecast <sup>(1)</sup> | 298.7                    | (7.7)                                  | (0.89)         | NM         | -              | -                     | 0.56                   | 0.50       |
| 2023 forecast                | 317.1                    | 7.5                                    | 0.86           | 32.51      | -              | -                     | -                      | -          |

NM: not meaningful

Figures have been rounded. P/E, P/B and dividend yield figures are based on current price of S\$0.280

(1) NAV as at 30.06.22

(2) Attributable to owners of the Company

Source: BTH, FPA Financial

Contributor: Tan Jiong Wen  
(+65 6323 1788)

## CONTENTS

|                                      |       |
|--------------------------------------|-------|
| FINANCIAL REVIEW FOR 1H2022 .....    | 3-11  |
| OPERATIONAL UPDATES.....             | 12-13 |
| HOSPITALITY INDUSTRY OVERVIEW .....  | 14-17 |
| SHARE PRICE PERFORMANCE REVIEW ..... | 18    |
| POTENTIAL CATALYSTS .....            | 19-20 |
| FINANCIAL PROJECTION .....           | 21-45 |
| (I) REVENUE PROJECTION               |       |
| (II) EARNINGS PROJECTION             |       |
| (III) DIVIDENDS PROJECTION           |       |
| VALUATION ANALYSIS .....             | 46-48 |
| (I) PEER COMPARISON ANALYSIS         |       |
| (II) POTENTIAL BTH PRIVATISATION     |       |
| INVESTMENT RECOMMENDATION .....      | 49    |
| RISKS TO OUR RECOMMENDATION .....    | 50    |
| (I) CURRENCY RISK                    |       |
| (II) WEAK GLOBAL ECONOMIC RECOVERY   |       |
| DISCLOSURES/DISCLAIMERS .....        | 51    |

**FINANCIAL REVIEW FOR 1H2022**

In this section, we will provide a review of BTH's financial performance and capital management.

**(I) Financial performance**

For the half year ended 30 June 2022 (1H2022), BTH reported a 134% year-on-year (yoy) increase in revenue to S\$134.7 million from S\$57.6 million the same period a year ago as shown in **Exhibit 1**.

**Exhibit 1: Breakdown of BTH's Revenue for 1H2022 and 1H2021**

| S\$'000              | 1H2022         | 1H2021        | y-o-y change |
|----------------------|----------------|---------------|--------------|
| Revenue              | 118,624        | 56,467        | 110%         |
| Other income         | 16,071         | 1,175         | nm           |
| <b>Total Revenue</b> | <b>134,695</b> | <b>57,642</b> | <b>134%</b>  |

Source: BTH

We conducted a further review of BTH's revenue based on its business segments and noted that the increase in revenue was due to higher revenue from all business segments, as shown in **Exhibit 2**.

**Exhibit 2: Breakdown of BTH's Revenue By Business Segments**

| S\$'000                    | 1H2022         | 1H2021        | y-o-y change |
|----------------------------|----------------|---------------|--------------|
| <b>Hotel Investment</b>    | <b>60,775</b>  | <b>22,522</b> | <b>170%</b>  |
| <b>Property Sales</b>      | <b>36,555</b>  | <b>17,433</b> | <b>110%</b>  |
| Hotel Residences           | 24,230         | 13,198        | 84%          |
| Laguna Property Sales      | 12,325         | 4,235         | 191%         |
| <b>Fee-based segment</b>   | <b>21,294</b>  | <b>16,512</b> | <b>29%</b>   |
| Hotel/Fund/Club Management | 13,087         | 9,914         | 32%          |
| Spa/ Gallery Operations    | 3,008          | 3,178         | -5%          |
| Design and Others          | 5,199          | 3,420         | 52%          |
| <b>Other Income</b>        | <b>16,071</b>  | <b>1,175</b>  | <b>1268%</b> |
| <b>Total Revenue</b>       | <b>134,695</b> | <b>57,642</b> | <b>134%</b>  |

Source: BTH

### Hotel Investment Segment

Hotel Investments segment achieved revenue of S\$60.8 million in 1H2022, an increase of 170% yoy or S\$38.3 million compared to S\$22.5 million in 1H2021. The increase in revenue was mainly from Thailand (S\$29.0 million) due to continued pick up in international arrivals since re-opening in July 2021. Maldives reported revenue of S\$25.3 million which was S\$8.7 million higher than 1H2021. For 1H2022, Thailand reported occupancy of 46% which was 34 percentage points higher than the same period last year. For Maldives, occupancy was at 70% vs 51% in 1H2021.

### Property Sales Segment

Revenue from the Property Sales segment increased by S\$19.1 million to S\$36.6 million in 1H2022 due to higher number of units recognised partly contributed by Skypark 1 condominiums which were substantially completed and handed over to buyers during the period. For 1H2022, a total of 65 units from various projects were recognised as compared to 11 units in 1H2021.

### Fee-based Segment

Revenue from the Fee-based segment increased by S\$4.8 million or 29% yoy to S\$21.3 million in 1H2022. This was mainly due to higher management fees from BTH's hotel portfolio across markets in Americas including Mexico and Asia including South Korea & Malaysia where international travels have resumed as well as higher fee contribution from its project and design services segment. Lower management and design fees were evident from its hotels in China as a result of COVID-19 lockdowns in various Chinese cities in 1H2022.

### Other Income

Other income increased by S\$14.9 million in 1H2022 to S\$16.1 million mainly due to fair value gain on expiry of derivatives for convertible bonds amounting to S\$15.4 million, as compared to the fair value loss of S\$10.4 million which was recorded as part of administrative expenses in prior periods.

### Cost and Expenses

Total costs and expenses increased by S\$34.2 million from S\$74.0 million in 1H2021 to S\$108.2 million in 1H2022 with an increase in most expense categories due to improved business performance.

Cost of operating supplies increased by S\$3.2 million, which was in line with higher revenue from Hotel Investments segment. Cost of properties sold increased by S\$10.3 million, which was in line with higher Property Sales revenue recognised during the period.

Salaries and related expenses increased by S\$9.9 million mainly due to the cessation of unpaid leave scheme at the start of the current period. Administrative expenses increased by S\$2.0 million mainly due to higher foreign exchange losses of S\$4.6 million, rental paid to third party property owners of S\$2.8 million, legal & professional fees of S\$1.0 million and property taxes of S\$1.1 million which was partially cushioned by absence of fair value loss on convertible bonds of S\$10.4 million. Sales and marketing expenses increased by S\$1.2 million mainly due to higher marketing expenses incurred for hotels and property sales. Other operating expenses increased by S\$8.4 million mainly due to higher guest supplies, repair & maintenance, utilities, and commissions paid to travel agents.

A summary of BTH's total cost and expenses for 1H2022 and 1H2021 is shown in **Exhibit 3** on the next page.

**Exhibit 3: BTH's Half-Year Total Cost and Expenses**

| S\$'000                            | 1H2022           | 1H2021          | y-o-y change |
|------------------------------------|------------------|-----------------|--------------|
| Costs and expenses                 |                  |                 |              |
| Cost of operating supplies         | (7,667)          | (4,470)         | 72%          |
| Cost of properties sold            | (19,130)         | (8,870)         | 116%         |
| Salaries and related expenses      | (31,921)         | (22,018)        | 45%          |
| Administrative expenses            | (24,530)         | (22,463)        | 9%           |
| Sales and marketing expenses       | (4,332)          | (3,146)         | 38%          |
| Other operating expenses           | (20,282)         | (11,839)        | 71%          |
| Impairment losses on financial ass | (373)            | (1,219)         | -69%         |
| <b>Total costs and expenses</b>    | <b>(108,235)</b> | <b>(74,025)</b> | <b>46%</b>   |

Source: BTH

Operating Profit

Consequently, operating profit amounted to S\$26.5 million for the period, compared to an operating loss of S\$16.4 million the same period a year ago, as shown in **Exhibit 4**.

**Exhibit 4: BTH's Operating Profit / (Loss) for 1H2022 and 1H2021**

| S\$'000                         | 1H2022        | 1H2021          | y-o-y change |
|---------------------------------|---------------|-----------------|--------------|
| Total revenue                   | 134,695       | 57,642          | 134%         |
| Total costs and expenses        | (108,235)     | (74,025)        | 46%          |
| <b>Operating Profit/ (Loss)</b> | <b>26,460</b> | <b>(16,383)</b> | <b>nm</b>    |

NM: Not meaningful

Source: BTH

Depreciation and Amortisation Expense

Depreciation of property, plant and equipment (PPE) and right-of-use assets decreased by 19% yoy from S\$11.7 million in 1H2021 to S\$9.5 million in 1H2022. Meanwhile, amortisation expense increased by 13% yoy to S\$0.435 million in 1H2022 from S\$0.386 million in 1H2021 as shown in **Exhibit 5**.

**Exhibit 5: Depreciation and Amortisation Expense for 1H2022 and 1H2021**

| S\$'000   | 1H2022  | 1H2021   | y-o-y change |
|---|---------|----------|--------------|
| Depreciation of property, plant and equipment and right-of-use assets | (9,480) | (11,729) | -19%         |
| Amortisation expense  | (435)   | (386)    | 13%          |

Source: BTH

Net Finance Cost

Net finance cost decreased by 30% yoy from S\$15.6 million in 1H2021 to S\$10.8 million in 1H2022 as shown in **Exhibit 6**. Finance costs decreased by S\$5.0 million due to the absence of fair value adjustment of imputed interest on long-term receivables amounting to S\$3.1 million in 1H2021. Excluding the non-cash fair value adjustment, finance costs were S\$1.9 million lower due to repayment of loans from Shanghai Pudong Bank in 1H2021.

**Exhibit 6: Net Finance Cost in 1H2022 and 1H2021**

| S\$'000                 | 1H2022          | 1H2021          | y-o-y change |
|-------------------------|-----------------|-----------------|--------------|
| Finance income          | 985             | 1,239           | -21%         |
| Finance cost            | (11,827)        | (16,828)        | -30%         |
| <b>Net finance cost</b> | <b>(10,842)</b> | <b>(15,589)</b> | <b>-30%</b>  |

Source: BTH

Share of Results of Associates

BTH's share of associates' losses was S\$2.1 million in 1H2022 as compared to profits of S\$1.8 million in 1H2021 as shown in **Exhibit 7**. The losses were due to the impact of China's zero-Covid policy on domestic tourism and business travels.

**Exhibit 7: Share of Results of Associates in 1H2022 and 1H2021**

| S\$'000                        | 1H2022  | 1H2021 | y-o-y change |
|--------------------------------|---------|--------|--------------|
| Share of results of associates | (2,114) | 1,789  | nm           |

NM: Not meaningful

Source: BTH

Net Profit/ (Loss) Before Taxation

Consequently, net profit before taxation amounted to S\$3.6 million for the period, compared to a net loss of S\$42.3 million recorded in 1H2021, as shown in **Exhibit 8** on the next page.

**Exhibit 8: BTH's Net Profit/ (Loss) for 1H2022 and 1H2021**

| S\$'000   | 1H2022           | 1H2021          | y-o-y change |
|---|------------------|-----------------|--------------|
| Revenue   | 118,624          | 56,467          | 110%         |
| Other income  | 16,071           | 1,175           | nm           |
| <b>Total Revenue</b>  | <b>134,695</b>   | <b>57,642</b>   | <b>134%</b>  |
| Costs and expenses  |                  |                 |              |
| Cost of operating supplies  | (7,667)          | (4,470)         | 72%          |
| Cost of properties sold   | (19,130)         | (8,870)         | 116%         |
| Salaries and related expenses   | (31,921)         | (22,018)        | 45%          |
| Administrative expenses   | (24,530)         | (22,463)        | 9%           |
| Sales and marketing expenses  | (4,332)          | (3,146)         | 38%          |
| Other operating expenses  | (20,282)         | (11,839)        | 71%          |
| Impairment losses on financial assets                                 | (373)            | (1,219)         | -69%         |
| <b>Total costs and expenses</b>                                       | <b>(108,235)</b> | <b>(74,025)</b> | <b>46%</b>   |
| <b>Operating Profit/ (Loss)</b>                                       | <b>26,460</b>    | <b>(16,383)</b> | <b>nm</b>    |
| Depreciation of property, plant and equipment and right-of-use assets | (9,480)          | (11,729)        | -19%         |
| Amortisation expense  | (435)            | (386)           | 13%          |
| <b>Profit/ (Loss) from operations and other gains</b>                 | <b>16,545</b>    | <b>(28,498)</b> | <b>nm</b>    |
| Finance income  | 985              | 1,239           | -21%         |
| Finance cost  | (11,827)         | (16,828)        | -30%         |
| Share of results of associates  | (2,114)          | 1,789           | nm           |
| <b>(Loss)/ Profit before taxation</b>                                 | <b>3,589</b>     | <b>(42,298)</b> | <b>nm</b>    |

NM: Not meaningful

Source: BTH

**Income Tax Expense**

BTH recorded tax expenses of S\$3.7 million in 1H2022 compared to S\$3.3 million in 1H2021 mainly due to higher operating profits from all business segments as mentioned previously. The details of BTH's income tax expense is shown in **Exhibit 9**.

**Exhibit 9: Income Tax Expense for 1H2022 and 1H2021**

| S\$'000            | 1H2022  | 1H2021  | y-o-y change |
|--------------------|---------|---------|--------------|
| Income tax expense | (3,736) | (3,339) | 12%          |

Source: BTH



(Loss) / Profit After Taxation

As a result, BTH reported an after-tax loss of S\$0.1 million in 1H2022 compared to S\$45.6 million in 1H2021. This comprised a S\$0.5 million profit attributable to owners of the company and a S\$0.7 million loss attributable to non-controlling interest, as shown in **Exhibit 10**.

**Exhibit 10: BTH's Financial Result for 1H2022 and 1H2021**

| S\$'000   | 1H2022           | 1H2021          | y-o-y change |
|---|------------------|-----------------|--------------|
| Revenue   | 118,624          | 56,467          | 110%         |
| Other income  | 16,071           | 1,175           | nm           |
| <b>Total Revenue</b>  | <b>134,695</b>   | <b>57,642</b>   | <b>134%</b>  |
| Costs and expenses  |                  |                 |              |
| Cost of operating supplies  | (7,667)          | (4,470)         | 72%          |
| Cost of properties sold   | (19,130)         | (8,870)         | 116%         |
| Salaries and related expenses   | (31,921)         | (22,018)        | 45%          |
| Administrative expenses   | (24,530)         | (22,463)        | 9%           |
| Sales and marketing expenses  | (4,332)          | (3,146)         | 38%          |
| Other operating expenses  | (20,282)         | (11,839)        | 71%          |
| Impairment losses on financial assets                                 | (373)            | (1,219)         | -69%         |
| <b>Total costs and expenses</b>                                       | <b>(108,235)</b> | <b>(74,025)</b> | <b>46%</b>   |
| <b>Operating Profit/ (Loss)</b>                                       | <b>26,460</b>    | <b>(16,383)</b> | <b>nm</b>    |
| Depreciation of property, plant and equipment and right-of-use assets | (9,480)          | (11,729)        | -19%         |
| Amortisation expense  | (435)            | (386)           | 13%          |
| <b>Profit/ (Loss) from operations and other gains</b>                 | <b>16,545</b>    | <b>(28,498)</b> | <b>nm</b>    |
| Finance income  | 985              | 1,239           | -21%         |
| Finance cost  | (11,827)         | (16,828)        | -30%         |
| Share of results of associates  | (2,114)          | 1,789           | nm           |
| <b>(Loss)/ Profit before taxation</b>                                 | <b>3,589</b>     | <b>(42,298)</b> | <b>nm</b>    |
| Income tax expense  | (3,736)          | (3,339)         | 12%          |
| <b>(Loss)/ Profit after taxation</b>                                  | <b>(147)</b>     | <b>(45,637)</b> | <b>nm</b>    |
| Attribution to:   |                  |                 |              |
| Owners of the Company   | 514              | (42,604)        | nm           |
| Non-controlling interest  | (661)            | (3,033)         | -78%         |

NM: Not meaningful

Source: BTH



Earnings Per Share (EPS)

Basic earnings per share (EPS) is calculated by dividing profit after taxation for the year that is attributable to owners of the company by the weighted average number of ordinary shares outstanding during the financial year. The weighted average number of ordinary shares in 1H2022 and 1H2021 were 864,444,683 and 844,640,638 respectively

Net profit attributed to owner of the company was S\$0.5 million in 1H2022. Accordingly, earnings per share amounted to 0.06 cents for the period as compared to a loss of 5.04 cents a year ago, as shown in **Exhibit 11**.

**Exhibit 11: EPS for 1H2022 and 1H2021**

| S\$'000   | 1H2022      | 1H2021        | y-o-y change |
|---|-------------|---------------|--------------|
| (Loss)/ Profit after taxation   | (147)       | (45,637)      | nm           |
| Attribution to:   |             |               |              |
| Owners of the Company   | 514         | (42,604)      | nm           |
| Weighted average number of ordinary shares for basic earnings per share computation | 861,444,683 | 844,640,638   | 2%           |
| <b>Earnings per share attributable to owners of the Company (in cents):</b>         | <b>0.06</b> | <b>(5.04)</b> | <b>nm</b>    |

*NM: Not meaningful*

*Source: BTH*

Dividends

For 1H2022, no dividend has been declared in the current financial period. According to BTH's management, whilst BTH had witnessed an upturn in 1H2022 financial results, operating performance was still below 2019 pre-pandemic levels. In addition, major destinations including its key markets in China remained closed to non-essential travel. The business environment is susceptible to geo-political and macro-economic risks brought about by the military conflict in Ukraine and inflation risk. As a result of the foregoing, BTH would continue to adopt a prudent and cost discipline approach and consequently, no dividend has been recommended in 1H22 financial period.

**(II) Capital Management**

BTH reported total assets of S\$1,403.9 million as at 30 June 2022 compared to S\$1,423,580 million as at 31 December 2021. The decrease in total assets was largely due to the decrease in property plant and equipment to S\$543.5 million from S\$567.7 million and the decrease in property development costs to S\$203.9 million from S\$211.4 million, which offset increases in item such as prepayments & other non-financial assets, trade receivables and cash & short-term deposits.

At the same time, total liabilities decreased by S\$16.0 million to S\$869.5 million mainly due to the S\$16.5 million decrease in total interest-bearing loans and borrowings owing to scheduled repayment and downward currency translation adjustment on opening balance due to weakening of Thai baht against Singapore dollars. Derivative liability conversion option in Convertible Bonds also decreased from S\$16.2 million to zero as the conversion option expired on 27 June 2022. The decreased in total liabilities was partially offset by the increase in contract liabilities by S\$13.7 million to S\$83.0 million owing to deposits received from property buyers in the current year.

Consequently, BTH recorded net assets of S\$534.4 million as at 30 June 2022 compared to S\$538.1 million as at 31 December 2021. This comprised S\$486.4 million to equity attributable to owners of the company and S\$48.0 million to non-controlling interests.

Given S\$486.4 million in equity attributable to owners of the company, BTH's net asset value (NAV) per share stood at S\$0.56, based on 866.85 million issued shares. BTH's balance sheet data is summarised in **Exhibit 12**.

**Exhibit 12: Summary of BTH's Balance Sheet**

| [S\$'000]  | 30-Jun-22   | 31-Dec-21   |
|--|-------------|-------------|
| Total assets                                     | 1,403,915   | 1,423,580   |
| Total liabilities                                | 869,492     | 885,495     |
| Net assets                                       | 534,423     | 538,085     |
| Equity attributable to owners of the company     | 486,386     | 488,250     |
| Equity attributable to non-controlling interests | 48,037      | 49,835      |
| No. of issued shares                             | 866,847,808 | 857,580,292 |
| NAV per share (S\$)                              | 0.56        | 0.57        |

Source: BTH

As at 30 June 2022, BTH's total debt was S\$370.3 million compared to S\$386.7 million as at 31 December 2021. This comprised of secured and unsecured borrowings of S\$307.9 million and S\$62.4 million respectively. After considering convertible bonds, cash and short-term deposits, BTH's net debt stood at S\$290.1 million as at 30 June 2022 compared to S\$316.9 million as at 31 December 2021. Thus, BTH's gearing ratio as computed by net debt over total capital stood at approximately 54.3% as at 30 June 2022 versus 58.9% as at 31 December 2021. A breakdown of the BTH's net debt and gearing ratio is shown in **Exhibit 13** on the next page

**Exhibit 13: Breakdown of BTH's Net Debt and Gearing Ratio**

| S\$'000   | Maturity  | 30-Jun-22      | 31-Dec-21      |
|---|-----------|----------------|----------------|
| Amount repayable in one year or less, or on demand: |           |                |                |
| Secured   | 2022-2023 | 83,401         | 96,192         |
| Unsecured   | 2022-2023 | 56,234         | 57,384         |
| Amount repayable after one year:                    |           |                |                |
| Secured   | 2023-2038 | 224,480        | 223,511        |
| Unsecured   | 2023-2025 | 6,158          | 9,662          |
| <b>Total debt</b>                                   |           | <b>370,273</b> | <b>386,749</b> |
| Convertible bonds                                   |           | 43,163         | 42,473         |
| Less: Cash and short term deposits                  |           | (123,331)      | (112,326)      |
| <b>Net debt</b>                                     |           | <b>290,105</b> | <b>316,896</b> |
| Total capital                                       |           | 534,423        | 538,085        |
| <b>Gearing ratio</b>                                |           | <b>54.3%</b>   | <b>58.9%</b>   |

Source: BTH, FPA Financial

Further, the secured bank loans of the BTH are secured by assets with the following net book values as shown in **Exhibit 14**.

**Exhibit 14: Net Book Values of Assets for Secured Bank Loans**

| S\$'000                             | 30-Jun-22      | 31-Dec-21      |
|-------------------------------------|----------------|----------------|
| Freehold land and buildings         | 367,900        | 379,817        |
| Investment properties               | 55,640         | 56,361         |
| Leasehold buildings                 | 13,308         | 13,304         |
| Property development costs          | 38,369         | 42,844         |
| Unquoted shares                     | 4,173          | 4,136          |
| Prepaid island rental               | 15,329         | 15,386         |
| Investment in associates            | 3,407          | 3,479          |
| Long-term restricted deposit pledge | 1,488          | 1,524          |
| Other assets                        | 6,039          | 3,014          |
| <b>Total net book value</b>         | <b>505,653</b> | <b>519,865</b> |

Source: BTH

## OPERATIONAL UPDATES

Since our last company update on 3 September 2021, there have been new developments announced by BTH. We will now provide an operational update on these developments.

### (I) Changes to Key Management of the Company

On 19 November 2021, BTH announced that Mr. Chia Chee Ming Timothy (Mr. Chia) will cease to be an Independent Director and Lead Independent Director of the Company with effect from 31 December 2021. Consequently, Mr. Chia ceases to be a member of the Nominating Committee (NC). At the same time, Mr. Tan Chian Khong (Mr. Tan) will be re-designated as the Lead Independent Director of the Company with effect from 31 December 2021 and concurrently assumes the role as a member of the NC in place of Mr. Chia.

On 17 March 2022, BTH announced the key appointment of Mr Eddy See Hock Lye (Mr. See) as Chief Executive Officer. In addition to his new appointment, Mr See continues to lead as the President of Banyan Tree Holdings. In his new role as President and Chief Executive Officer, Mr. See will continue to provide strong leadership to BTH by working with the Board and Management to execute short and long - term goals, strategies and policies to drive business performance. He would also serve as the Managing Director of the Hospitality Management business unit of BTH. The appointment is part of the leadership development and succession planning of Banyan Tree Group

On 22 April 2022, BTH announced that Mr Chew Van Hoong Jason (Mr. Chew) notified BTH of his unwillingness to be re-elected as director of the Company at the Annual General Meeting (AGM) to be held on 29 April 2022. He will therefore retire as a director of BTH at the conclusion of the AGM. Following the retirement of Mr. Chew, the Nominating Committee considered the qualifications and experience of Mr Abdulla Al-Kuwari, and recommended to the Board of Directors the appointment of Abdulla as Non-Executive and Non-Independent Director of the Company. The Board had unanimously approved the appointment and Ministry of Manpower has issued a Letter of Consent on the same

Consequent to the aforesaid changes, the composition of the Board and NC will be as follows:

#### Board

- Ho Kwon Ping – Executive Chairman
- Ho Ren Hua – Non-independent Non-Executive Director
- Ding ChangFeng – Non-independent Non-Executive Director
- Gaurav Bhushan – Non-independent Non-Executive Director
- Abdulla Al-Kuwari – Non-independent Non-Executive Director
- Tan Chian Khong – Lead independent Director
- Mrs Karen Tay Koh – Independent Director
- Beh Jit Han Paul – Independent Director
- Arnoud De Meyer – Independent Director
- Lien Choong Luen – Independent Director
- Parnsiree Amatayakul – Independent Director

#### Nominating Committee

- Beh Jit Han Paul – NC Chairman
- Ho KwonPing – Member
- Tan Chian Khong – Member
- Arnoud De Meyer – Member

**(II) Awards and Accolades**

BTH announced that for the third time, Travel+Leisure USA has named Banyan Tree Hotels & Resorts as one of the top 25 international hotel brands. Readers ranked the company #11 globally and named Banyan Tree Bangkok as one of the top three best hotels in Bangkok. Banyan Tree Bangkok came in sixth on the list of best city hotels in Thailand, and Travel+Leisure Southeast Asia readers also chose Banyan Tree Phuket as the #1 Best Hotel Spas in Thailand for Asia's Best Awards. Within months of its opening, TIME named Buahian, a Banyan Tree Escape as one of the World's Greatest Places.

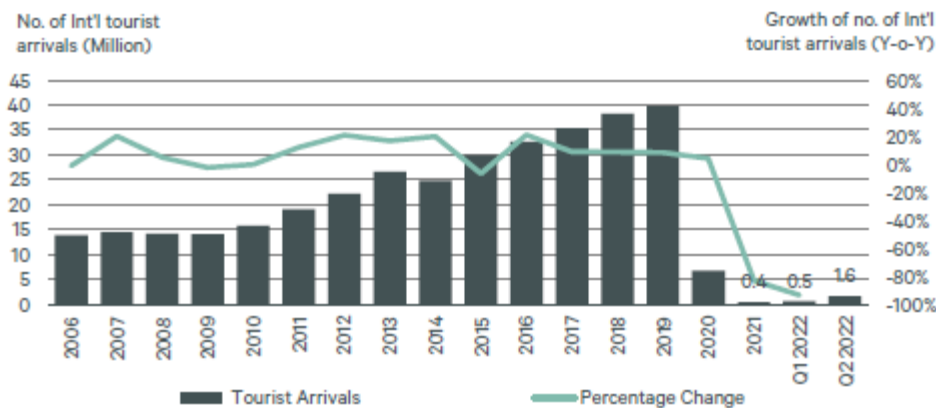
## HOSPITALITY INDUSTRY OVERVIEW

In this section, we will provide a review of the hospitality industry in Thailand.

### (I) Thailand

The Covid-19 pandemic continue to have significant impact on Thailand's tourism industry. According to CBRE, the number of tourist arrivals to Thailand increased by 217.9% qoq from 467,693 in 1Q2022 to 1,582,257 tourists in 2Q2022 as shown in **Exhibit 15**. However, Knight Frank noted that the number of international arrivals is still only 12% of that in the pre-Covid. For most of 2020 and 2021, international arrivals into Thailand were largely non-existent other than for returning residents, and essential travelers.

#### **Exhibit 15: Number of International Tourist Arrivals to Thailand**



Source: CBRE

As of 2Q2022, the largest feeder market to Thailand was India, with 218,989 tourists, followed by 192,873 from Malaysia and 116,140 from Singapore as shown in **Exhibit 16**.

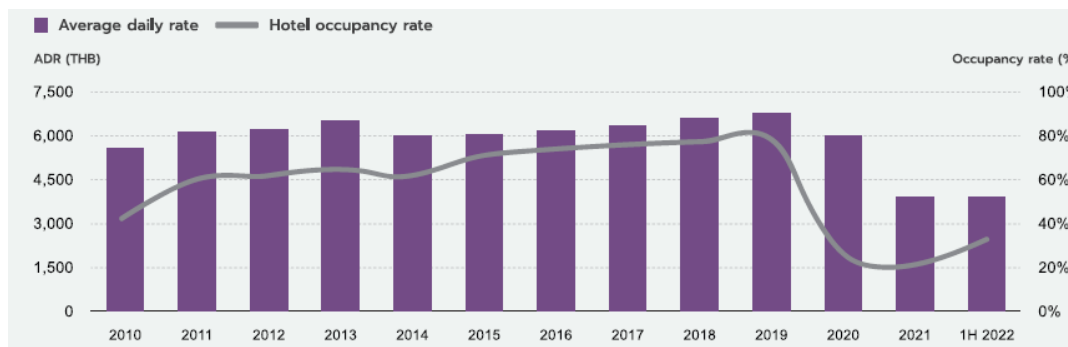
#### **Exhibit 16: Thailand's 2Q2022 Tourist Arrival Breakdown**

| Country        | Q2 2022 | Q2 2021 | Q2 2019 (Pre-COVID) |
|----------------|---------|---------|---------------------|
| India          | 218,989 | 16,868  | 528,561             |
| Malaysia       | 192,873 | 7,758   | 1,014,330           |
| Singapore      | 116,140 | 12,092  | 260,082             |
| United Kingdom | 81,287  | 41,218  | 223,716             |
| USA            | 75,879  | 29,744  | 272,650             |
| Vietnam        | 65,024  | 4,981   | 311,083             |
| Australia      | 62,939  | 16,963  | 199,486             |

Source: CBRE

According to STR, the hotel occupancy rate in 2Q2022 was 45.9%, increasing 27.0 percentage points yoy. ADR increased by 38.0% yoy, THB2,818 in 2Q2022. Revenue per Available Room (RevPAR) increased in accordance with the adjustments in occupancy rate and Average Daily Rate (ADR) to THB1,298, an 236.4% yoy increase. Meanwhile, Knight Frank noted that Bangkok's luxury hotel performance had a significant improvement in the first half of 2022 with an average occupancy rate of 33%, increasing 13 percentage points yoy, likely on the back of partly relaxed international travel restrictions. The occupancy rate has gradually increased from the lowest at 26% in January 2022 to just over 40% in 2Q2022. The effect of the low season in the latter months of the first half of the year was offset by the relaxed travel restrictions from May 2022 with the elimination of mandatory PCR tests, quarantine-free travel as well as the reduction of health insurance coverage for vaccinated travelers, resulting in a steady growth in hotel occupancy rates. The ADR also increased by 11% yoy to THB3,410, due to an improved number of foreign arrivals, indicating a turning point in the market as shown in **Exhibit 17**.

### **Exhibit 17: Bangkok's Hotel Performance**



Source: Knight Frank

In terms of outlook, CBRE estimates that there will be 9,459 more keys added to the total hotel supply, increasing the total hotel supply by 12.3% to 86,469 keys. The improvement in international arrivals is as a result of increased demand from short-haul markets becoming the key feeder market alongside the domestic market. CBRE expects that the hospitality market reliance on domestic travel will be short-lived as overseas travel has become a viable option, and domestic travel subsidies have become a drain on government finances. Similarly, overseas travel has begun to rebound, indicating signs that the dependency on international tourist will likely shift back within the mid-term. The proportional shift in international arrivals from long-haul to short-haul markets will drive the public sector to devise appropriate strategies to absorb as much demand as possible in competing with other international markets. Taken as a whole, under the current market conditions, sentiment recovery to pre-pandemic levels are doubtful until the global financial markets improve and geopolitical tensions ease. In addition, while the hotel market reveals signs of improvement, the absence of Chinese tourists remains unchanged as per China's travel restriction policies will continue to weigh on the recovery.



Knight Frank noted that Thailand has slowly reopened to international visitors since November 2021, after two years. Yet, the number of foreign arrivals has not increased rapidly because of complex and costly travel requirements such as mandatory quarantine, insurance, and PCR test. In 1H2022, despite the increase in the number of foreign visitors year on year, it only represented 12% of pre-pandemic levels, nevertheless is expected to accelerate during the second half of the year with the beginning of the fourth and last phase of the country's reopening called 'post-pandemic', allowing tourists to enter Thailand without restrictions regardless of their vaccination status putting an end to the two years stringent border controls introduced to contain the pandemic. Consequently, Knight Frank expects a sustained increase in international arrivals supported by the government's commitment to accelerate tourism and the hotel industry's recovery with an expansion in travel with more flights. The gradual recovery of the hotel's RevPar will likely be led by ADR, with higher but still weak occupancy levels. The lack of Chinese outbound travelers, the main market feeder before the pandemic, due to China's travel restrictions will likely continue to cause disruptions to the tourism industry in Bangkok and other destinations in Thailand this year. Thus, domestic tourism will continue to play an important role as it did during the pandemic. The increasing number of foreign arrivals during the first half of the year and the fully reopening for foreign travelers in July 2022 suggest the start of the tourist market recovery, however, the road to the recovery of the tourism industry can face more obstacles such as new variants or outbreaks, or the Russia-Ukraine war effects on oil prices that could feed through into ticket prices, depressing the recovery of international travel. The recovery in the short term will likely be led by leisure tourists, followed by business and MICE groups, benefitting resorts with a growing number of guests over business hotels.

Savills noted that the substantial rise in the number of arrivals signals a positive outlook for the tourism industry which is likely to see positive demand from both domestic and international visitors once pent-up demand is released. Nationwide luxury hotel occupancy is forecast to improve to 36% by 1H2022, an increase from 24% recorded in 2H2020 but still lower than the pre-pandemic level of 69% in 1H2019. The market is waiting for a significant increase in international travellers which will directly impact ADRs and RevPAR, especially in the luxury hotel sector, due to the higher purchasing power of international travellers. However, the uncertainty surrounding Mainland China's lockdowns and international travel bans imposed on Chinese citizens may contribute to sluggish growth in foreign tourist numbers. Mainland Chinese are also big spenders, accounting for 27.8% of Tourism Receipts by Expenditure Item in 2019, according to the Ministry of Tourism and Sports. As a result, Thai hoteliers in major cities, once reliant on Chinese arrivals, will need to adapt their business strategy to maintain domestic demand while appealing to other target groups such as Western Europeans and Indians, whose numbers are more likely to rise through the remainder of the year. There are other headwinds out there including elevated inflation, rising interest rates and energy price surges which could impact the spending of domestic tourists in the year ahead, important in a market which is heavily dependent on them. Despite the challenges however, Savills can foresee the market returning to pre-COVID levels of demand growth by 2024.

We would like to note that the Tourism Authority of Thailand (TAT) has mapped out a campaign to revive its tourism and hospitality sector. TAT envisions change towards stronger and sustainable, more responsible, more digital, and more inclusive tourism growth, by leveraging on Thailand's 5F, 4M soft-power foundations, which are Food, Film, Fashion, Festival, Fight, Music, Museum, Master, And Meta. TAT formulated a 'DASH' model for its latest 'Visit Thailand Year 2022: Amazing New Chapters' campaign to revive the tourism sector and the Thai economy overall.

Aimed at both local and international tourists, there will be a plethora of tourism offerings designed in response to a growing trend, including astronomy tourism, water tourism, community tourism, and culinary tourism.

The DASH model is as follows:

- D – Domestic travel: The model places emphasis on both tourists and operators in the tourism industry;
- A – Accelerate Demand: The model seeks to stimulate qualitative demand, build trust, and a good image by placing focus on tourists' safety, targeting high-income segments, and delivering impressively different and valuable experiences;
- S – Shape Supply: The model looks set to elevate the tourism ecosystem to quality and sustainability based on responsible tourism and digital tourism for all parties to benefit together, and resulting in sustainable income distribution to each sector;
- H – Healing Thai Economy: The model focuses on helping to revive the Thai economy through tourism with the country's reopening to ensure a fast recovery and strong, sustainable growth.

It was recently reported that Thailand expects to earn 2.38 trillion baht (\$64.50 billion) in tourism revenue in 2023. The government wants tourism next year to reach 80% of its 2019, pre-pandemic level, as the key growth sector is starting to see a recovery as the pandemic eases. Foreign tourists are expected to bring in between 970 billion baht to 1.5 trillion baht next year. Thailand expects 1.5 million arrivals each month in the last quarter of 2022, adding September has seen more than one million tourists so far. The government is targeting 10 million visitors for the full year.

## SHARE PRICE DEVELOPMENT REVIEW

Since our initiation report issued on 3 September 2021, when BTH's share price closed at S\$0.325, we note that the share price has fallen. From then till present, the share price is down by about 13.85% to the current price of S\$0.280 as shown in **Exhibit 18**.

### Exhibit 18: BTH's Share Price



Source: Yahoo Finance, FPA Financial

The 52-week low of S\$0.250 was reached on 22 June 2022 and the 52-week high of S\$0.375 was reached on 11 November 2021.

On 25 February 2022, BTH posted a 23.3% yoy increase in core operating profits and a 40.2% yoy increase in revenue for FY2021. In the same announcement, BTH announced that its hotel RevPAR has improved by 23% yoy. We note that BTH's share price rose by 1.69% from 0.295 to S\$0.300 after the announcement.

On 9 August 2022, BTH posted its half-year financial statement for 2022 (1H2022) and reported a 110% increase in revenue. However, for 1H2022, BTH reported a loss after taxation of S\$147,000. BTH's share price fell by 1.69% from S\$0.295 to S\$0.290 following the announcement.

On 16 August 2022, BTH released its response to queries raised by Singapore Exchange Limited (SGX). BTH believes that there would be no issue with the recoverability of its non-current receivables and explained the reasons as to why no dividends were declared for 1H2022, which was explained on page 9. Following the announcement, BTH's share price rose by 3.39% from S\$0.295 to S\$0.305.

**POTENTIAL CATALYSTS****(I) New Openings**

In 1H2022, BTH opened and took over management of 4 hotels – Homm Patong Phuket (Thailand), Dhawa Yura Kyoto (Japan), Garrya Nijo Castle Kyoto (Japan) and Buahana a Banyan Tree Escape (Indonesia); all four form part of BTH's expanding multi-brand offering, targeting distinct market segments while leveraging operational and distribution synergy. The details of the 4 hotels are shown in **Exhibit 19**.

**Exhibit 19: Details of Hotels Opened/ Added During the Year**

| Name of Resort/Hotel               | Country   | New/Existing Keys | Remark                            |
|------------------------------------|-----------|-------------------|-----------------------------------|
| Tongsai Bay, Samui                 | Thailand  | 83                | Currently operated as white label |
| Dhawa Yura Kyoto                   | Japan     | 138               |                                   |
| Garrya Nijo Castle Kyoto           | Japan     | 25                |                                   |
| Buahan, A Banyan Tree Escape, Bali | Indonesia | 16                |                                   |

Source: BTH

**(II) Pipeline Supply**

As at 30 June 2022, BTH signed 6 Hotel Management Agreements, 1 Strategic Partnership Agreement (joint venture in Thailand), 1 Franchise Agreement and 1 Residence and Spa Management Agreement. BTH expects to open 14 new hotels and rebrand through conversion of 2 hotels in the next 12 months. Barring no further delay arising from the impact of COVID-19 pandemic and economic risks, BTH expects to open 14 new hotels and 2 rebranded hotels in the next 12 months representing 25% increase in total key count.

A summary of the 16 hotels expected to be opened in the next 12 months is shown in **Exhibit 20**.

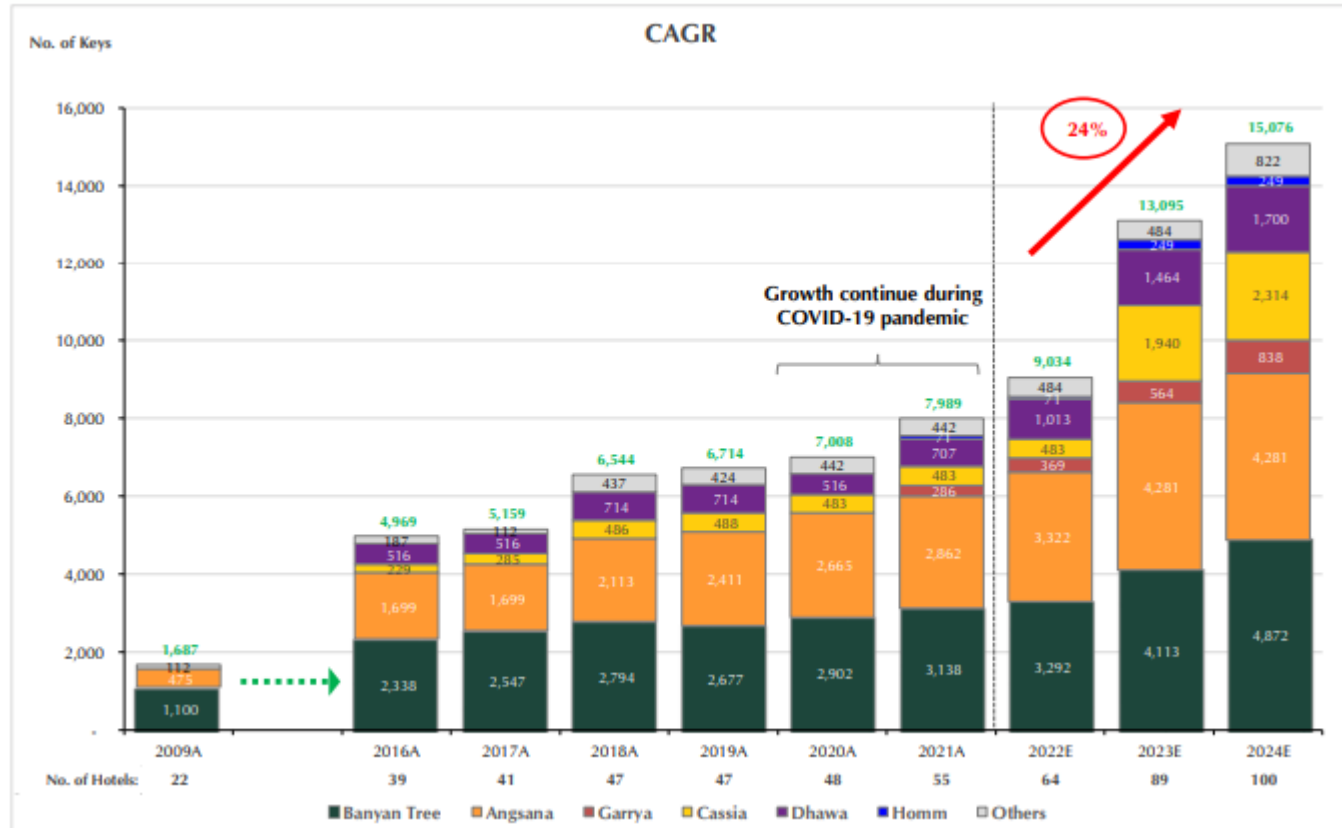
**Exhibit 20: Hotels Expected to be Opened in the Next 12 Months**

| Name of Resort/Hotel                   | Country      | New/Existing Keys | Remark                                     |
|--|--------------|-------------------|--|
| Dhawa Jinan Daming Lake, Shandong      | China        | 100               | New  |
| Angsana Quzhou, Zhejiang               | China        | 227               | New  |
| Banyan Tree Quzhou, Zhejiang           | China        | 36                | New  |
| Homm Huzhou Xisai Shan, Zhejiang       | China        | 178               | New  |
| Angsana Chengdu Wenjiang               | China        | 153               | New  |
| Dhawa Xi'an Chanba, Shaanxi            | China        | 306               | New  |
| Garrya Xianju, Zhejiang                | China        | 195               | New  |
| Banyan Tree Emei Mountain, Sichuan     | China        | 131               | New  |
| Angsana Saranam Wellbeing Resort, Bali | Indonesia    | 80                | New  |
| Banyan Tree AlUla                      | Saudi Arabia | 79                | New  |
| Homm Sukhumvit 34, Bangkok             | Thailand     | 148               | New  |
| Angsana Ho Tram                        | Vietnam      | 113               | New  |
| Dhawa Ho Tram                          | Vietnam      | 162               | New  |
| Angsana Quan Lan, Halong Bay           | Vietnam      | 156               | New  |
| Dhawa Ihuru                            | Maldives     | 45                | Rebrand from Angsana Ihuru                 |
| Garrya Tongsai Bay, Samui              | Thailand     | 83                | Rebrand, currently operated as white label |

Source: BTH

BTH has a projected pipeline for growth of 45 hotels to be opened, potentially doubling its operating footprint in the next 3 years. The number of room keys are estimated to grow from roughly 7,989 as at 31 December 2021 to approximately 15,000 keys by end of 2024. These additional keys are largely managed without any equity interest. The details of BTH's projected pipeline growth from 2022 to 2024 is shown in **Exhibit 21**.

**Exhibit 21: BTH's Projected Pipeline Growth (2022-2024)**



| CAGR 2021 – 2024 = 24%     | Past (2009) | Current (2021) | Future (2024) |
|----------------------------|-------------|----------------|---------------|
| Owned Hotels %             | 66%         | 23%            | 12%           |
| Managed Hotels/Franchise % | 34%         | 77%            | 88%           |

Source: BTH

**FINANCIAL PROJECTION**

Here, we will provide our projections for BTH's revenue, earnings and dividends for FY2022 and FY2023.

**(I) Revenue projection****(a) Hotel Investments Segment****Thailand**

To estimate revenue generated from Hotel Investments in Thailand, we will project room rate and occupancy, and in turn RevPAR for BTH's Thailand resorts/hotels with equity interest. BTH owns 86.28% of Laguna Resorts & Hotels Public Company Limited which owns Banyan Tree Bangkok, Banyan Tree Phuket, Laguna Phuket, Villas Resort Phuket, Cassia Phuket and Laguna Holiday Club Phuket Resort. We obtained the lowest priced room rates for a 1-night stay for 1 adult at end/close to end of each month to calculate the average room rates for each hotel. The projected room rates (as represented by the average figures) for BTH's resorts/hotels with equity interest in Thailand for 2H2022 and FY2023 are summarized in **Exhibit 22** and **Exhibit 23** respectively.

**Exhibit 22: Room rates for Hotel Investments in Thailand – 2H2022**

| Name of property                  | Brand       | Room rates (S\$) |        |        |        |     | Average |
|-----------------------------------|-------------|------------------|--------|--------|--------|-----|---------|
|                                   |             | Sep-22           | Oct-22 | Nov-22 | Dec-22 |     |         |
| Banyan Tree Bangkok               | Banyan Tree | 153              | 163    | 166    | 191    | 168 |         |
| Banyan Tree Phuket                | Banyan Tree | 383              | 510    | 562    | 884    | 585 |         |
| Laguna Phuket                     | Angsana     | 112              | 156    | 207    | 312    | 197 |         |
| Villas Resort Phuket              | Angsana     | 396              | 381    | 381    | 442    | 400 |         |
| Cassia Phuket                     | Cassia      | 58               | 58     | 119    | 242    | 119 |         |
| Laguna Holiday Club Phuket Resort | Others      | -                | 152    | 152    | 152    | 152 |         |

Based on lowest priced room rates for a 1-night stay for 1 adult at end/close to end of each month. Data extracted 26 Sep 22.

Certain data points may vary by a difference of a few days to account for aberrations

Source: BTH, FPA Financial

**Exhibit 23: Room rates for Hotel Investments in Thailand – FY2023**

| Name of property                                 | Brand       | Room rates (S\$) |        |        |        |        |        |        |        |        |        |        |        | Average |
|--|-------------|------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|
|  |             | Jan-23           | Feb-23 | Mar-23 | Apr-23 | May-23 | Jun-23 | Jul-23 | Aug-23 | Sep-23 | Oct-23 | Nov-23 | Dec-23 |         |
| Banyan Tree Bangkok <sup>(1)</sup>               | Banyan Tree | 166              | 153    | 148    | 143    | 130    | 143    | 135    | 135    | 143    | -      | -      | -      | 144     |
| Banyan Tree Phuket <sup>(2)</sup>                | Banyan Tree | 740              | 587    | 485    | 306    | 294    | 294    | 332    | 332    | 332    | 396    | -      | -      | 410     |
| Laguna Phuket                                    | Angsana     | 284              | 243    | 225    | 115    | 115    | 122    | 122    | 125    | 112    | 134    | 172    | 176    | 162     |
| Villas Resort Phuket <sup>(3)</sup>              | Angsana     | 442              | 442    | 442    | 396    | 411    | 411    | -      | -      | -      | -      | -      | -      | 424     |
| Cassia Phuket                                    | Cassia      | 149              | 149    | 149    | 73     | 73     | 73     | 73     | 73     | 73     | 73     | 126    | 229    | 109     |
| Laguna Holiday Club Phuket Resort <sup>(4)</sup> | Others      | 203              | 203    | 203    | -      | -      | -      | -      | -      | -      | -      | -      | -      | 203     |

Based on lowest priced room rates for a 1-night stay for 1 adult at end/close to end of each month. Data extracted 26 Sep 22.

Certain data points may vary by a difference of a few days to account for aberrations

(1) While hotel is operational, there is no availability of room rates for Oct-23 and Dec-23

(2) While hotel is operational, there is no availability of room rates between Nov-23 and Dec-23

(3) While hotel is operational, there is no availability of room rates between Jul-23 and Dec-23

(4) While hotel is operational, there is no availability of room rates between Apr-23 and Dec-23

Source: BTH, FPA Financial



However, for FY2023, we note that while the hotels are operational, other than Villas Resort Phuket and Cassia Phuket, the full-year room rates were not available. Hence, the average room rates for FY2023 could be skewed to the downside as it excludes room rates from November and December where room rates proved to be higher. In addition, we also recognised that as the room rates were extracted on 26 September 2022, the room rates for FY2023 could potentially be lower due to higher vacancy. The potential returning of Chinese tourist could also provide a boost to room rates in FY2023. Considering the above, for the respective hotels' average room rates in FY2023, we would assume a 5% yoy increase, which was half the 11% yoy percentage increased for ADR in 1H2022 according to Knight Frank as noted on page 15. Accordingly, the summary of the projected room rates for FY2023 is shown in **Exhibit 24**.

#### **Exhibit 24: Projected Room Rates for FY2023**

| Name of property                  | Room rates (S\$) |        |              |
|-----------------------------------|------------------|--------|--------------|
|                                   | 2H2022           | FY2023 | yoy increase |
| Banyan Tree Bangkok               | 168              | 177    | 5%           |
| Banyan Tree Phuket                | 585              | 614    | 5%           |
| Laguna Phuket                     | 197              | 207    | 5%           |
| Villas Resort Phuket              | 400              | 420    | 5%           |
| Cassia Phuket                     | 119              | 125    | 5%           |
| Laguna Holiday Club Phuket Resort | 152              | 160    | 5%           |

Source: BTH, FPA Financial

According to BTH, during the first half of 2022, Thailand's hotel investments reported occupancy of 46%, which was 34 percentage points higher than 1H2021 due to continued pick up in international arrivals since re-opening in July 2021. While we believe that Thailand's hotel industry will continue to be impacted by the lack of Chinese tourist, its government is pushing out campaigns to revive its tourism and hospitality sector. As mentioned on page 17, the Tourism Authority of Thailand is implementing its 'DASH' model to transform its tourism sector and increase arrivals. In addition, the loosening of Japan's and Hong Kong's travel restrictions could also increase tourism in Thailand as Japan's and Hong Kong's citizens might be more willing to travel overseas knowing that they can return home without having to self-quarantine. Hence, BTH is likely to benefit from the surge in travellers.

We would also expect a slightly stronger revenue performance from Thailand's hotel investments amid a stronger recovery in its tourism sector. As noted on page 17, the Thai government expects to earn 2.38 trillion baht (\$64.50 billion) in tourism revenue and foreign tourists are expected to bring in between 970 billion baht to 1.5 trillion baht in 2023, as the key growth sector is starting to see a recovery as the pandemic eases.

In view of further improvement in the travel outlook, Thailand's plan to revive tourism sector and the surge in projected foreign arrivals, we would expect a sustained occupancy recovery in 2H2022 and FY2023. Thus, we would assume that Thailand's occupancy rate to recover progressively to 69% in FY2023, which, according to Savills, was the pre-pandemic occupancy rate of luxury hotels. Accordingly, the expected occupancy rate will improve by approximately 8% each half =  $[69\% \text{ (expected occupancy in FY2023)} - 46\% \text{ (actual occupancy in 1H2022)} / 3]$  and reach 54% in 2H2022 =  $[46\% \text{ (actual occupancy in 1H2022)} + 8\% \text{ (expected increase in occupancy)}]$  and 69% in FY2023 =  $[54\% \text{ (expected occupancy in FY2022)} + 15\% \text{ (expected increase in occupancy)}]$ .



Given the above estimated room rates and occupancy for 2H2022 and FY2023, we then project the RevPAR for the hotels in Thailand during these periods, as shown in **Exhibit 25**.

#### **Exhibit 25: Projected RevPAR for Hotel Investments in Thailand**

| Name of property                  | Room rates (S\$) |        | Occupancy |        | RevPAR (S\$) |          |
|-----------------------------------|------------------|--------|-----------|--------|--------------|----------|
|                                   | 2H2022           | FY2023 | 2H2022    | FY2023 | 2H2022       | FY2023   |
| Banyan Tree Bangkok               | 168              | 177    | 54%       | 69%    | \$ 90.9      | \$ 121.9 |
| Banyan Tree Phuket                | 585              | 614    | 54%       | 69%    | \$ 315.8     | \$ 423.7 |
| Laguna Phuket                     | 197              | 207    | 54%       | 69%    | \$ 106.2     | \$ 142.5 |
| Villas Resort Phuket              | 400              | 420    | 54%       | 69%    | \$ 216.0     | \$ 289.8 |
| Cassia Phuket                     | 119              | 125    | 54%       | 69%    | \$ 64.4      | \$ 86.4  |
| Laguna Holiday Club Phuket Resort | 152              | 160    | 54%       | 69%    | \$ 82.1      | \$ 110.1 |

Source: BTH, FPA Financial

Based on the above projected RevPAR for individual hotels in Thailand, we then project the room revenue to be generated by the individual properties for 2H2022 and FY2023. Assuming all the hotels to be fully operational for the rest of 2022 and the whole of 2023, the projected total revenue in Thailand for 2H2022 and FY2023 would be S\$32.6 million and S\$87.6 million respectively as shown in **Exhibit 26**.

#### **Exhibit 26: Projected Room Revenue for Hotel Investments in Thailand**

| Name of property                  | No of Keys | RevPAR (S\$) |        | No. of days |        | Total revenue (S\$'000) |               |
|-----------------------------------|------------|--------------|--------|-------------|--------|-------------------------|---------------|
|                                   |            | 2H2022       | FY2023 | 2H2022      | FY2023 | 2H2022                  | FY2023        |
| Banyan Tree Bangkok               | 327        | 90.9         | 121.9  | 182         | 365    | 5,407                   | 14,549        |
| Banyan Tree Phuket                | 217        | 315.8        | 423.7  | 182         | 365    | 12,471                  | 33,555        |
| Laguna Phuket                     | 371        | 106.2        | 142.5  | 182         | 365    | 7,173                   | 19,299        |
| Villas Resort Phuket              | 63         | 216.0        | 289.8  | 182         | 365    | 2,477                   | 6,664         |
| Cassia Phuket                     | 304        | 64.4         | 86.4   | 182         | 365    | 3,563                   | 9,587         |
| Laguna Holiday Club Phuket Resort | 99         | 82.1         | 110.1  | 182         | 365    | 1,479                   | 3,979         |
| <b>Total</b>                      |            |              |        |             |        | <b>32,569</b>           | <b>87,633</b> |

Source: BTH, FPA Financial

A summary of the projected revenue for Hotel Investments in Thailand for FY2022 and FY2023 is shown in **Exhibit 27**.

#### **Exhibit 27: Projected Hotel Investment Revenue in Thailand for FY2022 and FY2023**

| S\$'000            | Thailand's Hotel Investments Revenue (S\$'000) |
|--------------------|--|
| 1H 2022 (Actual)   | 29,000   |
| 2H 2022 (Forecast) | 32,569   |
| FY2022 (Forecast)  | 61,569   |
| FY2023 (Forecast)  | 87,633   |

Source: BTH, FPA Financial

**Maldives**

As at 18 September 2022, according to the Ministry of Tourism (MOT) Republic of Maldives, Maldives has seen a steady improvement in arrivals in the second half of 2H2021 as the tourist arrivals have recovered to near pre-Covid levels. In August 2022, international arrivals recovered by approximately 94.6% to 131,862 compared to 139,338 arrivals in August 2019. From 1st to 18th September 2022, international arrivals recovered by almost 96.6% to 62,487 compared to 64,682 for the same period in 2019 as shown in **Exhibit 28**.

**Exhibit 28: Tourist Arrivals for Maldives as at 18 September 2022**

|                        | Arrivals         |                    |                |                  | Growth %    |             | Daily Average |              |              |              | Avg. Duration of Stay 2022 |
|------------------------|------------------|--------------------|----------------|------------------|-------------|-------------|---------------|--------------|--------------|--------------|----------------------------|
|                        | 2019             | 2020 <sup>-1</sup> | 2021           | 2022             | 2022/2019   | 2022/2021   | 2019          | 2020         | 2021         | 2022         |                            |
| January                | 151,552          | 173,347            | 92,103         | 131,764          | -13.1       | 43.1        | 4,889         | 5,592        | 2,971        | 4,250        | 9.0                        |
| February               | 168,583          | 149,785            | 96,882         | 149,008          | -11.6       | 53.8        | 6,021         | 5,349        | 3,460        | 5,322        | 8.6                        |
| March                  | 162,843          | 59,630             | 109,585        | 150,748          | -7.4        | 37.6        | 5,253         | 1,924        | 3,535        | 4,863        | 8.0                        |
| April                  | 163,114          | 13                 | 91,200         | 145,280          | -10.9       | 59.3        | 5,437         | -            | 3,040        | 4,843        | 8.1                        |
| May                    | 103,022          | 41                 | 64,613         | 125,522          | 21.8        | 94.3        | 3,323         | -            | 2,084        | 4,049        | 7.2                        |
| June                   | 113,475          | 1                  | 56,166         | 110,889          | -2.3        | 97.4        | 3,783         | -            | 1,872        | 3,696        | 7.7                        |
| July                   | 132,144          | 1,752              | 101,818        | 133,562          | 1.1         | 31.2        | 4,263         | 110          | 3,284        | 4,308        | 8.3                        |
| August                 | 139,338          | 7,636              | 143,599        | 131,862          | -5.4        | -8.2        | 4,495         | 246          | 4,632        | 4,254        | 8.3                        |
| September (1st - 18th) | 64,682           | 4,880              | 68,196         | 62,487           | -3.4        | -8.4        | 3,593         | 271          | 3,789        | 3,472        | 7.9                        |
| <b>TOTAL</b>           | <b>1,198,753</b> | <b>397,085</b>     | <b>824,162</b> | <b>1,141,122</b> | <b>-4.8</b> | <b>38.5</b> | <b>4,593</b>  | <b>1,614</b> | <b>3,158</b> | <b>4,372</b> | <b>8.2</b>                 |

Note: <sup>-1</sup> International border was closed for tourists from 27<sup>th</sup> March till 14<sup>th</sup> July during 2020

Source: Ministry of Tourism Republic of Maldives

In addition, we note that from 14 September to 4 October 2022, BTH's inaugural "Live Well, Travel Well" campaign allows travellers to reconnect with the world with 33% savings on stays and spa journeys, as well as indulge in retail therapy with handcrafted gifts and signature spa skincare products. Highlights of the 2022 "Live Well, Travel Well" campaign will allow guests in Maldives to:

- Stay longer with savings of 33% on Best Available Rate at Banyan Tree Vabbinfaru, Angsana Velavaru and Angsana Ihuru.
- Prioritise wellbeing and make restorative spa treatments central to the travel experience with 33% off a la carte body treatments at award-winning Spa of Banyan Tree Vabbinfaru, Angsana Velavaru and Angsana Ihuru.
- Support artisan communities, promote indigenous crafts and bring home exquisite decor pieces with 33% off Gallery retail items available at Banyan Tree Vabbinfaru, Angsana Velavaru and Angsana Ihuru.

The campaign runs between 14 September and 4 October 2022 for stays between 14 September 2022 and 30 September 2023.

Similarly, to estimate revenue generated from Hotel Investments from Maldives, we will project room rate and occupancy, and in turn RevPAR for BTH's Maldives resorts/hotels with equity interest. BTH owns 100% of Banyan Tree Vabbinfaru, Angsana Ihuru and Angsana Velavaru. We obtained the lowest priced room rates for a 1-night stay for 1 adult at end/close to end of each month to calculate the average room rates for each hotel. The projected room rates (as represented by the average figures) for BTH's resorts/hotels with equity interest in Maldives for 2H2022 and FY2023 are summarized in **Exhibit 29** and **Exhibit 30** respectively on the next page.

**Exhibit 29: Room rates for Hotel Investments in Maldives – 2H2022**

| Name of property | Brand       | Room rates (S\$) |        |        |        |       | Average |
|------------------|-------------|------------------|--------|--------|--------|-------|---------|
|                  |             | Sep-22           | Oct-22 | Nov-22 | Dec-22 |       |         |
| Vabbinfaru       | Banyan Tree | 960              | 1,057  | 1,057  | 1,729  | 1,201 |         |
| Ihuru            | Angsana     | 865              | 960    | 1,009  | 1,441  | 1,069 |         |
| Velavaru         | Angsana     | 769              | 1,057  | 1,057  | 1,452  | 1,084 |         |

Based on lowest priced room rates for a 1-night stay for 1 adult at end/close to end of each month. Data extracted 26 Sep 22.  
Certain data points may vary by a difference of a few days to account for aberrations

Source: BTH, FPA Financial

**Exhibit 30: Room rates for Hotel Investments in Maldives – FY2023**

| Name of property | Brand       | Room rates (S\$) |        |        |        |        |        |        |        |        |        |        |        | Average |
|------------------|-------------|------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|
|                  |             | Jan-22           | Feb-22 | Mar-22 | Apr-22 | May-22 | Jun-22 | Jul-22 | Aug-22 | Sep-22 | Oct-22 | Nov-22 | Dec-22 |         |
| Vabbinfaru       | Banyan Tree | 1,235            | 1,287  | 1,057  | 1,153  | 990    | 1,062  | 1,138  | 1,090  | 1,167  | 1,441  | 1,441  | 1,441  | 1,209   |
| Ihuru            | Angsana     | 1,249            | 1,201  | 1,201  | 1,057  | 841    | 1,057  | 1,057  | 1,153  | 990    | 1,698  | 1,772  | 2,151  | 1,286   |
| Velavaru         | Angsana     | 1,105            | 1,105  | 1,105  | 1,057  | 961    | 961    | 961    | 1,009  | 898    | 1,577  | 1,157  | 1,853  | 1,146   |

Based on lowest priced room rates for a 1-night stay for 1 adult at end/close to end of each month. Data extracted 26 Sep 22.  
Certain data points may vary by a difference of a few days to account for aberrations

Source: BTH, FPA Financial

We note that BTH's hotels in Maldives have benefited from the easing of travel restrictions and increased airlift into the Maldives. In 1H2022, BTH reported revenue of S\$25.3 million, which was S\$8.7 million higher than the same period a year ago. In addition, its occupancy rate also increased to 70% in 1H2022 from 51% in 1H2021. With reference to **Exhibit 28**, we note that since July 2021, after the Maldives government reopen its borders to vaccinated tourist, the tourist arrivals have remained stable, above 100,000 per month. Year to date (YTD) for 2022, tourist arrivals also reached 1,141,122 compared to 1,198,753 in 2019 (pre-covid). Considering the above, while we believe that there would be a possibility that the inflow of tourist will increase, we would be conservative and assume the occupancy rate of Maldives hotels to be at 70% for 2H2022 and FY2023 as recorded in 1H2022.

Given the above estimated room rates and occupancy for 2H2022 and FY2023, we then project the RevPAR for the hotels in Maldives during these periods, as shown in **Exhibit 31**.

**Exhibit 31: Projected RevPAR for Hotel Investments in Maldives**

| Name of property | Room rates (S\$) |       | Occupancy |      | RevPAR (S\$) |      |
|------------------|------------------|-------|-----------|------|--------------|------|
|                  | 2H2022           | 2023  | 2H2022    | 2023 | 2H2022       | 2023 |
| Vabbinfaru       | 1,201            | 1,209 | 70%       | 70%  | 841          | 846  |
| Ihuru            | 1,069            | 1,286 | 70%       | 70%  | 748          | 900  |
| Velavaru         | 1,084            | 1,146 | 70%       | 70%  | 759          | 802  |

Source: BTH, FPA Financial

Based on the above projected RevPAR for individual hotels in Maldives, we then project the room revenue generated by the individual properties for 2H2022 and FY2023. Assuming all the hotels to be fully operational for the rest of 2022 and the whole of 2023, the projected total revenue in Maldives for 2H2022 and FY2023 would be S\$29.1 million and S\$62.7 million respectively as shown in **Exhibit 32** on the next page.

**Exhibit 32: Projected Room Revenue for Hotel Investments in Maldives**

| Name of property | No of Keys | RevPAR (S\$) |      | No. of days |      | Total revenue (S\$'000) |               |
|------------------|------------|--------------|------|-------------|------|-------------------------|---------------|
|                  |            | 2H2022       | 2023 | 2H2022      | 2023 | 2H2022                  | 2023          |
| Vabbinfaru       | 48         | 841          | 846  | 182         | 365  | 7,343                   | 14,821        |
| Ihuru            | 45         | 748          | 900  | 182         | 365  | 6,127                   | 14,781        |
| Velavaru         | 113        | 759          | 802  | 182         | 365  | 15,602                  | 33,080        |
| <b>Total</b>     |            |              |      |             |      | <b>29,072</b>           | <b>62,682</b> |

Source: BTH, FPA Financial

A summary of the projected revenue for Hotel Investments in Maldives for FY2022 and FY2023 is shown in **Exhibit 33**.

**Exhibit 33: Projected Hotel Investments Revenue in Maldives for FY2022 and FY2023**

| S\$'000            | Maldives' Hotel Investments Revenue (S\$'000) |
|--------------------|---|
| 1H 2022 (Actual)   | 25,300  |
| 2H 2022 (Forecast) | 29,072  |
| FY2022 (Forecast)  | 54,372  |
| FY2023 (Forecast)  | 62,682  |

Source: BTH, FPA Financial

We note that in 1H2022, BTH's Hotel Investments in China, Vietnam, Indonesia, Mexico and Morocco contributed about 11% of the total reported revenue for Hotel Investments. Hence, using the historical average revenue contribution as a proxy, the projected hotel investment revenue from "others" would amount to S\$7.4 million and S\$18.1 million for 2H2022 and FY2023 as follows:

- Projected revenue for "Others" for 2H2022 = 11% (revenue contribution) x ((S\$32.6 million (2H2022 Thailand revenue) + S\$29.1 million (2H2022 Maldives revenue)) / 89% (rebasings to 100%)) = S\$7.4 million
- Projected revenue for "Others" for FY2022 = S\$6.5 million (1H2022 actual) + S\$7.4 million (2H2022 projected) = S\$13.9 million
- Projected revenue for "Others" for FY2023 = 11% (revenue contribution) x ((S\$87.6 million (FY2023 Thailand revenue) + S\$62.7 million (FY2023 Maldives revenue)) / 89% (rebasings to 100%)) = S\$18.1 million

Accordingly, the total projected Hotel Investments revenue for FY2022 and FY2023 would be S\$129.8 million and S\$168.4 million respectively, as shown in **Exhibit 34**.

**Exhibit 34: Total Projected Hotel Investments Revenue for FY2022 and FY2023**

| Hotel Investments S\$'000 | Actual        |              | Forecast      |              |                |              |                |              |
|---------------------------|---------------|--------------|---------------|--------------|----------------|--------------|----------------|--------------|
|                           | 1H2022        | % of revenue | 2H2022        | % of revenue | FY2022         | % of revenue | FY2023         | % of revenue |
| Thailand                  | 29,000        | 48%          | 32,569        | 47%          | 61,569         | 47%          | 87,633         | 52%          |
| Maldives                  | 25,259        | 42%          | 29,072        | 42%          | 54,331         | 42%          | 62,682         | 37%          |
| Others <sup>(1)</sup>     | 6,516         | 11%          | 7,402         | 11%          | 13,918         | 11%          | 18,051         | 11%          |
| <b>Total</b>              | <b>60,775</b> | <b>100%</b>  | <b>69,043</b> | <b>100%</b>  | <b>129,818</b> | <b>100%</b>  | <b>168,366</b> | <b>100%</b>  |

<sup>(1)</sup> Includes China, Vietnam, Indonesia, Mexico and Morocco

Source: BTH, FPA Financial

**(b) Property Sales Segment**

The summary of BTH's completed projects and projects under development are shown in **Exhibit 35**.

**Exhibit 35: Summary of BTH's Portfolio for Property Sales**

| Project name                             | Expected completion date | Total units | Total sales value (S\$ million) | Average value per unit (S\$ million) | % of units sold | Number of unit sold | Unit available for sale |
|--|--------------------------|-------------|---------------------------------|--------------------------------------|-----------------|---------------------|-------------------------|
| <b>Completed Projects</b>                |                          |             |                                 |                                      |                 |                     |                         |
| Skypark (Building A & B)                 | Completed                | 288         | 52.2                            | 0.18                                 | 91%             | 262                 | 26                      |
| Angsana Beachfront Residences            | Completed                | 54          | 82.4                            | 1.53                                 | 100%            | 54                  | 0                       |
| Banyan Tree 3 Beds Pool Villa            | Completed                | 8           | 15.0                            | 1.88                                 | 100%            | 8                   | 0                       |
| Banyan Tree Double Pool Villa            | Completed                | 22          | 38.6                            | 1.75                                 | 82%             | 18                  | 4                       |
| Cassia Phuket (Phase 1 to Phase 3)       | Completed                | 527         | 153.3                           | 0.29                                 | 88%             | 464                 | 63                      |
| Cassia Bintan                            | Completed                | 180         | 53.0                            | 0.29                                 | 32%             | 58                  | 122                     |
| Banyan Tree Bintan 1B/2B Bayfront Villas | Completed                | 48          | 68.2                            | 1.42                                 | 23%             | 11                  | 37                      |
| <b>Projects Under Development</b>        |                          |             |                                 |                                      |                 |                     |                         |
| Skypark (Building C)                     | December-2024            | 128         | 27.3                            | 0.21                                 | 66%             | 84                  | 44                      |
| Banyan Tree Grand Residences             | December-2028            | 19          | 77.8                            | 4.09                                 | 21%             | 4                   | 15                      |
| Laguna Village Residences                | December-2024            | 16          | 24.6                            | 1.54                                 | 94%             | 15                  | 1                       |
| Laguna Park Phuket (Phase 2)             | December-2022            | 39          | 23.7                            | 0.61                                 | 100%            | 39                  | 0                       |
| Angsana Oceanview Residences             | December-2025            | 33          | 42.5                            | 1.29                                 | 67%             | 22                  | 11                      |
| Dhawa Apartments                         | December-2022            | 124         | 29.7                            | 0.24                                 | 34%             | 42                  | 82                      |

Source: BTH, FPA Financial

We note that BTH has been focusing their sales channel development and digital marketing activities in existing key markets including China and Russia, as well as markets with potential, such as India, as they seek to diversify its buyer base. In addition, BTH continues to offer a complete range of products to cater for all market segments, from affordably priced apartments and landed properties targeted at the emerging middle class in Asia through to high-end branded residential offerings. This is evident in its 1H2022 results as total property sales value tripled to S\$95.9 million compared to the same period a year ago. In addition, as at 30 June 2022, total unrecognised revenue increased to S\$171.7 million as compared to S\$112.3 million as at 30 June 2021. We believe that BTH may continue to launch similar online sales & marketing initiatives for other projects to reach out to potential buyers and we could see an improvement in sales

As part of Thai government's scheme to revive the tourism sector and Thai economy, we could expect an increase in foreign tourists. As mentioned on page 17, the Thai government expects tourism to reach 80% of its pre-pandemic level and foreign tourists are expected to contribute between 970 billion baht to 1.5 trillion baht in 2023. The increase in tourists could be a catalyst for property sales as it would allow more foreign buyers to view and conduct physical inspection of the properties, increasing the chances of selling these properties.

Further, there is a possibility that China would loosen its Zero-Covid Policy and slowly reopen its borders in 2023 or establish travel bubbles with certain countries. Bloomberg recently reported that major investment banks including Morgan Stanley, Goldman Sachs and Nomura are predicting China will likely ease Covid restrictions and reopen the country by 2023. According to World Travel & Tourism Council (WTTC), China was the largest contributor to visitor arrivals for Thailand in 2019, 2020 and 2021, representing 28%, 19% and 26% respectively, of the total inbound arrivals. Hence, BTH may be able to benefit from the return of Chinese buyers with higher spending power to generate sales for its luxury properties.

We also compared the units available for sale for each of the projects between 30 June 2021 and 30 June 2022 to determine the number of units sold between a 1-year period. Taking Skypark as an example, the total unit available for sale was 70 units as at 30 June 2022 and 112 units as at 30 June 2021, hence, the number of units sold between the 1-year period was 42 units as shown in **Exhibit 36**.

#### **Exhibit 36: Number Of Units Sold Between 30 June 2022 and 30 June 2021**

| Units                                      | Unit available for sale as at |           | Sold |
|--|-------------------------------|-----------|------|
|  | 30-Jun-22                     | 30-Jun-21 |      |
| <b>Completed Projects</b>                  |                               |           |      |
| Skypark (Building A, B & C) <sup>(1)</sup> | 70                            | 112       | 42   |
| Angsana Beachfront Residences              | 0                             | 12        | 12   |
| Banyan Tree 3 Beds Pool Villa              | 0                             | 2         | 2    |
| Banyan Tree Double Pool Villa              | 4                             | 4         | 0    |
| Cassia Phuket (Phase 1 to Phase 3)         | 63                            | 74        | 11   |
| Cassia Bintan                              | 122                           | 122       | 0    |
| Banyan Tree Bintan 1B/2B Bayfront Villas   | 37                            | 37        | 0    |
| <b>Projects Under Development</b>          |                               |           |      |
| Banyan Tree Grand Residences               | 15                            | 16        | 1    |
| Laguna Village Residences                  | 1                             | 6         | 5    |
| Laguna Park Phuket (Phase 2)               | 0                             | 4         | 4    |
| Angsana Oceanview Residences               | 11                            | 26        | 15   |
| Dhawa Apartments                           | 82                            | 82        | 0    |

(1) Building C is under development

Source: BTH, FPA Financial

Given the above, we will adopt the actual sales performance of each of the respective projects for our sales projection for 2H2022 and FY2023

#### **Completed Projects**

As noted on **Exhibit 35**, there are 7 completed projects held for sale. For these projects, as it has already been completed, we will recognise the revenue once it has been sold. Taking Cassia Phuket as an example, between 30 June 2021 and 30 June 2022, 11 units have been sold. Hence, for 2H2022, we would project 5 units to be sold  $= [11 \text{ units sold} / 2]$  and for FY2023, we would project 11 units to be sold. As its average value per unit is S\$0.29 million, the projected revenue to be recognised would be S\$1.45 million and S\$3.20 million for 2H2022 and FY2023 respectively. Accordingly, the projected revenue for 2H2022 and FY2023 would be S\$5.26 million and S\$4.11 million respectively as shown in **Exhibit 37**.

#### **Exhibit 37: Projected Revenue for Completed Projects**

| Completed Projects                       | Unit available for sale | Average value per unit (S\$ million) | Projected # of units sold |        | Revenue to be recognised (S\$ million) |             |
|--|-------------------------|--------------------------------------|---------------------------|--------|--|-------------|
|  |                         |                                      | 2H2022                    | FY2023 | 2H2022                                 | FY2023      |
| Cassia Phuket (Phase 1 to Phase 3)       | 63                      | 0.29                                 | 5                         | 11     | 1.45                                   | 3.20        |
| Angsana Beachfront Residences            | 0                       | 1.53                                 | 0                         | 0      | -                                      | -           |
| Banyan Tree 3 Beds Pool Villa            | 0                       | 1.88                                 | 0                         | 0      | -                                      | -           |
| Banyan Tree Double Pool Villa            | 4                       | 1.75                                 | 0                         | 0      | -                                      | -           |
| Skypark (Building A & B)                 | 26                      | 0.18                                 | 21                        | 5      | 3.81                                   | 0.91        |
| Cassia Bintan                            | 122                     | 0.29                                 | 0                         | 0      | -                                      | -           |
| Banyan Tree Bintan 1B/2B Bayfront Villas | 37                      | 1.42                                 | 0                         | 0      | -                                      | -           |
| <b>Total</b>                             |                         |                                      |                           |        | <b>5.26</b>                            | <b>4.11</b> |

Source: BTH, FPA Financial



Projects Expected To Be Completed By FY2023

As noted on **Exhibit 35**, there are 2 projects expected to be completed by FY2023. Similarly, for these projects, we will recognise the revenue once it has been sold. We note that for Laguna Park Phuket, all the units have been sold. However, between 30 June 2021 and 30 June 2022, none of the Dhawa Apartments has been sold. Hence, we would be conservative and assume that none of the Dhawa Apartments units will be sold in 2H2022 and FY2023 as shown in **Exhibit 38**.

**Exhibit 38: Projected Revenue for Projects Expected to Be Completed By FY2023**

| Projects expected to be completed in FY2023 | Unit available for sale | Average value per unit (S\$) | Projected # of units sold |        | Revenue to be recognised |        |
|---|-------------------------|------------------------------|---------------------------|--------|--------------------------|--------|
|   |                         |                              | 2H2022                    | FY2023 | 2H2022                   | FY2023 |
| Laguna Park Phuket (Phase 2)                | 0                       | 0.61                         | 0                         | 0      | -                        | -      |
| Dhawa Apartments                            | 82                      | 0.24                         | 0                         | 0      | -                        | -      |
| <b>Total</b>                                |                         |                              |                           |        | -                        | -      |

Source: BTH, FPA Financial

Project Expected To Be Completed After FY2023

As noted on **Exhibit 35**, there are 4 projects expected to be completed after FY2023. Laguna Village Residences, Skypark (Building C), Angsana Oceanview Residences and Banyan Tree Grand Residences are expected to be completed by 2024, 2024, 2025 and 2028 respectively. Taking Banyan Tree Grand Residences as an example, we noted that between 30 June 2021 and 30 June 2022, 1 unit has been sold. Hence, in our projections, we would assume 1 unit to be sold in FY2023 as shown in **Exhibit 39**.

**Exhibit 39: Expected Revenue To Be Recognised for Projects Expected To Be Completed After 2023**

| Projects expected to be completed after FY2023 | Unit available for sale | Average value per unit (S\$) | Projected # of units sold |        | Revenue to be recognised |        |
|--|-------------------------|------------------------------|---------------------------|--------|--------------------------|--------|
|  |                         |                              | 2H2022                    | FY2023 | 2H2022                   | FY2023 |
| Banyan Tree Grand Residences                   | 15                      | 4.09                         | 0                         | 1      | -                        | 4.09   |
| Laguna Village Residences                      | 1                       | 1.54                         | 1                         | 0      | 1.54                     | -      |
| Angsana Oceanview Residences                   | 11                      | 1.29                         | 7                         | 4      | 9.02                     | 5.15   |
| Skypark (Building C)                           | 44                      | 0.21                         | 21                        | 23     | 4.48                     | 4.91   |

Source: BTH, FPA Financial

For these projects that are expected to be completed after FY2023, we note that sales will be expected to be recognised progressively with the completion of the units. Considering the above, for Laguna Village Residences and Skypark (Building C) which will be completed by 2024, we would assume 50% of the total revenue to be recognised in 2H2022 and the remainder in FY2023. For Angsana Oceanview Residences and Banyan Tree Grand Residences which is expected to be completed in 2025 and 2028 respectively, we would assume the revenue to be recognised in FY2023. Accordingly, the projected revenue to recognise for 2H2022 and FY2023 would amount to S\$5.5 million and S\$23.7 million respectively as shown in **Exhibit 40** on the next page.



**Exhibit 40: Projected Revenue To Recognise for Projects Expected To Be Completed After FY2023**

| Projects expected to be completed after FY2023 | Expected completion date | Revenue to be recognised |        | Total revenue | % of revenue to be recognised |        | Projected revenue to recognise |              |
|--|--------------------------|--------------------------|--------|---------------|-------------------------------|--------|--------------------------------|--------------|
|  |                          | 2H2022                   | FY2023 |               | 2H2022                        | FY2023 | 2H2022                         | FY2023       |
| Banyan Tree Grand Residences                   | December-2028            | -                        | 4.09   | 4.09          | 0%                            | 100%   | -                              | 4.09         |
| Laguna Village Residences                      | December-2024            | 1.54                     | -      | 1.54          | 50%                           | 50%    | 0.77                           | 0.77         |
| Angsana Oceanview Residences                   | December-2025            | 9.02                     | 5.15   | 14.17         | 0%                            | 100%   | -                              | 14.17        |
| Skypark (Building C)                           | December-2024            | 4.48                     | 4.91   | 9.38          | 50%                           | 50%    | 4.69                           | 4.69         |
| <b>Total</b>                                   |                          |                          |        |               |                               |        | <b>5.46</b>                    | <b>23.72</b> |

Source: BTH, FPA Financial

Accordingly, the total projected recognised revenue from sales generated in 2H2022 and FY2023 would amount to S\$10.7 million and S\$27.8 million as shown in **Exhibit 41**.

**Exhibit 41: Recognised Revenue From Sales Generated In Each Respective Period**

| Recognised revenue from sales generated in each respective period (S\$ million) | Forecast     |              |
|---|--------------|--------------|
|   | 2H2022       | FY2023       |
| Completed Projects  | 5.26         | 4.11         |
| Projects expected to be completed by FY2023                                     | -            | -            |
| Project expected to be completed after FY2023                                   | 5.46         | 23.72        |
| <b>Total</b>  | <b>10.72</b> | <b>27.83</b> |

Source: BTH, FPA Financial

**Expected Revenue To Be Recognised From Sales Made Prior To 30 June 2022**

BTH announced in its half year financial statement that it has a healthy pipeline of unrecognised sales revenue amounting to S\$171.7 million. BTH's management, expects to recognise S\$55.4 million and S\$58.6 million in 2H2022 and FY2023 respectively.

**Projected Property Sales Revenue For 2H2022 And FY2023**

To account for the sales made prior to 30 June 2022 for development projects that were under construction, we would expect to recognise S\$55.4 million and S\$58.6 million in 2H2022 and FY2023 respectively, as provided by the management. In addition, based on the recognised revenue from sales generated in each respective period as shown in **Exhibit 41**, the projected total property sales revenue for 2H2022 and FY2023 would be S\$66.1 million and S\$86.4 million respectively as shown in **Exhibit 42**.

**Exhibit 42: Projected Property Sales Revenue for 2H2022 and FY2023**

| S\$ million  | Forecast    |             |
|--|-------------|-------------|
|  | 2H2022      | FY2023      |
| Expected revenue to be recognised for sales made prior to 30 June 2022 | 55.4        | 58.6        |
| Recognised revenue from sales generated in each respective period      | 10.7        | 27.8        |
| <b>Total</b>   | <b>66.1</b> | <b>86.4</b> |

Source: BTH, FPA Financial

Accordingly, the projected property sales revenue for FY2022 and FY2023 would be S\$66.1 million = [S\$36.6 million (1H2022 actual) + S\$66.1 million (2H2022 projected)] and S\$86.4 million respectively as shown in **Exhibit 43**.

**Exhibit 43: Projected Property Sales Revenue for FY2022 and FY2023**

| Property Sales<br>S\$'000 | Actual | Forecast |         |        |
|---------------------------|--------|----------|---------|--------|
|                           | 1H2022 | 2H2022   | FY2022  | FY2023 |
| Property sales revenue    | 36,555 | 66,122   | 102,677 | 86,428 |

Source: BTH, FPA Financial

**(c) Fee-Based Segment**

As mentioned on page 4, revenue from the Fee-based segment increased by 29.0% yoy to S\$21.3 million in 1H2022 compared to the same period a year ago. This was mainly due to higher management fees from BTH's hotel portfolio across markets in Americas including Mexico and Asia including South Korea & Malaysia where international travels have resumed as well as higher fee contribution from its project and design services segment. Further, as countries slowly reopen its borders in 2022 or establish travel bubble between countries, we expect BTH's exposure to popular tourist destinations like China, Thailand and Indonesia to bode well for the recovery in its hotel division.

Considering the above, we would expect revenue growth from Fee-based segment in the 2H2022 to continue and match its yoy growth of 29.0% in 1H2022. Hence, the projected Fee-based revenue for existing portfolio in 2H2022 would be S\$27.5 million as follows:

- Projected Fee-based revenue for existing portfolio in 2H2022 = S\$21.3 million (1H2022 actual revenue) x 129% (expected growth rate) = S\$27.5 million

Looking ahead, for FY2023, we would expect a slightly stronger revenue and we are positive on the long-term outlook for the Fee-based segment. As mentioned on page 19, amid the pandemic, BTH managed to secure new contracts and plans to open 14 new hotels and 2 rebranded hotels in the next 12 months, potentially increasing its total room key count by 25.0%. In addition, BTH has a projected pipeline for growth of 45 hotels to be opened, potentially doubling its operating footprint in the next 3 years.

Further, as mentioned on page 27, there is a possibility that China would loosen its Zero-Covid Policy and slowly reopen its borders in 2023 or establish travel bubbles with certain countries.. As BTH's hotels are in the Luxury and Upper Upscale class, it is likely to benefit from the pent-up demand from the high-spending Chinese consumers who have turned to domestic travel as an alternative to travelling overseas.

In view of BTH's ambition to double its operating footprint in the next 3 years, more countries opening up its borders and the potential reopening of borders in China, we would expect to see a sustained recovery in its Fee-based segment in FY2023. Thus, we would expect the revenue growth momentum in FY2022 to continue into FY2023. We note that in its latest World Economic Outlook, the International Monetary Fund (IMF) projected the global economy to grow by 2.9% in 2023. Hence, using IMF's global economy GDP forecast of 2.9% as a proxy for revenue growth in 2023, the projected revenue for existing portfolio in FY2022 would be S\$50.2 million as follows:

- Projected Fee-based revenue for existing portfolio in FY2032= S\$48.8 million (FY2022 projected revenue) x 102.9% (expected growth rate) = S\$50.2 million

The summary of the Fee-based revenue from existing portfolio is shown in **Exhibit 44** on the next page.

**Exhibit 44: Projected Fee-based Revenue for Existing Portfolio for FY2022 and FY2023**

| Fee-based segment<br>S\$'000    | Actual | Forecast |        |        |
|---------------------------------|--------|----------|--------|--------|
|                                 | 1H2022 | 2H2022   | FY2022 | FY2023 |
| Revenue from existing portfolio | 21,294 | 27,461   | 48,755 | 50,169 |

Source: BTH, FPA Financial

In addition, we would also consider the revenue contributions from the new hotels/resorts which are scheduled to open in the next 12 months. There are 8 hotels/resorts expected to be opened in 2H2022 and 8 more hotels/resorts in FY2023 as shown in **Exhibit 45**.

**Exhibit 45: Hotels/ Resorts Scheduled To Open In The Next 12 Months**

| Country      | Name of hotel/resort               | Expected Opening <sup>(1)</sup> | No of Keys |
|--------------|------------------------------------|---------------------------------|------------|
| China        | Angsana Quzhou                     | Q3 2022                         | 227        |
| China        | Homm Huzhou Xisai Shan             | Q3 2022                         | 178        |
| China        | Banyan Tree Quzhou                 | Q3 2022                         | 36         |
| Thailand     | Homm Sukhumvit 34                  | Q3 2022                         | 148        |
| China        | Angsana Chengdu Wenjiang           | Q4 2022                         | 153        |
| Vietnam      | Angsana Ho Tram                    | Q4 2022                         | 113        |
| Saudi Arabia | Banyan Tree AlUla                  | Q4 2022                         | 79         |
| Maldives     | Dhawa Ihuru                        | Q4 2022                         | 45         |
| China        | Dhawa Xian Chanba                  | Q1 2023                         | 306        |
| China        | Banyan Tree Emei Mountain, Sichuan | Q1 2023                         | 131        |
| Vietnam      | Angsana Quan Lan                   | Q1 2023                         | 156        |
| Thailand     | Garrya Tong sai Bay                | Q1 2023                         | 83         |
| China        | Garrya Xianju                      | Q3 2023                         | 195        |
| China        | Dhawa Jinan Daming Lake            | Q3 2023                         | 100        |
| Indonesia    | Angsana Saranam Wellbeing Resort   | Q3 2023                         | 80         |
| Vietnam      | Dhawa Ho Tram                      | Q3 2023                         | 162        |

(1) Estimated based on available information

Source: BTH, FPA Financial

To estimate the revenue contribution from the new hotels, we would calculate the weighted increase in revenue contribution for each hotel. We would assume that the new hotels would be operational at the start of each expected opening quarter. For hotels that are expected to open in Q3 2022, we would consider the hotel to be operational for 2 quarters (182 days) for FY2022 and 4 quarters (365 days) for FY2023. Taking Angsana Quzhou, a 227-key hotel that is expected to be opened in Q3 2022 as example:

- Weighted increase in revenue contribution for Angsana Quzhou 2H2022 =  $[227 / 7970 \text{ (total number of keys managed by BTH)} \times (182 \text{ days} / 365 \text{ days}) = 1.4\%$
- Weighted increase in revenue contribution for Angsana Quzhou FY2023 =  $[227 / 7970 \text{ (total number of keys managed by BTH)} \times (365 \text{ days} / 365 \text{ days}) = 2.8\%$

We would adopt the same approach for the other new hotels that are expected to be opened in the next twelve months. Accordingly, the projected weighted increase in revenue contribution would be 4.9% and 24.1% in 2H2022 and FY2023 respectively, as shown in **Exhibit 46**.

**Exhibit 46: Projected Weighted Increase in Revenue Contribution for 2H2022 and FY2023**

| Name of hotel/resort               | Expected Opening | No of Keys   | % increase in keys | Number of operating days <sup>(1)</sup> | Weighted increase in revenue contribution |
|------------------------------------|------------------|--------------|--------------------|---|---|
| <b>2H2022</b>                      |                  |              |                    |   |   |
| Angsana Quzhou                     | Q3 2022          | 227          | 2.8%               | 182                                     | 1.4%                                      |
| Homm Huzhou Xisai Shan             | Q3 2022          | 178          | 2.2%               | 182                                     | 1.1%                                      |
| Banyan Tree Quzhou                 | Q3 2022          | 36           | 0.5%               | 182                                     | 0.2%                                      |
| Homm Sukhumvit 34                  | Q3 2022          | 148          | 1.9%               | 182                                     | 0.9%                                      |
| Angsana Chengdu Wenjiang           | Q4 2022          | 153          | 1.9%               | 91                                      | 0.5%                                      |
| Angsana Ho Tram                    | Q4 2022          | 113          | 1.4%               | 91                                      | 0.4%                                      |
| Banyan Tree AlUla                  | Q4 2022          | 79           | 1.0%               | 91                                      | 0.2%                                      |
| Dhawa Ihuru                        | Q4 2022          | 45           | 0.6%               | 91                                      | 0.1%                                      |
| <b>Total for FY2022</b>            |                  | <b>979</b>   | <b>7.4%</b>        | <b>-</b>                                | <b>4.9%</b>                               |
| <b>FY2023</b>                      |                  |              |                    |   |   |
| Angsana Quzhou                     | Q3 2022          | 227          | 2.8%               | 365                                     | 2.8%                                      |
| Homm Huzhou Xisai Shan             | Q3 2022          | 178          | 2.2%               | 365                                     | 2.2%                                      |
| Banyan Tree Quzhou                 | Q3 2022          | 36           | 0.5%               | 365                                     | 0.5%                                      |
| Homm Sukhumvit 34                  | Q3 2022          | 148          | 1.9%               | 365                                     | 1.9%                                      |
| Angsana Chengdu Wenjiang           | Q4 2022          | 153          | 1.9%               | 365                                     | 1.9%                                      |
| Angsana Ho Tram                    | Q4 2022          | 113          | 1.4%               | 365                                     | 1.4%                                      |
| Banyan Tree AlUla                  | Q4 2022          | 79           | 1.0%               | 365                                     | 1.0%                                      |
| Dhawa Ihuru                        | Q4 2022          | 45           | 0.6%               | 365                                     | 0.6%                                      |
| Dhawa Xian Chanba                  | Q1 2023          | 306          | 3.8%               | 365                                     | 3.8%                                      |
| Banyan Tree Emei Mountain, Sichuan | Q1 2023          | 131          | 1.6%               | 365                                     | 1.6%                                      |
| Angsana Quan Lan                   | Q1 2023          | 156          | 2.0%               | 365                                     | 2.0%                                      |
| Garrya Tong sai Bay                | Q1 2023          | 83           | 1.0%               | 365                                     | 1.0%                                      |
| Garrya Xianju                      | Q3 2023          | 195          | 2.4%               | 182                                     | 1.2%                                      |
| Dhawa Jinan Daming Lake            | Q3 2023          | 100          | 1.3%               | 182                                     | 0.6%                                      |
| Angsana Saranam Wellbeing Resort   | Q3 2023          | 80           | 1.0%               | 182                                     | 0.5%                                      |
| Dhawa Ho Tram                      | Q3 2023          | 162          | 2.0%               | 182                                     | 1.0%                                      |
| <b>Total for FY2023</b>            |                  | <b>1,213</b> | <b>27.5%</b>       | <b>-</b>                                | <b>24.1%</b>                              |

<sup>(1)</sup> Assuming 91 days a quarter and 365 days a year

Source: BTH, FPA Financial

Given the projected weighted increase in revenue contribution of 4.9% in 2H2022 and 24.1% in FY2023, the projected fee based revenue from new hotels/resorts would be S\$1.3 million and S\$12.1 million for 2H2022 and FY2023 respectively as follows:

- Projected fee based revenue from new hotels/resorts for 2H2022 = 4.9% x S\$27.5 million (revenue from existing portfolio in 2H2022) = S\$1.3 million
- Projected fee based revenue from new hotels/resorts for FY2023 = 24.1% x S\$50.2 million (revenue from existing portfolio in FY2023) = S\$12.1 million

Accordingly, the total projected fee-based revenue for FY2022 and FY2023 would be S\$50.1 million and S\$62.3 million respectively, as shown in **Exhibit 47**.

**Exhibit 47: Total Projected Fee-based Revenue for FY2022 and FY2023**

| Fee-based segment<br>S\$'000    | Actual |        | Forecast |        |
|---------------------------------|--------|--------|----------|--------|
|                                 | 1H2022 | 2H2022 | FY2022   | FY2023 |
| Revenue from existing portfolio | 21,294 | 27,461 | 48,755   | 50,169 |
| Revenue from new hotels/resorts | -      | 1,347  | 1,347    | 12,103 |
| Total Fee-based segment revenue | 21,294 | 28,808 | 50,102   | 62,272 |

Source: BTH, FPA Financial

**(d) Other Income**

Historically, other income is mainly related to net fair value gain/loss on investment properties and securities. As noted on page 5, in 1H2022, other income increased by S\$14.9 million mainly due to fair value gain on expiry of derivatives for convertible bonds amounting to S\$15.4 million. We also note that in FY2021, other income increased by S\$11.5 million from S\$1.7 million in FY2020 to S\$13.2 million in FY2021. This was mainly due to fee recovery from a discontinued project in Meydan, Dubai and fair value gain on investment properties in Singapore. Considering the above, we would assume the other income for 2H2022 and FY2023 to be zero as shown in **Exhibit 48**.

**Exhibit 48: Projected Other Income for FY2022 and FY2023**

| S\$'000      | Actual |        |        | Forecast |        |        |
|--------------|--------|--------|--------|----------|--------|--------|
|              | FY2020 | FY2021 | 1H2022 | 2H2022   | FY2022 | FY2023 |
| Other income | 1,747  | 13,224 | 16,071 | -        | 16,071 | -      |

Source: BTH, FPA Financial

**(e) Total Revenue**

Given our projected revenue for each business segments as shown in **Exhibits 34, 43, 47 and 48**, the forecasted revenue for FY2022 and FY2023 would be S\$298.7 million and S\$317.1 million respectively, as shown in **Exhibit 49**.

**Exhibit 49: Projected Total Revenue for FY2022 and FY2023**

| [S\$'000]            | Actual         |                | Forecast       |                |
|----------------------|----------------|----------------|----------------|----------------|
|                      | FY2020         | FY2021         | FY2022         | FY2023         |
| Hotel investments    | 62,176         | 59,490         | 129,818        | 168,366        |
| Property sales       | 69,398         | 122,788        | 102,677        | 86,428         |
| Fee-based segment    | 26,258         | 38,950         | 50,102         | 62,272         |
| Other income         | 1,747          | 13,224         | 16,071         | -              |
| <b>Total revenue</b> | <b>159,579</b> | <b>234,452</b> | <b>298,668</b> | <b>317,067</b> |

Source: BTH, FPA Financial

**(II) Earnings Projection**

Given our projected revenue figures for FY2022 and FY2023, we now estimate BTH's earnings for these periods.

Cost of Operating Supplies

As mentioned on page 4, we highlighted that the increase in cost of operating supplies was in line with higher revenue from Hotel Investments segment. We note that from FY2020 to 1H2022, the cost ratio of cost of operating supplies to hotel investments revenue was between 12.6% and 16.7%. For our 2H2022 and FY2023 projections, we would adopt the average cost ratio of 15.0%  $= [(15.6\% + 16.7\% + 12.6\%) / 3]$ . Accordingly, the projected cost of operating supplies for FY2022 and FY2023 would amount to S\$18.0 million and S\$25.2 million respectively, as shown in **Exhibit 50**.

**Exhibit 50: Projected Cost of Operating Supplies for FY2022 and FY2023**

| S\$'000                    | Actual  |         |         | Forecast |          |          |
|----------------------------|---------|---------|---------|----------|----------|----------|
|                            | FY2020  | FY2021  | 1H2022  | 2H2022   | FY2022   | FY2023   |
| Hotel Investments Revenue  | 62,176  | 59,490  | 60,775  | 69,043   | 129,818  | 168,366  |
| Cost of operating supplies | (9,682) | (9,916) | (7,667) | (10,323) | (17,990) | (25,174) |
| % of Hotel Investments     | 15.6%   | 16.7%   | 12.6%   | 15.0%    | 13.9%    | 15.0%    |

Source: BTH, FPA Financial

Cost of Properties Sold

As mentioned on page 4, cost of properties sold move in line with Property Sales revenue recognised during the period. However, we note that for FY2021, the percentage of property sales increased to 82.11% from 52.14% in FY2020. This was mainly due to the sale of development land in the Gold Coast and Brisbane, Australia. For 2H2022 and FY2023, we would assume the same cost ratio of cost of properties sold to property sales revenue of 52.33% to forecast the cost of properties sold for 2H2022 and FY2023. Accordingly, projected cost of properties sold would be S\$53.7 million and S\$45.2 million for FY2022 and FY2023 respectively, as shown in **Exhibit 51**.

**Exhibit 51: Projected Cost of Properties Sold for FY2022 and FY2023**

| S\$'000                 | Actual   |           |          | Forecast |          |          |
|-------------------------|----------|-----------|----------|----------|----------|----------|
|                         | FY2020   | FY2021    | 1H2022   | 2H2022   | FY2022   | FY2023   |
| Property Sales Revenue  | 69,398   | 122,788   | 36,555   | 66,122   | 102,677  | 86,428   |
| Cost of properties sold | (36,186) | (100,824) | (19,130) | (34,603) | (53,733) | (45,230) |
| % of Property Sales     | 52.14%   | 82.11%    | 52.33%   | 52.33%   | 52.33%   | 52.33%   |

Source: BTH, FPA Financial



Salaries and Related Expenses

In view of an improved travel outlook due and stronger sales, we could expect salaries and related expenses to increase with the gradual resumption hotel operations. To account for this, we would assume a 5% increase in salaries and related expenses in 2H2022 compared to 1H2022, and a further increase of 5% yoy in FY2023. The summary of the projected salaries and related expenses is shown in **Exhibit 52**.

**Exhibit 52: Projected Salaries and Related Expenses for FY2022 and FY2023**

| S\$'000                       | Actual   | Forecast |          |          |          |          |
|-------------------------------|----------|----------|----------|----------|----------|----------|
|                               | 1H2022   | 2H2022   | % Change | FY2022   | FY2023   | % Change |
| Salaries and related expenses | (31,921) | (33,517) | 5%       | (65,438) | (68,710) | 5%       |

Source: BTH, FPA Financial

Administrative Expenses

For administrative expenses, we would expect some increase in administrative expenses which include items like rental expenses to third party property owners, legal and professional fees. To account for this, we would assume a 5% increase in administrative expenses in 2H2022 compared to 1H2022, and a further increase of 5% yoy in FY2023. The summary of the projected administrative expenses is shown in **Exhibit 53**.

**Exhibit 53: Projected Administrative Expenses for FY2022 and FY2023**

| S\$'000                 | Actual   | Forecast |          |          |          |          |
|-------------------------|----------|----------|----------|----------|----------|----------|
|                         | 1H2022   | 2H2022   | % Change | FY2022   | FY2023   | % Change |
| Administrative expenses | (24,530) | (25,757) | 5%       | (50,287) | (52,801) | 5%       |

Source: BTH, FPA Financial

Sales and Marketing Expenses

With Thailand government's campaigns to revive tourism and hospitality sector and its aim for its tourism to reach 80% of its 2019, pre-pandemic level in 2023, we could expect more marketing and promotional efforts by BTH. To account for this, we would assume a 5% increase in sales and marketing expenses in 2H2022 compared to 1H2022, and a further increase of 5% yoy in FY2023. The summary of the projected sales and marketing expenses is shown in **Exhibit 54**.

**Exhibit 54: Projected Sales and Marketing Expenses for FY2022 and FY2023**

| S\$'000                      | Actual  | Forecast |          |         |         |          |
|------------------------------|---------|----------|----------|---------|---------|----------|
|                              | 1H2022  | 2H2022   | % Change | FY2022  | FY2023  | % Change |
| Sales and marketing expenses | (4,332) | (4,549)  | 5%       | (8,881) | (9,325) | 5%       |

Source: BTH, FPA Financial

Other Operating Expenses

Other operating expenses comprise utilities expenses, repair & maintenances and commission paid to travel agents. We would expect these expenses to rise with gradual increase in occupancy and business activities. We would assume a 5% increase in other operating expenses for the second half of 2022 compared to the first half. We would assume a further increase of 5% yoy in FY2023. The summary of the projected other operating expenses is shown in **Exhibit 55**.

**Exhibit 55: Projected Other Operating Expenses for FY2022 and FY2023**

| S\$'000                  | Actual   |          | Forecast |          |          |          |
|--------------------------|----------|----------|----------|----------|----------|----------|
|                          | 1H2022   | 2H2022   | % Change | FY2022   | FY2023   | % Change |
| Other operating expenses | (20,282) | (21,296) | 5%       | (41,578) | (43,657) | 5%       |

Source: BTH, FPA Financial

Impairment Loss on Financial Assets

As shown on page 7, BTH recorded a loss of S\$0.4 million in impairment losses on financial assets in 1H2022 compared to a loss of S\$1.2 million the same period a year ago. For 2H2022 and FY2022, we would assume no impairment losses on financial assets.

Total Cost and Expenses

Consequently, the total projected cost and expenses for FY2022 and FY2023 is S\$238.3 million and S\$244.9 million respectively, as shown in **Exhibit 56**.

**Exhibit 56: Projected Total Cost and Expenses for FY2022 and FY2023**

| [S\$'000]                             | Actual           |                  | Forecast         |                  |
|---------------------------------------|------------------|------------------|------------------|------------------|
|                                       | 1H2022           | 2H2022           | FY2022           | FY2023           |
| Costs and expenses                    |                  |                  |                  |                  |
| Cost of operating supplies            | (7,667)          | (10,323)         | (17,990)         | (25,174)         |
| Cost of properties sold               | (19,130)         | (34,603)         | (53,733)         | (45,230)         |
| Salaries and related expenses         | (31,921)         | (33,517)         | (65,438)         | (68,710)         |
| Administrative expenses               | (24,530)         | (25,757)         | (50,287)         | (52,801)         |
| Sales and marketing expenses          | (4,332)          | (4,549)          | (8,881)          | (9,325)          |
| Other operating expenses              | (20,282)         | (21,296)         | (41,578)         | (43,657)         |
| Impairment losses on financial assets | (373)            | -                | (373)            | -                |
| <b>Total costs and expenses</b>       | <b>(108,235)</b> | <b>(130,044)</b> | <b>(238,279)</b> | <b>(244,896)</b> |

Source: BTH, FPA Financial

### Depreciation of PPE, Right-of-use Assets and Amortisation Expense

As noted on page 5, depreciation of PPE and right-of-use assets amounted to S\$9.5 million and amortisation expense amounted to S\$0.4 million in 1H2022. We would assume the same depreciation and amortisation expense for the second half of 2022 and the depreciation and amortisation expense to remain unchanged in FY2023 from FY2022, as shown in **Exhibit 57**.

### **Exhibit 57: Projected Depreciation and Amortisation Expenses for FY2022 and FY2023**

| [S\$'000]   | Actual  | Forecast |          |          |
|---|---------|----------|----------|----------|
|   | 1H2022  | 2H2022   | FY2022   | FY2023   |
| Depreciation of property, plant and equipment and right-of-use assets | (9,480) | (9,480)  | (18,960) | (18,960) |
| Amortisation expense  | (435)   | (435)    | (870)    | (870)    |

Source: BTH, FPA Financial

### Net Finance Cost

As at 30 June 2022, BTH's total borrowings were S\$370.3 million and the interest expense on borrowings were S\$10.8 million. Hence, the estimated full year effective interest rate on BTH's borrowing would be approximately 5.81% = [S\$10.8 million (interest expense on borrowings in 1H2022) / S\$370.3 million (total borrowings as at 1H2022) x 2].

According to Monetary Authority of Singapore (MAS), the average Singapore's SGS 10-year bond yield for first half of 2022 was 2.37% while the average 10-year bond yield for the first four months of second half of 2022 was 3.14%. The average Singapore's SGS 10-year bond yield for the second half of 2022 increased by 77 basis points (bps) versus the average yield for first half of 2022 as shown in **Exhibit 58**.

### **Exhibit 58: Singapore SGS 10-Year Bond Yield**

| 1H2022         | 10-year bond yield (%) | 2H2022                | 10-year bond yield (%) |
|----------------|------------------------|-----------------------|------------------------|
| Jan-22         | 1.77%                  | Jul-22                | 2.66%                  |
| Feb-22         | 1.90%                  | Aug-22                | 2.98%                  |
| Mar-22         | 2.34%                  | Sep-22                | 3.48%                  |
| Apr-22         | 2.53%                  | Oct-22 <sup>(1)</sup> | 3.43%                  |
| May-22         | 2.71%                  |                       |                        |
| Jun-22         | 2.98%                  |                       |                        |
| <b>Average</b> | <b>2.37%</b>           | <b>Average</b>        | <b>3.14%</b>           |

(1) As at 7 October 2022

Source: MAS, FPA Financial

Considering that the SGS 10-year bond yield increased by 77bps in the second half of 2022 from the first half of 2022, we would assume the increase in SGS 10-year bond yield as a proxy for the increase in effective interest rate for 2H2022. Accordingly, the effective interest rate for 2H2022 would be 6.58% = [5.81% (1H2022) + 0.77%]. For FY2023, there is a possibility of a potential slowdown in both economic growth and the rate of increase of interest rate. Hence, we would assume the effective interest rate to maintain at 6.58% in FY2023.

Accordingly, the projected interest paid/ payable to banks for 2H2022 and FY2023 would be S\$12.2 million and S\$24.4 million respectively, assuming no debt repayment or additional borrowings during these period, as follows:

- Projected interest expense on borrowings for 2H2022 = 6.58% x S\$370.3 million (total borrowings as at 30 June 2022) x 0.5 (half year expense) = S\$12.2 million
- Projected interest expense on borrowings for FY2023 = 6.58% x S\$370.3 million (total borrowings as at 30 June 2022) = S\$24.4 million

Meanwhile, we would also assume the same amount of interest on lease liability, modification loss due to associates and related parties and interest expense to be capitalised for property development cost for FY2022 and FY2023, as recorded in FY2021.

However, on 6 August 2020, BTH allotted and issued S\$50,402,608 in aggregate principal amount of 7.5% convertible bonds maturing on 6 August 2022. Convertible bonds were issued in the denomination of S\$1.00 each and can be converted into new shares, on the basis of 100 existing shares for every 6 Convertible Bonds (Allotment ratio). We also note that BTH had allotted and issued a total 20,582,192 conversion shares to bondholders at a total conversion price of S\$5.1 million. Considering the above, the outstanding convertible bonds would amount to S\$49.2 million = [S\$50.4 million – ((20,582,192 / 100) x 6 (Allotment Ratio))]

Hence, the interest expense on convertible bonds maturing on 6 August 2022 for FY2022 would be S\$2.5 million = [7.5% x S\$49.2 million x 8/12 (effective till August)].

For finance income, we noted that BTH's cash and short-term deposits were S\$123.3 million and finance income were S\$1.0 million as at 30 June 2022. Hence, the estimated effective full year deposit rate on its cash and short-term deposit would be approximately 1.60% = [S\$1.0 million (finance income) / S\$123.3 million (cash and short-term deposits) x 2]. As noted earlier, the SGS 10-year bond yield increased by 77bps in the second half of 2022 from the first half of 2022. Hence, we would assume the increase in SGS 10-year bond yield as a proxy for the increase in effective deposit rate for 2H2022. Accordingly, the effective deposit rate for 2H2022 would be 2.37% = [1.60% (1H2022) + 0.77%]. Similarly, for FY2023, we would assume the effective deposit rate to maintain at 2.37%. However, as mentioned earlier, the S\$49.2 million of convertible bond would be redeemed at maturity. We would assume BTH to utilise its cash and short-term deposits to redeem these bonds. Hence, in our projections, the cash and short-term deposits after August 2022 would be S\$74.2 million = [S\$123.3 million (cash and short-term deposits) – S\$49.2 million (redemption of convertible bonds)]

Given the above, the projected finance income for 2H2022 and FY2023 would amount to S\$1.0 million and S\$1.8 million as follows:

- Projected finance income for 2H2022 = (2.37% x S\$123.3 million (total cash and short-term deposits as at 30 June 2022) x 1/12 (1 month contribution)) + (2.37% x 74.2 million (total projected cash and short-term deposits after August 2022) x 5/12 (5 month contribution)) = S\$1.0 million
- Projected finance income for FY2023 = 2.37% x S\$74.2 million (total projected cash and short-term deposits as at August 2022) = S\$1.8 million

The summary of BTH's projected net finance cost is shown in **Exhibit 59**.

#### **Exhibit 59: Projected Net Finance Cost for FY2022 and FY2023**

| [S\$'000]   | Actual          |                 | Forecast        |                 |                 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
|   | FY2021          | 1H2022          | 2H2022          | FY2022          | FY2023          |
| <b>Finance income</b>   | <b>3,638</b>    | <b>985</b>      | <b>976</b>      | <b>1,961</b>    | <b>1,758</b>    |
| Interest expense on:  |                 |                 |                 |                 |                 |
| Bank loans and bank overdrafts carried at amortised cost        | (19,102)        | (11,827)        | (12,182)        | (24,009)        | (24,364)        |
| lease liabilities   | (2,248)         | -               | (2,248)         | (2,248)         | (2,248)         |
| Convertible bonds   | (5,286)         | -               | (2,458)         | (2,458)         | -               |
| Modification loss on amount due from related parties            | (13,703)        | -               | (13,703)        | (13,703)        | (13,703)        |
| Less: interest expense capitalised in property development cost | 365             | -               | 365             | 365             | 365             |
| <b>Total finance cost</b>                                       | <b>(39,974)</b> | <b>(11,827)</b> | <b>(30,226)</b> | <b>(42,053)</b> | <b>(39,950)</b> |
| <b>Net finance cost</b>   | <b>(36,336)</b> | <b>(10,842)</b> | <b>(29,250)</b> | <b>(40,092)</b> | <b>(38,192)</b> |

Source: BTH, FPA Financial

Share of Results of Associates

As noted on page 6, BTH's share of results of associates decreased to a loss of S\$2.1 million in 1H2022 from a gain of S\$1.8 million due to China's zero-Covid policy on domestic tourism and business travels. Given the potential reopening in China, we could expect BTH's share of results to improve. However, we would adopt a conservative approach to assume zero share of results of associates for both 2H2022 and FY2023, given the uncertainty in China's zero-Covid policy.

The details of BTH's material associates as at 31 December 2021 are shown in **Exhibit 60**.

**Exhibit 60: BTH's Material Associates (as at 31 December 2021)**

| Name of associate                            | Principal activities   | Place of incorporation | Ownership interest (%) |
|--|--|------------------------|------------------------|
| Thai Wah Public Company Limited              | Manufacture and distribution of vermicelli, tapioca starch and other food products       | Thailand               | 10.03                  |
| Banyan Tree Indochina Hospitality Fund, L.P. | Business of a real estate development fund, focused on the hospitality sector in Vietnam | Cayman Islands         | 17.80                  |

Source: BTH

Profit/ (Loss) before Taxation

Given the above projections, we derived projected pre-tax loss of S\$1.6 million and pre-tax profit of S\$14.1 million for FY2022 and FY2023 respectively, as shown in **Exhibit 61**.

**Exhibit 61: Projected Profit/ (Loss) before Taxation for FY2022 and FY2023**

| [S\$'000]   | Actual           | Forecast         |                  |                  |
|---|------------------|------------------|------------------|------------------|
|   | 1H2022           | 2H2022           | FY2022           | FY2023           |
| Revenue   | 118,624          | 163,973          | 282,597          | 317,067          |
| Other income  | 16,071           | -                | 16,071           | -                |
| <b>Total Revenue</b>  | <b>134,695</b>   | <b>163,973</b>   | <b>298,668</b>   | <b>317,067</b>   |
| Costs and expenses  |                  |                  |                  |                  |
| Cost of operating supplies  | (7,667)          | (10,323)         | (17,990)         | (25,174)         |
| Cost of properties sold   | (19,130)         | (34,603)         | (53,733)         | (45,230)         |
| Salaries and related expenses   | (31,921)         | (33,517)         | (65,438)         | (68,710)         |
| Administrative expenses   | (24,530)         | (25,757)         | (50,287)         | (52,801)         |
| Sales and marketing expenses  | (4,332)          | (4,549)          | (8,881)          | (9,325)          |
| Other operating expenses  | (20,282)         | (21,296)         | (41,578)         | (43,657)         |
| Impairment losses on financial assets                                 | (373)            | -                | (373)            | -                |
| <b>Total costs and expenses</b>                                       | <b>(108,235)</b> | <b>(130,044)</b> | <b>(238,279)</b> | <b>(244,896)</b> |
| <b>Operating Profit/ (Loss)</b>                                       | <b>26,460</b>    | <b>33,928</b>    | <b>60,388</b>    | <b>72,170</b>    |
| Depreciation of property, plant and equipment and right-of-use assets | (9,480)          | (9,480)          | (18,960)         | (18,960)         |
| Amortisation expense  | (435)            | (435)            | (870)            | (870)            |
| <b>Profit/ (Loss) from operations and other gains</b>                 | <b>16,545</b>    | <b>24,013</b>    | <b>40,558</b>    | <b>52,340</b>    |
| Finance income  | 985              | 976              | 1,961            | 1,758            |
| Finance cost  | (11,827)         | (30,226)         | (42,053)         | (39,950)         |
| Share of results of associates  | (2,114)          | -                | (2,114)          | -                |
| <b>Profit / (Loss) before taxation</b>                                | <b>3,589</b>     | <b>(5,237)</b>   | <b>(1,648)</b>   | <b>14,148</b>    |

Source: BTH, FPA Financial

Income Tax Expense

We note that BTH recorded pre-tax loss of S\$94.6 million in FY2020 and pre-tax loss of S\$51.8 million in FY2021. Accordingly, income tax expense recognised in profit or loss was S\$7.9 million and S\$9.5 million for FY2020 and FY2021 respectively as shown in **Exhibit 62**.

**Exhibit 62: BTH's Income Tax Expense for FY2019, FY2020 and FY2021**

| [S\$'000]  | FY2020          | FY2021          |
|--|-----------------|-----------------|
| <b>Loss before tax</b>   | <b>(94,572)</b> | <b>(51,820)</b> |
| Income tax using Singapore tax rate of 17% (2019: 17%)           | (16,077)        | (8,809)         |
| Effect of different tax rates in other countries                 | (3,116)         | (801)           |
| Expenses not deductible for tax purposes                         | 9,171           | 5,893           |
| Tax exempt income  | 56              | (197)           |
| Under/(Over) provision in respect of prior years                 | 698             | 129             |
| Deferred tax assets not recognised                               | 9,292           | 9,644           |
| Withholding tax  | 1,265           | 2,187           |
| Expiry or write-off of previously recognised deferred tax assets | 5,510           | 1,858           |
| Share of results of associates                                   | 1,137           | (450)           |
| <b>Income tax expense recognised in profit or loss</b>           | <b>7,936</b>    | <b>9,454</b>    |

Source: BTH, FPA Financial

For 2H2022, as we are projecting a pre-tax loss of S\$5.2 million, we will proxy its tax expense to FY2020's and FY2021's tax expense. Given the limited access to information relating to the components of the income tax expense recognised in profit or loss, we would assume the average percentage of each income tax expense component to its profit/ loss before tax. Accordingly, the average percentage of income tax expense recognised in profit or loss between FY2020 and FY2021 would be 13.3% as shown in **Exhibit 63**.

**Exhibit 63: BTH's Income Tax Expense for FY2020 and FY2021**

| [S\$'000]   | Actual          |                        |                 |                        |                |
|---|-----------------|------------------------|-----------------|------------------------|----------------|
|   | FY2020          | % of profit before tax | FY2021          | % of profit before tax | Average        |
| <b>Profit before tax</b>                                      | <b>(94,572)</b> | -                      | <b>(51,820)</b> | -                      | -              |
| Income tax using Singapore tax rate of 17% (2019: 17%)        | (16,077)        | 17.0%                  | (8,809)         | 17.0%                  | 17.0%          |
| Effect of different tax rates in other countries              | (3,116)         | 3.3%                   | (801)           | 1.5%                   | 2.4%           |
| Expenses not deductible for tax purposes                      | 9,171           | (9.7%)                 | 5,893           | (11.4%)                | (10.5%)        |
| Tax exempt income   | 56              | (0.1%)                 | (197)           | 0.4%                   | 0.2%           |
| Under/(Over) provision in respect of prior years              | 698             | (0.7%)                 | 129             | (0.2%)                 | (0.5%)         |
| Deferred tax assets not recognised                            | 9,292           | (9.8%)                 | 9,644           | (18.6%)                | (14.2%)        |
| Withholding tax   | 1,265           | (1.3%)                 | 2,187           | (4.2%)                 | (2.8%)         |
| Expiry or write-off of previously recognised deferred tax ass | 5,510           | (5.8%)                 | 1,858           | (3.6%)                 | (4.7%)         |
| Share of results of associates                                | 1,137           | (1.2%)                 | (450)           | 0.9%                   | (0.2%)         |
| <b>Income tax expense recognised in profit or loss</b>        | <b>7,936</b>    | <b>(8.4%)</b>          | <b>9,454</b>    | <b>(18.2%)</b>         | <b>(13.3%)</b> |

Source: BTH, FPA Financial



Accordingly, using the average percentage of each income tax expense component to its profit/ loss before tax as a proxy, the income tax expense recognised in profit or loss for FY2022 would amount to S\$0.7 million as shown in **Exhibit 64**.

#### Exhibit 64: Projected Income Tax Expense for FY2022

| [S\$'000]  | Average % of<br>profit before tax | Projected      |
|--|-----------------------------------|----------------|
|  |                                   | 2H2022         |
| <b>Profit before tax</b>   | -                                 | <b>(5,237)</b> |
| Income tax using Singapore tax rate of 17% (2019: 17%)           | 17.0%                             | (890)          |
| Effect of different tax rates in other countries                 | 2.4%                              | (127)          |
| Expenses not deductible for tax purposes                         | (10.5%)                           | 552            |
| Tax exempt income  | 0.2%                              | (8)            |
| Under/(Over) provision in respect of prior years                 | (0.5%)                            | 26             |
| Deferred tax assets not recognised                               | (14.2%)                           | 745            |
| Withholding tax  | (2.8%)                            | 146            |
| Expiry or write-off of previously recognised deferred tax assets | (4.7%)                            | 246            |
| Share of results of associates                                   | (0.2%)                            | 9              |
| <b>Income tax expense recognised in profit or loss</b>           | <b>(13.3%)</b>                    | <b>697</b>     |

Source: BTH, FPA Financial

Accordingly, the projected income tax expense for FY2022 would amount to S\$4.4 million as follows:

- Projected income tax expense for FY2022 = S\$3.7 million (1H2022 actual) + S\$0.7 million (2H2022 projected) = S\$4.4 million

For FY2023, we are projecting a pre-tax profit of S\$14.1 million compared to the pre-tax loss of S\$1.6 million in FY2022, representing an increase in pre-tax profit of S\$15.8 million [=S\$14.1 million (projected pre-tax profit for FY2023) – S\$-1.6 million (projected pre-tax loss for FY2022)]. We noted that from FY2020 to FY2021, loss before tax improved by S\$42.8 million and income tax expense increased by S\$1.5 million as shown in **Exhibit 65**.

#### Exhibit 65: YOY Change In Income Tax Expense Between FY2020 and FY2021

| [S\$'000]                 | Actual   |          |            |
|---------------------------|----------|----------|------------|
|                           | FY2020   | FY2021   | yoy change |
| (Loss)/ Profit before tax | (94,572) | (51,820) | 42,752     |
| Income tax expense        | (7,936)  | (9,454)  | (1,518)    |

Source: BTH, FPA Financial

Considering the above, we would use the proportion of increase in income tax expense compared to the increase in profit before tax recorded between FY2020 and FY2021 as a proxy for our tax expense for FY2023. Accordingly, FY2023 income tax expense would amount to S\$5.0 million as follows:

- Projected increase in income tax expense for FY2023 = (S\$15.8 million (increase in pre-tax profit between FY2022 and FY2023)) / (S\$42.8 million (increase in pre-tax profit between FY2020 and FY2021)) x S\$1.5 million (increase in income tax expense between FY2020 and FY2021) = S\$0.6 million
- Projected income tax expense for FY2023 = S\$4.4 million (projected income tax expense for FY2022) + S\$0.6 million (projected increase in income tax expense) = S\$5.0 million

A summary of the projected income tax expense for FY2022 and FY2023 is shown in **Exhibit 66**.

**Exhibit 66: BTH's Projected Income Tax Expense for FY2023 and FY2023**

| [\$'000]                  | Actual   |          |         | Projected |         |         |
|---------------------------|----------|----------|---------|-----------|---------|---------|
|                           | FY2020   | FY2021   | 1H2022  | 2H2022    | FY2022  | FY2023  |
| (Loss)/ Profit before tax | (94,572) | (51,820) | 3,589   | (5,237)   | (1,648) | 14,148  |
| Income tax expense        | (7,936)  | (9,454)  | (3,736) | (697)     | (4,433) | (4,994) |

Source: BTH, FPA Financial

(Loss)/ Profit after Taxation

Adjusted for tax expense, total projected loss for FY2022 would be S\$6.1 million and total projected profit for FY2023 would be S\$9.2 million as follows:

- Total projected loss after taxation for FY2022 = S\$-1.6 million (FY2022 profit before income tax) – S\$4.4 million (FY2022 income tax) = S\$-6.1 million
- Total projected profit after taxation for FY2023 = S\$14.1 million (FY2023 profit before income tax) – S\$5.0 million (FY2023 income tax) = S\$9.2 million

We note that percentage of non-controlling interest to revenue vary from -4.18% to 0.52% between FY2017 and FY2021 as shown in **Exhibit 67**.

**Exhibit 67: Percentage of Non-Controlling Interest To Revenue**

| [\$'000]  | Actual         |                |                |                |                |
|---|----------------|----------------|----------------|----------------|----------------|
|   | FY2017         | FY2018         | FY2019         | FY2020         | FY2021         |
| <b>Revenue</b>                                  | <b>372,214</b> | <b>372,214</b> | <b>352,781</b> | <b>159,579</b> | <b>234,452</b> |
| Attribution to:                                 |                |                |                |                |                |
| Owners of the Company                           | 12,929         | 13,471         | 651            | (95,838)       | (55,192)       |
| Non-controlling interest                        | 1,928          | 922            | 1,878          | (6,670)        | (6,082)        |
| <b>% of non-controlling interest to Revenue</b> | <b>0.52%</b>   | <b>0.25%</b>   | <b>0.53%</b>   | <b>-4.18%</b>  | <b>-2.59%</b>  |

Source: BTH, FPA Financial

In terms of revenue, our projected revenue for FY2022 and FY2023 is S\$298.7 million and S\$317.1 million respectively. We would assume the percentage of non-controlling interest to revenue of 0.53% as recorded in FY2019 as our proxy for our projections for non-controlling interest in FY2022 and FY2023. Accordingly, the projected non-controlling interest for FY2022 and FY2023 would amount to S\$1.6 million and S\$1.7 million as follows:

- Projected non-controlling interest for FY2022 = 0.53% x S\$298.7 million (projected revenue for FY2022) = S\$1.6 million
- Projected non-controlling interest for FY2023 = 0.53% x S\$317.1 million (projected revenue for FY2023) = S\$1.7 million

Accordingly, loss attributable to owners of the company for FY2022 would amount to S\$7.7 million and profit attributable to owners of the company for FY2023 would amount to S\$7.5 million, as shown in **Exhibit 68**.

**Exhibit 68: Projected (Loss)/ Profit After Taxation for FY2022 and FY2023**

| [S\$'000]   | Actual           | Forecast         |                  |                  |
|---|------------------|------------------|------------------|------------------|
|   | 1H2022           | 2H2022           | FY2022           | FY2023           |
| Revenue   | 118,624          | 163,973          | 282,597          | 317,067          |
| Other income  | 16,071           | -                | 16,071           | -                |
| <b>Total Revenue</b>  | <b>134,695</b>   | <b>163,973</b>   | <b>298,668</b>   | <b>317,067</b>   |
| Costs and expenses  |                  |                  |                  |                  |
| Cost of operating supplies  | (7,667)          | (10,323)         | (17,990)         | (25,174)         |
| Cost of properties sold   | (19,130)         | (34,603)         | (53,733)         | (45,230)         |
| Salaries and related expenses   | (31,921)         | (33,517)         | (65,438)         | (68,710)         |
| Administrative expenses   | (24,530)         | (25,757)         | (50,287)         | (52,801)         |
| Sales and marketing expenses  | (4,332)          | (4,549)          | (8,881)          | (9,325)          |
| Other operating expenses  | (20,282)         | (21,296)         | (41,578)         | (43,657)         |
| Impairment losses on financial assets                                 | (373)            | -                | (373)            | -                |
| <b>Total costs and expenses</b>                                       | <b>(108,235)</b> | <b>(130,044)</b> | <b>(238,279)</b> | <b>(244,896)</b> |
| <b>Operating Profit/ (Loss)</b>                                       | <b>26,460</b>    | <b>33,928</b>    | <b>60,388</b>    | <b>72,170</b>    |
| Depreciation of property, plant and equipment and right-of-use assets | (9,480)          | (9,480)          | (18,960)         | (18,960)         |
| Amortisation expense  | (435)            | (435)            | (870)            | (870)            |
| <b>Profit/ (Loss) from operations and other gains</b>                 | <b>16,545</b>    | <b>24,013</b>    | <b>40,558</b>    | <b>52,340</b>    |
| Finance income  | 985              | 976              | 1,961            | 1,758            |
| Finance cost  | (11,827)         | (30,226)         | (42,053)         | (39,950)         |
| Share of results of associates  | (2,114)          | -                | (2,114)          | -                |
| <b>Profit / (Loss) before taxation</b>                                | <b>3,589</b>     | <b>(5,237)</b>   | <b>(1,648)</b>   | <b>14,148</b>    |
| Income tax expense  | (3,736)          | (697)            | (4,433)          | (4,994)          |
| <b>(Loss)/ Profit after taxation</b>                                  | <b>(147)</b>     | <b>(5,935)</b>   | <b>(6,082)</b>   | <b>9,154</b>     |
| Attribution to:   |                  |                  |                  |                  |
| Owners of the Company   | 514              | (8,186)          | (7,672)          | 7,466            |
| Non-controlling interest  | (661)            | 2,251            | 1,590            | 1,688            |

Source: BTH, FPA Financial

Earnings/ (Loss) Per Share

Earnings per share (EPS) is calculated by dividing the earnings attributable to owners of the company by the weighted average number of ordinary shares during the financial year. We would assume the latest available weighted average number of ordinary shares outstanding of 861,444,683 shares as at 30 June 2022, for our EPS projections for FY2022. For FY2023, we would assume the total issued shares of 866,847,808 as at 30 June 2022 for the calculation of FY2023's EPS. Accordingly, we projected a loss per share of 0.89 cents and an earnings per share of 0.86 cents for FY2022 and FY2023 respectively as shown in **Exhibit 69**.

**Exhibit 69: Projected Earnings/ (Loss) Per Share for FY2022 and FY2023**

| [S\$'000]   | Actual      | Forecast      |               |             |
|---|-------------|---------------|---------------|-------------|
|   | 1H2022      | 2H2022        | FY2022        | FY2023      |
| Profit/ (loss) attributable to owners of the Company                        | 514         | (8,186)       | (7,672)       | 7,466       |
| Weighted average number of ordinary shares                                  | 861,444,683 | 861,444,683   | 861,444,683   | 866,847,808 |
| <b>Earnings per share attributable to owners of the Company (in cents):</b> | <b>0.06</b> | <b>(0.95)</b> | <b>(0.89)</b> | <b>0.86</b> |

Source: BTH, FPA Financial

**(III) Dividends projection**

In its half year financial report in 2022, BTH did not recommend any dividend for 1H2022. This is because BTH's operating performance was still below pre-pandemic levels and its key markets in China remained closed to non-essential travel. Geo-political and macro-economic risks could also impact its future performance. Hence, BTH decided to continue to adopt a prudent and cost discipline approach. Given the above, we would assume no dividends to be declared in both FY2022 and FY2023.

## VALUATION ANALYSIS

### (I) Peer Comparison Analysis

We will perform an updated peer comparison analysis to account for the changes in the financial position of BTH and its selected peer companies. The results of our updated peer comparison analysis are summarized in **Exhibit 70**.

#### Exhibit 70: Peer Comparison

| Company  | SGX code | Price (S\$) as at initiation report <sup>(1)</sup> | Price (S\$) as at 7 October 2022 | Market cap (S\$ million) | EPU <sup>(2)</sup> (cents) | P/E (x)       | DPU (cents) | Dividend yield (%) | NAV per share <sup>(3)</sup> (S\$) | P/B (x)     |
|--|----------|--|----------------------------------|--------------------------|----------------------------|---------------|-------------|--------------------|------------------------------------|-------------|
| Banyan Tree Holdings                             | B58      | 0.325  | 0.280                            | 242.72                   | (1.42)                     | NM            | -           | -                  | 0.56                               | 0.50        |
| Peer companies:                                  |          |  |                                  |                          |                            |               |             |                    |                                    |             |
| Hotel Properties Limited                         | H15      | 3.310  | 3.410                            | 1,777.63                 | 0.48                       | 710.42        | 4.00        | 1.17               | 3.09                               | 1.10        |
| Mandarin Oriental International <sup>(4)</sup>   | M04      | 2.080  | 1.910                            | 2,413.86                 | (0.30)                     | NM            | -           | -                  | 2.55                               | 0.75        |
| Amara Holdings Limited                           | A34      | 0.360  | 0.350                            | 201.93                   | 0.83                       | 42.17         | 0.50        | 1.43               | 0.69                               | 0.51        |
| Stamford Land Corporation Limited <sup>(5)</sup> | H07      | 0.510  | 0.370                            | 549.70                   | 4.69                       | 7.89          | 0.50        | 1.35               | 0.54                               | 0.69        |
| <b>Peer average</b>                              | -        | -  | -                                | -                        | -                          | <b>253.49</b> | -           | <b>1.32</b>        | -                                  | <b>0.76</b> |

Figures have been rounded. NM: not meaningful

(1) As at 3 September 2021

(2) 12-month trailing diluted EPS based on latest financial statements

(3) As at 30 June 22

(4) Currency in US\$

(5) NAV per share as at 31 Mar 22

Source: Respective company data, FPA Financial

Based on the results in **Exhibit 70** above, we note that BTH is currently trading at a P/B multiple of 0.50x, which is lower than the peer average P/B of 0.76x, which may suggest that it is undervalued at the current share price of S\$0.280. Adopting a relative valuation approach, we estimate a target price of S\$0.426 if BTH were to trade at the peer average P/B multiple of 0.76x as follows:

➤ Estimated target price = [peer average P/B] x [BTH's NAV per share] = 0.76 x S\$0.56 = S\$0.426

The estimated target price of S\$0.426 would imply a upside potential of 52.14% from the current price of S\$0.280.

**(II) Potential BTH Privatisation**

We noted that Mr Ho KwonPing, the founder of Banyan Tree Holdings, and family are deemed to hold 36.93% stake in BTH, comprising of direct interest of 16,000,000 units and deemed interest of 301,948,882 units. We also noted that the Singapore Exchange (SGX) had seen an increasing trend of privatisation offer during the past 2 years. In addition, BTH is currently trading at S\$0.280 as at 7 October 2022, which represents a 50% discount to NAV per share of S\$0.56 as at 30 June 2022. Given the increasing trend of privatisation offers for SGX-listed companies within the past year and that BTH is trading at approximately 50% discount to NAV, we will consider the possibility of a privatisation offer from Mr Ho.

To estimate the potential takeover cost for BTH, we will review privatisation offers for SGX-listed companies in 2021 and 2022. After reviewing 18 privatisation offers between 2021 and 2022, we shortlisted 8 privatisation offers which we deemed to be similar to BTH. The average price premium of the 8 privatisation offers was 41.2% as shown in **Exhibit 71**.

**Exhibit 71: Privatization offers for SGX-listed Companies**

| Target                        | Acquirer                    | Currency | Last transaction <sup>(1)</sup> |       | Offer price per share | Price premium <sup>(2)</sup> |
|-------------------------------|-----------------------------|----------|---------------------------------|-------|-----------------------|------------------------------|
|                               |                             |          | Date                            | Price |                       |                              |
| GL Limited                    | Guoco Group Limited         | SGD      | 14-Jan-21                       | 0.560 | 0.800                 | 42.9%                        |
| World Class Global Limited    | Aspial Corporation Limited  | SGD      | 11-Mar-21                       | 0.099 | 0.210                 | 112.1%                       |
| Fragrance Group Limited       | JK Global Treasures Pte Ltd | SGD      | 8-Jul-21                        | 0.118 | 0.138                 | 16.9%                        |
| SPH                           | Cuscaden Peak Pte Ltd       | SGD      | 2-Aug-21                        | 1.500 | 2.360                 | 57.3%                        |
| Roxy-Pacific Holdings Limited | TKL & Family Pte Ltd        | SGD      | 14-Sep-21                       | 0.405 | 0.485                 | 19.8%                        |
| SingHaiyi Group               | Haiyi Treasure Pte. Ltd     | SGD      | 8-Nov-21                        | 0.108 | 0.117                 | 8.3%                         |
| Hwa Hong Corporation Limited  | Sanjuro United Pte. Ltd.    | SGD      | 17-May-22                       | 0.290 | 0.400                 | 37.9%                        |
| GYP Properties Limited        | Rumah & Co. Pte. Ltd.       | SGD      | 8-Jul-22                        | 0.149 | 0.200                 | 34.2%                        |
| <b>Average</b>                |                             |          |                                 |       |                       | <b>41.2%</b>                 |

(1) Refers to last transaction prior to takeover announcement

(2) Refers to premium of offer price over last traded share price prior to takeover announcement

Source: Respective companies' announcements

In the case of BTH, as mentioned earlier, Mr Ho and family holds approximately 36.93% stake in BTH, which means that he would need to acquire the remaining 63.07% to privatise the company. This equates to S\$153.08 million in market capitalisation at the current price of S\$0.280 = [63.07% x current market capitalisation of S\$242.72 million].

While we believe that it is currently unlikely for a privatisation to happen, in the event that it occurs, we projected 3 scenarios for the estimated acquisition cost with a price premium of 8.3%, 41.2% and 57.3% for scenario 1, 2 and 3 respectively. The estimated acquisition cost for scenario 1, 2 and 3 would be S\$165.8 million, S\$216.1 million and S\$240.8 million respectively as shown in **Exhibit 72**.

Our base scenario would be scenario 2. With a 41.2% average privatisation price premium, the estimated acquisition cost to privatise BTH would be approximately S\$0.395 per share which would be equivalent to a total cost of S\$216.1 million = [41.2% x 153.08 million] as shown in **Exhibit 72**.

**Exhibit 72: Estimated Total Cost for the Potential BTH Privatisation**

| Scenario | Current share price (S\$) | Price premium | Estimated offer price per share (S\$) | Estimated total cost (S\$ million) |
|----------|---------------------------|---------------|---------------------------------------|------------------------------------|
| 1        | 0.280                     | 8.33%         | 0.303                                 | 165.8                              |
| 2        | 0.280                     | 41.2%         | 0.395                                 | 216.1                              |
| 3        | 0.280                     | 57.3%         | 0.441                                 | 240.8                              |

Source: FPA Financial



Meanwhile, we also noted that as at 18 March 2022, Qatar Investment Authority, BTH's second largest substantial shareholder is deemed to hold 205,870,443 shares, representing 23.91% stake in BTH as shown in **Exhibit 73**. We also considered to possibility that Mr Ho and Qatar Investment Authority (QIA) could collaborate and form a consortium to make an offer to privatise BTH.

#### **Exhibit 73: BTH's Register of Substantial Shareholders**

| Substantial Shareholders    | Percentage of shares held <sup>(1)</sup> |
|-----------------------------|--|
| Mr Ho and Family            | 36.93%                                   |
| Qatar Investment Authority  | 23.91%                                   |
| Goodview Properties Pte Ltd | 5.05%                                    |

<sup>(1)</sup> Based on the no. of issued shares as at 18.03.22

Source: BTH, FPA Financial

Considering the above, the consortium of Mr Ho and family and QIA would hold approximately 60.84% stake in BTH = [36.93% (stakes held by Mr Ho and family) + 23.91% (stakes held by QIA)]. This means that the consortium would need to acquire the remaining 39.16% to privatise the company. This equates to S\$95.05 million in market capitalisation at the current price of S\$0.280 = [39.16% x current market capitalisation of S\$242.72 million].

Similarly, while we believe that it is currently unlikely for a privatisation to happen, in the event that it occurs, we projected 3 scenarios for the estimated acquisition cost with a price premium of 8.3%, 41.2% and 57.3% for scenario 1, 2 and 3 respectively. The estimated acquisition cost for scenario 1, 2 and 3 would be S\$103.0 million, S\$134.2 million and S\$149.5 million respectively as shown in **Exhibit 74**.

Our base scenario would be scenario 2. With a 41.2% average privatisation price premium, the estimated acquisition cost to privatise BTH would be approximately S\$0.395 per share which would be equivalent to a total cost of S\$134.2 million = [41.2% x 95.05 million] as shown in **Exhibit 74**.

#### **Exhibit 74: Estimated Total Cost for the Potential BTH Privatisation (Consortium)**

| Scenario | Current share price (S\$) | Price premium | Estimated offer price per share (S\$) | Estimated total cost (S\$ million) |
|----------|---------------------------|---------------|---------------------------------------|------------------------------------|
| 1        | 0.280                     | 8.33%         | 0.303                                 | 103.0                              |
| 2        | 0.280                     | 41.19%        | 0.395                                 | 134.2                              |
| 3        | 0.280                     | 57.33%        | 0.441                                 | 149.5                              |

Source: FPA Financial

## INVESTMENT RECOMMENDATION

Based on BTH's reported book value of S\$0.56 as at 30 June 2022, it currently has a P/B of 0.50x and is trading at a discount of approximately 50% to NAV.

Meanwhile, our peer comparison analysis results show that BTH's P/B of 0.50x is lower than the peer average P/B of 0.76x, which suggest that it could be undervalued. We adopted a relative valuation approach to derive an estimated target price of S\$0.426 if BTH were to trade at its peer average P/B of 0.76x.

As international borders open and travel resumes, BTH's performance has improved across all business segments and regions as compared to 2021. Furthermore, as tourism continues to recover at a strong pace as restrictions ease and confidence returns, we believe BTH's financial performance will improve. Property sales remained stable with unrecognised revenue of S\$171.7 million as at 30 June 2022 to be recognised over the next few years. Also, we expect the Fee-based segment to benefit from the strong domestic demand for hotels in China. In addition, with campaigns being launched in BTH's key markets, we could expect BTH's revenue to improve amid a sustained recovery in hotel occupancy and RevPAR. Further, there are also potential catalysts for BTH such as its new openings of 4 hotels – Homm Patong Phuket (Thailand), Dhawa Yura Kyoto (Japan), Garrya Nijo Castle Kyoto (Japan) and Buah an a Banyan Tree Escape (Indonesia); and strong pipeline of hotels to be opened over the next 3 years, which will underpin revenue and profit growth.

In addition, while we believe that it is currently unlikely for a privatisation of BTH to happen, our base scenario estimates a privatisation offer of S\$0.395 per share, representing a price premium of 41.2%.

Considering the above, we will maintain our buy recommendation on BTH. Our target price of S\$0.426 implies a potential upside of 52.14% from the current share price of S\$0.280. However, there are still risks to our target price which we will highlight in the next section.

## RISKS TO THE TARGET PRICE

In this section, we highlight below risk factors that may limit the potential upside in BTH's target price.

### (I) Currency Risk

We note that the BTH is exposed to foreign exchange risk arising from various currency exposures primarily with respect to Singapore dollars, United States dollar (USD), Thai Baht and Chinese Renminbi (RMB). The foreign currencies in which these transactions are denominated are mainly USD. As at 31 December 2021, approximately 34% of BTH's receivables are denominated in foreign currencies. Amid the current COVID-19 situation, there is a possibility that SGD could strengthen due to higher vaccination rates and containment of the virus. This would imply a reduction in revenue when foreign currency earnings in USD, Thai Baht or RMB are translated to SGD. For example, if SGD were to strengthen by 5% against USD, revenue received in USD would result in a loss before taxation of S\$2.4 million as shown in **Exhibit 75**.

#### **Exhibit 75: Sensitivity analysis of currency risk on BTH's (Loss)/ Profit before taxation in FY2021**

| S\$'000        |                 | (Loss)/Profit before<br>Taxation (FY2021) |
|----------------|-----------------|---|
| <b>SGD/USD</b> | Strengthened 5% | (2,443)                                   |
|                | Weakened 5%     | 2,443                                     |
| <b>SGD/RMB</b> | Strengthened 5% | 606                                       |
|                | Weakened 5%     | (606)                                     |

Source: BTH

### (II) Weak Global Economic Recovery

After a tentative recovery in 2021, increasingly gloomy developments in 2022 began to materialise. The second quarter of this year saw a decrease in global output as a result of declines in China and Russia. An already fragile global economy has been hit by a number of shocks, including higher-than-expected global inflation, particularly in the United States and major European economies, tighter financial conditions, a worse-than-expected slowdown in China due to COVID-19 outbreaks and lockdowns, and more detrimental effects from the conflict in Ukraine. In its latest World Economic Outlook, the International Monetary Fund (IMF) projects the global economy to grow by 3.2% in 2022, slower than the 6.1% in 2021 and 0.4 percentage points lower than its previous forecast.

Further, high uncertainties also surround this outlook because the risks are heavily skewed to the downside. Inflation may be more difficult to control than anticipated if labor markets are tighter than anticipated or inflation expectations unanchor. Tighter global financial conditions may cause debt distress in emerging market and developing economies. Recurring outbreaks and lockdowns of COVID-19 as well as an intensification of the property sector crisis may further stifle Chinese growth. In addition, geopolitical fragmentation could impede global trade and cooperation. Given this, it is possible that inflation will increase further, global growth will continue to slow, and this will hinder the recovery of the world economy. This could weigh on the performance of BTH's earnings performance going forward.

**DISCLOSURES/DISCLAIMERS**

This report is prepared for general circulation. It does not have regard to the specific investment objectives, financial situation and the particular needs of any recipient hereof. Advice should be sought from a financial adviser regarding the suitability of the investment product, taking into account the specific investment objectives, financial situation or particular needs of any person in receipt of the recommendation, before the person makes a commitment to purchase the investment product.

This report is confidential. This report may not be published, circulated, reproduced or distributed in whole or in part by any recipient of this report to any other person without the prior written consent of FPA Financial Corporation Pte Ltd ("FPA"). This report is not directed to or intended for distribution to or use by any person or any entity who is a citizen or resident of or located in any locality, state, country or any other jurisdiction as FPA may determine in its absolute discretion, where the distribution, publication, availability or use of this report would be contrary to applicable law or would subject FPA and its connected persons (as defined in the Financial Advisers Act, Chapter 110 of Singapore) to any registration, licensing or other requirements within such jurisdiction.

The information or views in the report ("Information") has been obtained or derived from sources believed by FPA to be reliable. However, FPA makes no representation as to the accuracy or completeness of such sources or the Information and FPA accepts no liability whatsoever for any loss or damage arising from the use of or reliance on the Information. FPA and its connected persons may have issued other reports expressing views different from the Information and all views expressed in all reports of FPA and its connected persons are subject to change without notice. FPA reserves the right to act upon or use the Information at any time, including before its publication herein.