

REAL ESTATE EQUITY RESEARCH

PRICE PERFORMANCE

Banyan Tree Holdings

SGX: B58

Bloomberg: BTH:SP

ISIN code: SG1T49930665

Country: Singapore

Industry: Hotels, Consumer Services

25 April 2023

RECOMMENDATION: BUY

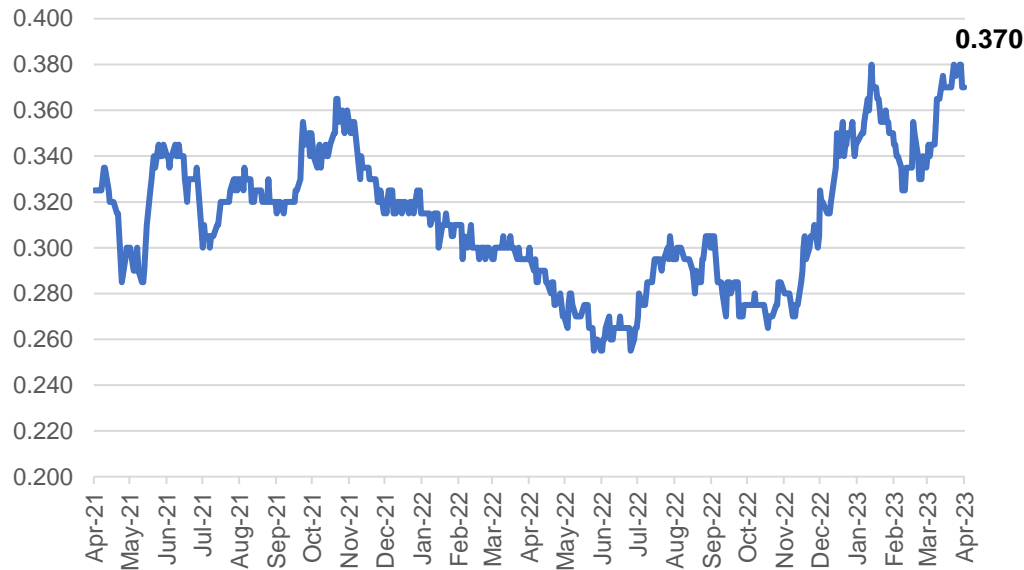
Current price: S\$0.370

Target price: S\$0.442

Issued units: 866.85 million (31 Dec 22)

Market capitalisation: S\$320.73 million

52-week range: S\$0.250 - S\$0.380



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

With global tourism recovering, BTH's performance has improved for the financial year ended 31 December 2022 (FY2022) compared to FY2021. In FY2022, revenue increased by 26% yoy compared to the same period a year ago due to higher revenue from its hotel investments. At the same time, total costs and expenses also increased by 10% yoy with an increase in expense categories due to improved business performance. Accordingly, BTH recorded an operating profit of S\$41.7 million in FY2022 compared to S\$4.5 million in FY2021. During the period, BTH reported profit attributable to owners of the Company of S\$0.8 million, translating to an earnings per share of 0.09 cents. Meanwhile, for FY2022, no dividend has been declared as BTH continues to adopt a prudent and cost discipline approach.

RECOMMENDATION

Based on BTH's reported NAV per share of S\$0.56 as at 31 December 2022, the share is currently trading at a P/B of 0.66x, representing a discount of approximately 34% to NAV. Our peer comparison results show that BTH could be undervalued, given a lower P/B of 0.66x compared to peer average P/B of 0.79x. Adopting a relative valuation approach, we estimate a target price of S\$0.442 if BTH's P/B were to adjust to the peer average P/B of 0.79x. This target price is a 19.46% upside from the current share price of S\$0.370. We believe this upside could be justified by a continued 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\$0.508 per share, representing a price premium of 37.4%. Given the above, we will maintain our buy recommendation on BTH.

KEY FINANCIALS

Year ended Dec 31	Revenue (S\$ million)	Profit ⁽¹⁾ (S\$ million)	EPS (cents)	P/E (x)	DPS (cents)	Dividend yield (%)	NAV per share (S\$)	P/B (x)
2021 actual	234.5	(55.2)	(6.50)	-	-	-	0.57	0.65
2022 actual	295.1	0.8	0.09	416.87	-	-	0.56	0.66
2023 forecast ⁽¹⁾	345.1	3.0	0.34	108.47	-	-	-	-
2024 forecast	422.7	14.7	1.69	21.89	1.05	2.8%	-	-

Figures have been rounded. P/E, P/B and dividend yield figures are based on current price of S\$0.370

(1) Attributable to owners of the Company

Source: BTH, FPA Financial

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CONTENTS

FINANCIAL REVIEW FOR FY2022	3-10
OPERATIONAL UPDATES.....	11
HOSPITALITY INDUSTRY OVERVIEW	12-16
SHARE PRICE PERFORMANCE REVIEW	17
POTENTIAL CATALYSTS	18-19
FINANCIAL PROJECTION	20-44
(I) REVENUE PROJECTION	
(II) EARNINGS PROJECTION	
(III) DIVIDENDS PROJECTION	
VALUATION ANALYSIS	45-47
(I) PEER COMPARISON ANALYSIS	
(II) POTENTIAL BTH PRIVATISATION	
INVESTMENT RECOMMENDATION	48
RISKS TO OUR RECOMMENDATION	49
(I) CURRENCY RISK	
(II) WEAK GLOBAL ECONOMIC RECOVERY	
DISCLOSURES/DISCLAIMERS	50

FINANCIAL REVIEW FOR FY2022

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

(I) Financial performance

For the full year ended 31 December 2022 (FY2022), BTH reported a 26% year-on-year (yoy) increase in revenue to S\$295.1 million from S\$234.5 million the same period a year ago as shown in **Exhibit 1**.

Exhibit 1: Breakdown of BTH's Revenue for FY2022 and FY2021

S\$'000	FY2022	FY2021	y-o-y change
Revenue	271,328	221,228	23%
Other income	23,782	13,224	80%
Total Revenue	295,110	234,452	26%

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 the Hotel Investments, Fee-based segments and other income, partially offset by lower revenue from the Property Sales segment as shown in **Exhibit 2**.

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

S\$'000	FY2022	FY2021	y-o-y change
Hotel Investment	134,496	59,490	126%
Property Sales	90,839	122,788	-26%
Fee-based segment	45,993	38,950	18%
Other Income	23,782	13,224	80%
Total Revenue	295,110	234,452	26%

Source: BTH

Hotel Investment Segment

For FY2022, Hotel Investments segment achieved revenue of S\$134.5 million which was 126% higher than FY2021. This was largely due to better performance from Thailand (increase of S\$63.0 million) and the Maldives (increase of S\$8.1 million), which both recorded higher occupancy and Revenue per Available Room (RevPAR) during the year. For FY2022, occupancy for Thailand hotels was 51% vs 20% in FY2021. For Maldives, Occupancy was 65% for FY2022 vs 55% in FY2021.

Property Sales Segment

Revenue from the Property Sales segment decreased by S\$31.9 million or 26% yoy to S\$90.8 million for FY2022. This was mainly due to absence of development land sale in Gold Coast and Brisbane, Australia in 2021. However, the decreased was partially cushioned by higher recognition of property sales, mostly from completion of Skypark Phuket condominiums and sold units being substantially handed over during the year.

Fee-based Segment

Revenue from the Fee-based segment increased by S\$7.0 million or 18% yoy to S\$46.0 million in FY2022. The higher revenue were mainly due to higher management fees from BTH's managed hotels in Asia (outside China) which had opened up to international tourism since 2Q2022. RevPAR were higher by 13% yoy in FY2022 compared to FY2021.

Other Income

Other income increased by S\$10.6 million from S\$13.2 million in FY2021 to S\$23.8 million in FY2022 mainly due to a gain on expiry of derivatives on convertible bonds and higher fair value gain on investment properties. This was partially offset by the absence of fee recovery from a discontinued hotel project in Meydan, Dubai, recorded in FY2021.

Cost and Expenses

Total costs and expenses increased by S\$23.5 million from S\$229.9 million in FY2021 to S\$253.4 million in FY2022 with an increase in most expense categories due to improved business performance. Cost of operating supplies increased by S\$7.2 million from S\$9.9 million in FY2021 to S\$17.1 million in FY2022, in line with higher revenue from Hotel Investments. Cost of properties sold decreased by S\$50.4 million from S\$100.8 million in FY2021 to S\$50.4 million in FY2022, which was in line with lower Property Sales revenue recognised during the period.

Salaries and related expenses increased by S\$22.8 million from S\$50.6 million in FY2021 to S\$73.4 million in FY2022. This was largely due to withdrawal of the unpaid leave programme since the end of FY2021 and higher headcount due to a pick-up in the hotel business and provision for bonus and incentives in FY2022. Administrative expenses increased by S\$21.6 million from S\$28.7 million in FY2021 to S\$50.3 million in FY2022. This was mainly due to foreign exchange losses of S\$8.3 million in FY2022 as compared to foreign exchange gain of S\$3.8 million in the previous year, higher rental expenses, higher property and land taxes. Sales and marketing expenses increased by S\$6.4 million from S\$7.1 million in FY2021 to S\$13.5 million in FY2022 mainly due to higher marketing expenses incurred for hotels and property sales. Other operating expenses increased by S\$22.9 million from S\$25.6 million in FY2021 to S\$48.5 million in FY2022, largely due to higher expenses incurred for utilities, fuel and gas, guest supplies, travel agent commissions, travelling expenses, and repair and maintenance.

A summary of BTH's total cost and expenses for FY2022 and FY2021 is shown in **Exhibit 3**.

Exhibit 3: BTH's Total Cost and Expenses for FY2022 and FY2021

S\$'000	FY2022	FY2021	y-o-y change
Costs and expenses			
Cost of operating supplies	(17,147)	(9,916)	73%
Cost of properties sold	(50,367)	(100,824)	-50%
Salaries and related expenses	(73,432)	(50,602)	45%
Administrative expenses	(50,277)	(28,691)	75%
Sales and marketing expenses	(13,548)	(7,123)	90%
Other operating expenses	(48,471)	(25,646)	89%
Impairment losses on financial assets	(167)	(7,111)	-98%
Total costs and expenses	(253,409)	(229,913)	10%

Source: BTH

Operating Profit

Consequently, operating profit amounted to S\$41.7 million for the period, compared to an operating profit of S\$4.5 million the same period a year ago, as shown in **Exhibit 4**.

Exhibit 4: BTH's Operating Profit for FY2022 and FY2021

S\$'000	FY2022	FY2021	y-o-y change
Total revenue	295,110	234,452	26%
Total costs and expenses	(253,409)	(229,913)	10%
Operating Profit/ (Loss)	41,701	4,539	nm

NM: Not meaningful

Source: BTH

Depreciation and Amortisation Expense

Depreciation of property, plant and equipment (PPE) and right-of-use assets decreased by 13% yoy from S\$21.8 million in FY2021 to S\$19.1 million in FY2022. Meanwhile, amortisation expense increased by 8% yoy from S\$0.825 million in FY2021 to S\$0.894 million in FY2022 as shown in **Exhibit 5**.

Exhibit 5: Depreciation and Amortisation Expense for FY2022 and FY2021

S\$'000	FY2022	FY2021	y-o-y change
Depreciation of property, plant and equipment and right-of-use assets	(19,086)	(21,845)	-13%
Amortisation expense	(894)	(825)	8%

Source: BTH

Net Finance Cost

Net finance cost decreased by 58% yoy from S\$36.3 million in FY2021 to S\$15.1 million in FY2022 as shown in **Exhibit 6**. Finance income increased by S\$3.9 million from S\$3.6 million in FY2021 from S\$7.6 million in FY2022 mainly due to higher interest accretion on amount due from associates. Finance costs decreased by S\$17.3 million from S\$40.0 million in FY2021 to S\$22.7 million in FY2022, largely due to lower fair value adjustment of imputed interest on long-term receivables. Without this adjustment, finance costs for FY2022 were S\$5.0 million lower as compared to FY2021 mainly due to lower interest on convertible bonds that were fully redeemed in August 2022 and interest-bearing loans and borrowings due to scheduled repayment.

Exhibit 6: Net Finance Cost in FY2022 and FY2021

S\$'000	FY2022	FY2021	y-o-y change
Finance income	7,573	3,638	108%
Finance cost	(22,681)	(39,974)	-43%
Net finance cost	(15,108)	(36,336)	-58%

Source: BTH

Share of Results of Associates

BTH's share of associates' losses was S\$5.3 million in FY2022 as compared to share of associates' profit of S\$2.6 million for the previous year. as shown in **Exhibit 7**. The variance was mainly due to share of loss of BTH's China associates in FY2022, attributable to the lower performance of China operations that were impacted by the Zero-Covid policy and share of fair value adjustment on receivables.

Exhibit 7: Share of Results of Associates in FY2022 and FY2021

S\$'000	FY2022	FY2021	y-o-y change
Share of results of associates	(5,328)	2,647	nm

NM: Not meaningful

Source: BTH

Net Profit/ (Loss) Before Taxation

Consequently, net profit before taxation amounted to S\$1.3 million for the period, compared to a net loss of S\$51.8 million recorded in FY2021, as shown in **Exhibit 8**.

Exhibit 8: BTH's Profit/ (Loss) Before Taxation for FY2022 and FY2021

S\$'000	FY2022	FY2021	y-o-y change
Revenue	271,328	221,228	23%
Other income	23,782	13,224	80%
Total Revenue	295,110	234,452	26%
Costs and expenses			
Cost of operating supplies	(17,147)	(9,916)	73%
Cost of properties sold	(50,367)	(100,824)	-50%
Salaries and related expenses	(73,432)	(50,602)	45%
Administrative expenses	(50,277)	(28,691)	75%
Sales and marketing expenses	(13,548)	(7,123)	90%
Other operating expenses	(48,471)	(25,646)	89%
Impairment losses on financial assets	(167)	(7,111)	-98%
Total costs and expenses	(253,409)	(229,913)	10%
Operating Profit/ (Loss)	41,701	4,539	nm
Depreciation of property, plant and equipment and right-of-use assets	(19,086)	(21,845)	-13%
Amortisation expense	(894)	(825)	8%
Profit/ (Loss) from operations and other gains	21,721	(18,131)	nm
Finance income	7,573	3,638	108%
Finance cost	(22,681)	(39,974)	-43%
Share of results of associates	(5,328)	2,647	nm
Profit / (Loss) before taxation	1,285	(51,820)	nm

NM: Not meaningful

Source: BTH

Income Tax Expense

BTH recorded tax expenses of S\$0.7 million in FY2022 compared to S\$9.5 million in FY2021 mainly due to the adjustment of S\$5.2 million benefits from previously unrecognised tax losses. In FY2021, recorded income tax expense was S\$9.5 million, mainly due to deferred tax assets written-off because of uncertainty in ability to generate sufficient operating profit to utilise such tax assets and deferred tax assets not recognised for some of the loss-making companies. The details of BTH's income tax expense is shown in **Exhibit 9**.

Exhibit 9: Income Tax Expense for FY2022 and FY2021

S\$'000	FY2022	FY2021	y-o-y change
Income tax expense	(712)	(9,454)	-92%

Source: BTH

(Loss) / Profit After Taxation

As a result, BTH reported an after-tax profit of S\$0.6 million in FY2022 compared to a loss of S\$61.3 million in FY2021. This comprised a S\$0.8 million profit attributable to owners of the company and a S\$0.2 million loss attributable to non-controlling interest, as shown in **Exhibit 10**.

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

S\$'000	FY2022	FY2021	y-o-y change
Revenue	271,328	221,228	23%
Other income	23,782	13,224	80%
Total Revenue	295,110	234,452	26%
Costs and expenses			
Cost of operating supplies	(17,147)	(9,916)	73%
Cost of properties sold	(50,367)	(100,824)	-50%
Salaries and related expenses	(73,432)	(50,602)	45%
Administrative expenses	(50,277)	(28,691)	75%
Sales and marketing expenses	(13,548)	(7,123)	90%
Other operating expenses	(48,471)	(25,646)	89%
Impairment losses on financial assets	(167)	(7,111)	-98%
Total costs and expenses	(253,409)	(229,913)	10%
Operating Profit/ (Loss)	41,701	4,539	nm
Depreciation of property, plant and equipment and right-of-use assets	(19,086)	(21,845)	-13%
Amortisation expense	(894)	(825)	8%
Profit/ (Loss) from operations and other gains	21,721	(18,131)	nm
Finance income	7,573	3,638	108%
Finance cost	(22,681)	(39,974)	-43%
Share of results of associates	(5,328)	2,647	nm
Profit/ (Loss) before taxation	1,285	(51,820)	nm
Income tax expense	(712)	(9,454)	-92%
Profit/ (Loss) after taxation	573	(61,274)	nm
Attribution to:			
Owners of the Company	767	(55,192)	nm
Non-controlling interest	(194)	(6,082)	-97%

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 FY2022 and FY2021 were 864,168,450 and 849,029,337 respectively.

Net profit attributed to owner of the company was S\$0.8 million in FY2022. Accordingly, earnings per share amounted to 0.09 cents for the period as compared to a loss of 6.50 cents a year ago, as shown in **Exhibit 11**.

Exhibit 11: EPS for FY2022 and FY2021

S\$'000	FY2022	FY2021	y-o-y change
(Loss)/ Profit after taxation	573	(61,274)	nm
Attribution to:			
Owners of the Company	767	(55,192)	nm
Weighted average number of ordinary shares for basic earnings per share computation	864,168,450	849,029,337	2%
Earnings per share attributable to owners of the Company (in cents):	0.09	(6.50)	nm

NM: Not meaningful

Source: BTH

Dividends

According to BTH, operating performance of its hotels had improved progressively in FY2022 but had not reached Pre-Pandemic level overall. BTH would continue to adopt a prudent and cost discipline approach and consequently, no dividend has been recommended in FY2022 financial period. BTH will consider declaring a dividend in future when operating performance and economic situation improved.

(II) Capital Management

BTH reported total assets of S\$1,357.3 million as at 31 December 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 development costs to S\$186.3 million FY2022 from S\$211.4 million in FY2021 mainly due to transfers to cost of properties sold following Property Sales recognition during the year and translation loss on opening balance due to weakening of Thai baht against Singapore dollar. The decrease in property plant and equipment to S\$555.6 million in FY2022 from S\$567.7 million in FY2021 due to downward currency translation adjustment on opening balance due to weakening of Thai baht against Singapore dollars also contributed to the decrease in total asset. These offset increases in item such as deferred tax assets, prepayments & other non-financial assets and trade receivables.

At the same time, total liabilities decreased by S\$61.3 million to S\$824.2 million in FY2022 from S\$885.5 million in FY2021 mainly due to the S\$49.3 million decrease in interest-bearing loans and borrowings owing to scheduled repayments during the year. Convertible Bonds and Derivative liability conversion option in Convertible Bonds were fully redeemed on maturity in August 2022. The decrease in total liabilities was partially offset by the increase in contract liabilities by S\$25.7 million to S\$95.0 million in FY2022 mainly due to deposits received from property sales buyers and property sales royalties billed to developers.

Consequently, BTH recorded net assets of S\$533.1 million as at 31 December 2022 compared to S\$538.1 million as at 31 December 2021. This comprised S\$484.5 million to equity attributable to owners of the company and S\$48.6 million to non-controlling interests.

Given S\$484.5 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]	31-Dec-22	31-Dec-21
Total assets	1,357,316	1,423,580
Total liabilities	824,171	885,495
Net assets	533,145	538,085
Equity attributable to owners of the company	484,498	488,250
Equity attributable to non-controlling interests	48,647	49,835
No. of issued shares	866,847,808	857,580,292
NAV per share (S\$)	0.56	0.57

Source: BTH

As at 31 December 2022, BTH's total debt was S\$337.3 million compared to S\$386.7 million as at 31 December 2021. This comprised of secured and unsecured borrowings of S\$283.4 million and S\$54.0 million respectively. As mentioned above, convertible bonds were fully redeemed on maturity in August 2022. After considering cash and short-term deposits, BTH's net debt stood at S\$244.5 million as at 31 December 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 45.9% as at 31 December 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	31-Dec-22	31-Dec-21
Amount repayable in one year or less, or on demand:			
Secured	2023	65,702	96,192
Unsecured	2023	38,535	57,384
Amount repayable after one year:			
Secured	2024-2038	217,656	223,511
Unsecured	2024-2025	15,451	9,662
Total debt		337,344	386,749
Convertible bonds		-	42,473
Less: Cash and short term deposits		(92,795)	(112,326)
Net debt		244,549	316,896
Total capital		533,145	538,085
Gearing ratio		45.9%	58.9%

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	31-Dec-22	31-Dec-21
Freehold land and buildings	371,211	379,817
Investment properties	62,024	56,361
Leasehold buildings	13,044	13,304
Property development costs	39,847	42,844
Unquoted shares	4,044	4,136
Prepaid island rental	15,194	15,386
Investment in associates	3,416	3,479
Long-term restricted deposit pledge	-	1,524
Other assets	2,786	3,014
Total net book value	511,566	519,865

Source: BTH

OPERATIONAL UPDATES

Since our last company update in October 2022, there have been new developments announced by BTH as below.

(I) Change of Company Secretary

BTH announced the resignation of Mr Moy Keen Choy (“Mr Moy”) as Company Secretary of BTH with effect from 24 February 2023 due to personal reasons. As the Board is in the process of deliberating on the appointment of a Company Secretary from within BTH, Ms Kuan Yoke Kay shall be appointed as the Acting Company Secretary of BTH in the interim with effect from 24 February 2023.

(II) Awards and Accolades

According to BTH, for 28 years, it has created exceptional experiences for its guests through an inspiring ecosystem of globally recognised lifestyle brands. In addition to its triple bottom line of economic, social and environmental success, it welcomes the recognition by their valued guests, global media platforms and industry partners as another indicator of achievement. In 2022, BTH was pleased to receive 86 awards, bringing the total to over 3,000 since BTH’s inception. The list of the awards is shown in **Exhibit 15**.

Exhibit 15: List of BTH’s Awards & Accolades in FY2022

Travel

Travel + Leisure US World’s Best Awards 2022
Top 25 Hotel Brands in the World
(11th) *Banyan Tree Hotels & Resorts*

Travel + Leisure Readers’ Best 2022
Top 500 Hotels of the Year
Banyan Tree Mayakoba

Condé Nast Traveller Readers’ Choice Awards 2022
Top Resorts in Thailand
(6th) *Angsana Laguna Phuket*

Condé Nast Traveller Readers’ Choice Awards 2022
Top Resorts in Thailand
(10th) *Banyan Tree Koh Samui*

Condé Nast Traveller Readers’ Choice Awards 2022
Top Hotels in China
(6th) *Banyan Tree Shanghai On The Bund*

TIME
World’s 100 Greatest Places of 2021
Buahan, a Banyan Tree Escape

The New York Times
10 New Standout Hotels in Asia
Buahan, a Banyan Tree Escape

Fodor’s Travel
Fodor’s Best Hotels in Asia
Banyan Tree Yangshuo

Forbes
Forbes Travel Guide Star Awards Winners: Recommended
Banyan Tree Bangkok

Forbes
Forbes Travel Guide 2022
Banyan Tree Kuala Lumpur

CNBC
Best Hotels for Business Travelers – APAC
(3rd in Thailand)
Banyan Tree Bangkok

Travel + Leisure SEA Asia’s Best Awards 2022
Best City Hotels in Thailand
(6th) *Banyan Tree Bangkok*

DestinAsian Readers’ Choice Awards 2022
Best Hotels in Thailand
(6th) *Banyan Tree Koh Samui*

DestinAsian The Luxe List 2022
Best New Hotels in Asia-Pacific
Buahan, a Banyan Tree Escape

AHEAD Asia 2022
Landscaping & Outdoor Spaces
Buahan, a Banyan Tree Escape

Spa

Travel + Leisure SEA Asia’s Best Awards 2022
Best Hotel Spas in Thailand
(1st) *Banyan Tree Phuket*
(4th) *Banyan Tree Krabi*

Hemispheres Readers’ Choice Awards 2022
Best Spas: International Finalists
Banyan Tree Spa at Banyan Tree Mayakoba

World Spa Awards
World’s Best Casino Hotel Spa 2022
Banyan Tree Spa Marina Bay Sands

Corporate/ Sustainability

Tatler Asia:
Asia’s Most Influential Singapore 2022 List
Mr Ho KwanPing

Singapore Corporate Awards 2022
Best Annual Report (Bronze)
Banyan Tree Holdings

Securities Investors Association (Singapore) Investors’ Choice Awards 2022
Most Transparent Company Award (Consumer Discretionary)
Banyan Tree Holdings

Source: BTH

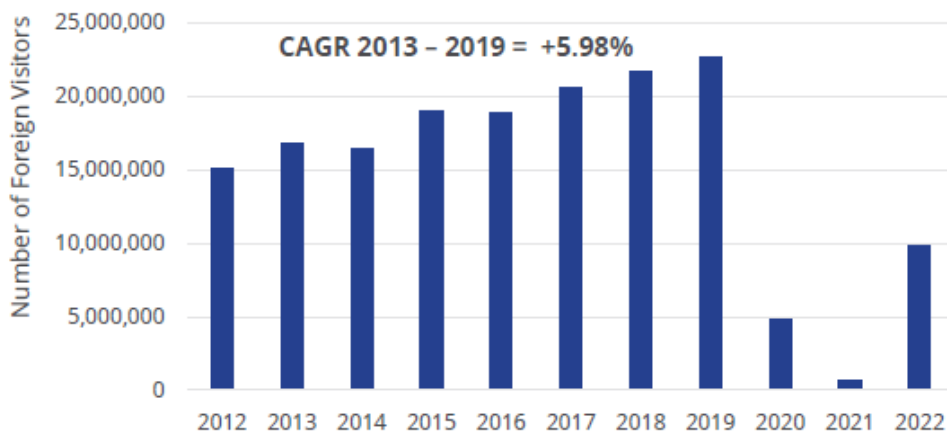
HOSPITALITY INDUSTRY OVERVIEW

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

(I) Overview

According to Colliers, before the Covid-19 outbreak, the number of foreign guest arrivals at accommodation establishments increased substantially at a CAGR of 5.98% per annum. However, during the pandemic, the number of guest arrivals dropped sharply to 4.8 million guests in 2020 and less than one million guests in the following year. In 2022, after the country reopened its border and more than 90% of Thai people had been fully vaccinated, there were a total of 11.1 million foreign guests registered at the accommodation establishments in 2022 as shown in **Exhibit 16**.

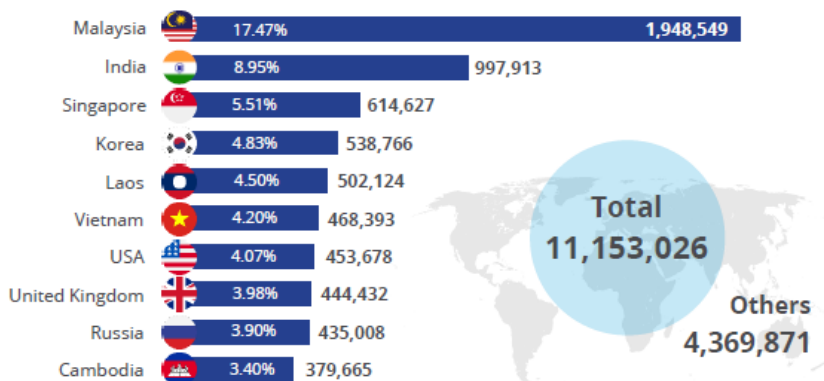
Exhibit 16: Number of International Tourist Arrivals to Thailand



Source: Colliers

As of 4Q 2022, the main number of foreign tourists entering Thailand are Malaysian at 1,948,549 tourists, followed by Indian at 997,913 tourists, Singaporean at 614,627 tourists, Korean at 538,766 tourists, and Laotian at 502,124 tourists. Whereas the main foreign tourists in the pre-covid period (2019) are Chinese at 17,695,489 tourists, Malaysian at 5,053,041 tourists, German at 3,004,498, and Japanese at 2,985,405 tourists, indicating the change of dominant nationality of tourists to Thailand. It is expected that there will be increasing number of Indian tourists visiting Thailand from now onward as shown in **Exhibit 17**.

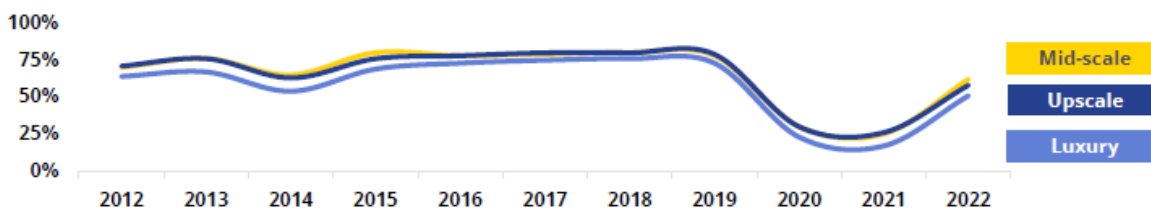
Exhibit 17: Top 10 Nationalities of Foreign Tourism Entering Thailand in 2022



Source: Colliers

Colliers noted that prior to the Covid-19 outbreak, the performance of all hotels was growing gradually at a CAGR of 1.66% per annum, the occupancy rate was around 80% across every segment. However, during the Covid-19 period, the occupancy rates decreased to 25% for mid-scale and upscale while the luxury segment decreased to 13% due to the lockdown and border closure. In 2022, the average occupancy rate of all hotels is approximately 57%. Midscale and upscale hotels hold higher occupancy rates at approximately 62% and 58% whereas luxury hotels have an average occupancy rate of 51% as shown in **Exhibit 18**. This is because of the arrival of international visitors from neighboring countries and the effect of rising energy costs in European countries.

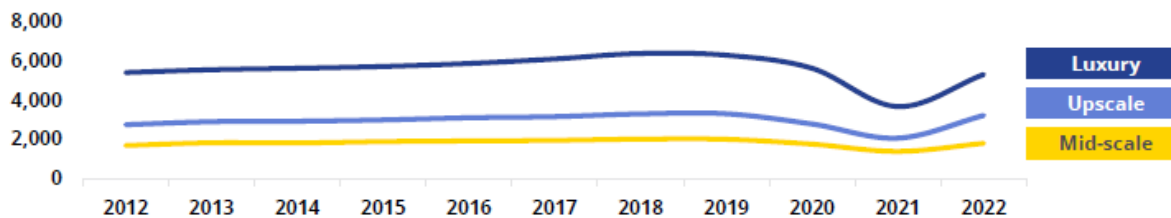
Exhibit 18: Historical and Current Occupancy Rate



Source: Colliers

The average daily rate (ADR) of every segment had been increasing every year by at least 2% (CAGR 2012-2019) before Covid-19. In 2021 due to the Covid-19 pandemic in Thailand, the ADR of luxury, upscale, and midscale segments fell to its lowest amount at 3,600 THB/night/key, 2,000 THB/night/key, and 1,400 THB/night/key, respectively. In 2022, the average daily rate (ADR) for all segments has increased by at least 30% from 2021, but it has not yet reached its pre-pandemic levels from 2019 as shown in **Exhibit 19**. This is due to a rise in the number of tourists. Despite this progress, the full recovery of Thailand's tourism industry, including Bangkok, will depend on the return of Chinese tourists, who are the main target of tourists for Thailand.

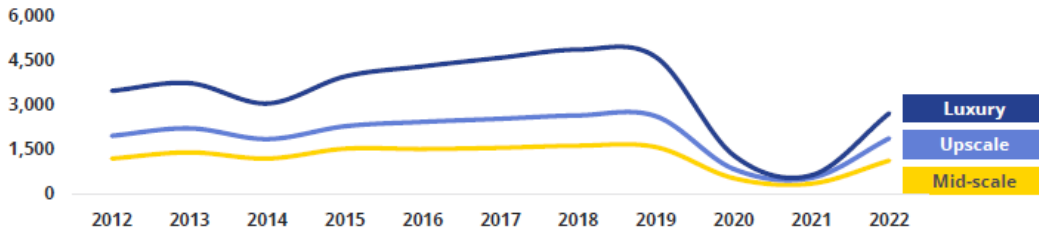
Exhibit 19: Historical and Current Average Daily Rate



Source: Colliers

During the pre-Covid era, the revenue per available room (RevPAR) of the Luxury segment hold the highest at around 4,000 THB, followed by upscale at around 2,200 THB and midscale at around 1,500 THB as shown in **Exhibit 20** on the next page. However, Covid-19 has affected all segments and RevPAR declined by approximately 80%. In 2022, the revenue per available room has improved but not to its normal level.

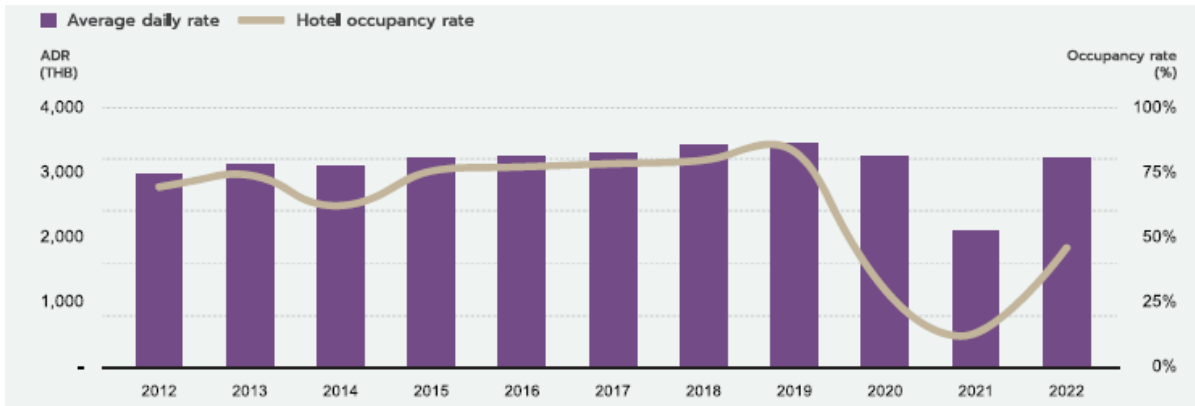
Exhibit 20: Historical and Current RevPar



Source: Colliers

Knight Frank noted that Thailand removed the requirement of the Thailand Pass and health insurance in July 2022. Three months later, in October 2022, it ended the remaining Covid border requirements, i.e., proof of vaccination or a recent negative Covid test. The lifting of restrictions boosted the number of foreign arrivals to 8 million in the second half of the year, almost 80% of the year total. The hotel occupancy levels built significantly from July 2022 onwards at a level above the average in the first half of the year as Thailand’s tourism industry benefitted from the lift of Covid-19 travel restrictions. The opening has allowed for the flow of pent-up leisure demand and especially boosted the hotel’s performance during the high season at the end of 2022. Occupancy levels increased gradually from the lowest of 26% in January to its peak of 70% in December 2022. The second half of the year hit an average occupancy of 59% which was a significant improvement over the same period last year (+43 percentage points), and the average of 35% in the first half of 2022 as shown in **Exhibit 21**.

Exhibit 21: Hotel Performance



Source: Knight Frank

According to STR, in January 2023, Bangkok’s hotel industry reported the second-highest monthly average daily rate on record in the market. Occupancy was 67.5%, ADR was THB4,338.82 and RevPAR was THB2,930.15. December 2022 was the only other month with ADR above THB 4,000. The market’s January ADR level was 21.5% above the pre-pandemic comparable from 2019, while occupancy and RevPAR remained below the 2019 comparable by 19.7% and 2.4%, respectively.

It was also recently reported that Thailand beat its target for tourist arrivals in the first quarter of 2023, recording 6.15 million visitors in the January to March period, government spokesperson said. The government had set a target of 6 million arrivals in the three months ending in March this year. The Tourism Council said at least 30 million tourists were expected to visit the country this year and spend 1.5 trillion baht.

(II) Outlook

Knight Frank noted that during 2022, Bangkok has seen increasing levels of domestic demand with the monthly domestic visitors moving back towards pre-pandemic levels, from 59% to 79% over the first half and second half of the year, respectively. Similarly, the number of foreign tourists showed a positive rebound as well during the first and second half of the year, from 12% to 45% respectively of pre-pandemic levels. The ongoing recovery will be further driven by the number of airlines increasing flight routes and the return of corporate and MICE segments to support the performance of the city's hotel market in 2023. China, which had been the largest outbound tourism market before the pandemic, reopened its border in January 2023, after three years of being closed to the world under its zero-Covid policy. This condition is anticipated to support the rebounding demand for both leisure and business travel. In 2023, even with ongoing obstacles such as travel prices, and the limited number of flights, Knight Frank anticipates the continuation of the strong recovery of domestic and, especially inter-national visitation given the pent-up demand and China's borders re-opening. This will positively impact the occupancy towards pre-Covid levels, however, the global economic outlook is unlikely to allow hotels to achieve significantly higher rates than in 2022.

CBRE noted that prior to the pandemic, Chinese tourists were the largest feeder market driving Thailand's tourism industry. In 4Q2022, Chinese travelers represent only 2.3% of all in bound arrivals, this number is expected to increase within 2023, as China have announced their open borders and eased regulations within 1Q2023. Early 2023 is likely to see an upswing in the number of international tourists as a result of increased international airlift, particularly from shorter-haul markets. Domestic tourism will likely stabilize or decline, as much of the Thai population has shifted to international travel destinations. In terms of hotel operations, challenges stemming from the pandemic have remained, such as the difficulties in retaining and sourcing skilled staff within the hospitality labor market. Developers and hotel owners will continue to seek maximization of their hotel businesses' bottom line to compensate for the losses in cash reserves from the past two and a half years. Notwithstanding the improvements in hotel performance (ADR and RevPAR), occupancy is still below pre-pandemic levels but is expected to also steadily climb back as demand levels improve within 2023. Nonetheless, the degree of recovery of Thailand's tourism industry and Bangkok's hotel market in 2023 is principally contingent on Thailand's public sector efforts, global financial markets, and international travel trends, which have yet to return to pre-pandemic levels.

(III) Initiatives

We would like to note that the Tourism Authority of Thailand (TAT) announced that Thailand's Digital Economy Promotion Agency (Depa) has recently launched "Digital tourism" and has signed MoU with TAT to actively organize activities that build awareness and encompassing the use of a national digital platform ThailandCONNEX. The activities aim at promoting tourism business operators for the use of digital technology to help improve their business operations, increase marketing opportunities, and together recover Thai tourism industry in this post Covid-19 period. The campaign is targeted to generate over 120 billion baht in economic value.

The president of Depa announced that as Depa recognized the importance of digital technology application, which can help accelerate the recovery of the Thai tourism industry that has been severely affected by the recent pandemic era, the department has launched the "Digital tourism" to enhance activities that raise the awareness and encourage a wide use of digital platforms. The campaign will develop a national tourism platform called ThailandCONNEX that will act as an intermediary to connect various types of tourism business operators throughout Thailand to the use of technology and digital innovation for improving their competitiveness, increasing efficiency, reducing operation costs, and opening up more market opportunities among them. In addition, Depa recently signed an MoU with the tourism Authority of Thailand (TAT) to integrate their cooperations to revitalize and strengthen Thai tourism sector. This crucial collaboration will also sustainably drive the country's economy forward.

ThailandCONNEX comprises 3 parts including:

1. The National Digital tourism Platform, a Business-to-Business (or wholesales) intermediary that will allow tourism operators to affectively access and present their products and services to both domestic and international tour operators.
2. The National Digital tourism Token, a reconstruction of Blockchain technology into the Utility Token and Smart Contact System that will facilitate Travel operators with buying stimulation tools to enable more repeat purchasing and networking with other business operators.
3. The National Digital tourism Data Bank, an information collection and storage center About Thai tourism business operators, tourism products and services, attractions, communities, accommodations, restaurants, Travel accessibility, and most importantly, analyses of consumer behaviors in the form of massive data. This will benefit both the government agencies and private operators in setting up effective strategies for products and services development that meet the needs of their customers.

In 2023, the TAT is targeting 25 million international Travelers to Thailand following the country's full opening of borders. As a main strategic driver of Thai tourism industry, TAT prioritizes the use of digital technology to propel the tourism industry, respond to new lifestyles and encourage efficient domestic Traveling.

SHARE PRICE DEVELOPMENT REVIEW

Since our update report issued on 7 October 2022, when BTH's share price closed at S\$0.280, we note that the share price has risen. From then till present, the share price is up by about 32.14% to the current price of S\$0.370 as shown in **Exhibit 22**.

Exhibit 22: 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\$0.380 was reached on 12 April 2023.

On 2 December 2022, BTH announced its 3Q2022 business update. For 3Q2023, BTH announced higher operating profit by 76% yoy against 3Q2021. Hotel Revenue per available room (RevPAR) were also up by 56% yoy compared to 3Q2021. Total Property segment sales of 2022 exceeds pre-Covid period. BTH also announced 7 hotel openings and is expected to open 5 years before year end. We note that BTH's share price rose by 3.64% to S\$0.285 on the next trading day.

On 24 February 2023, BTH announced that it has returned to profitability in FY2022, achieving a nine-fold increase in Operating profit to S\$41.7 million. This was largely due to a 23% yoy increase in revenue and 30% increase in hotel RevPAR. BTH also achieved record-high property sales with S\$217.2 million sold in FY2022. However, BTH did not declare any dividends for FY2022. BTH's share price remained flat at S\$0.340 following the announcement.

POTENTIAL CATALYSTS

(I) New Openings

In 2022 and 2023 to-date, BTH opened 10 new properties, rebranded 1 existing properties and signed 20 new agreements (mainly hotel management agreements). Barring no further delay arising from the impact of the Covid-19 pandemic, BTH expects to open another 9 new properties in 2023. The details of the 9 new properties are shown in **Exhibit 23**.

Exhibit 23: Details of Hotels To Be Opened in FY2023

Name of Resort/Hotel	Country	New Keys	Qtd Open
Homm Saranam Baturiti	Indonesia	80	Q1-2023
Dhawa Jinan Daming Lake, Shandong	CHINA	100	Q1-2023
Angsana Ho Tram	VIETNAM	113	Q2-2023
Angsana Quan Lan (Ph1 Hotel)	VIETNAM	156	Q2-2023
Dhawa Ho Tram	VIETNAM	162	Q2-2023
Garrya Xianju	CHINA	195	Q3-2023
Angsana Siem Reap	CAMBODIA	158	Q4-2023
Banyan Tree Veya Valle de Guadalupe	MEXICO	30	Q4-2023
Garrya Mu Cang Chai, Yen Bai	VIETNAM	108	Q4-2023

Source: BTH

(II) Pipeline Supply

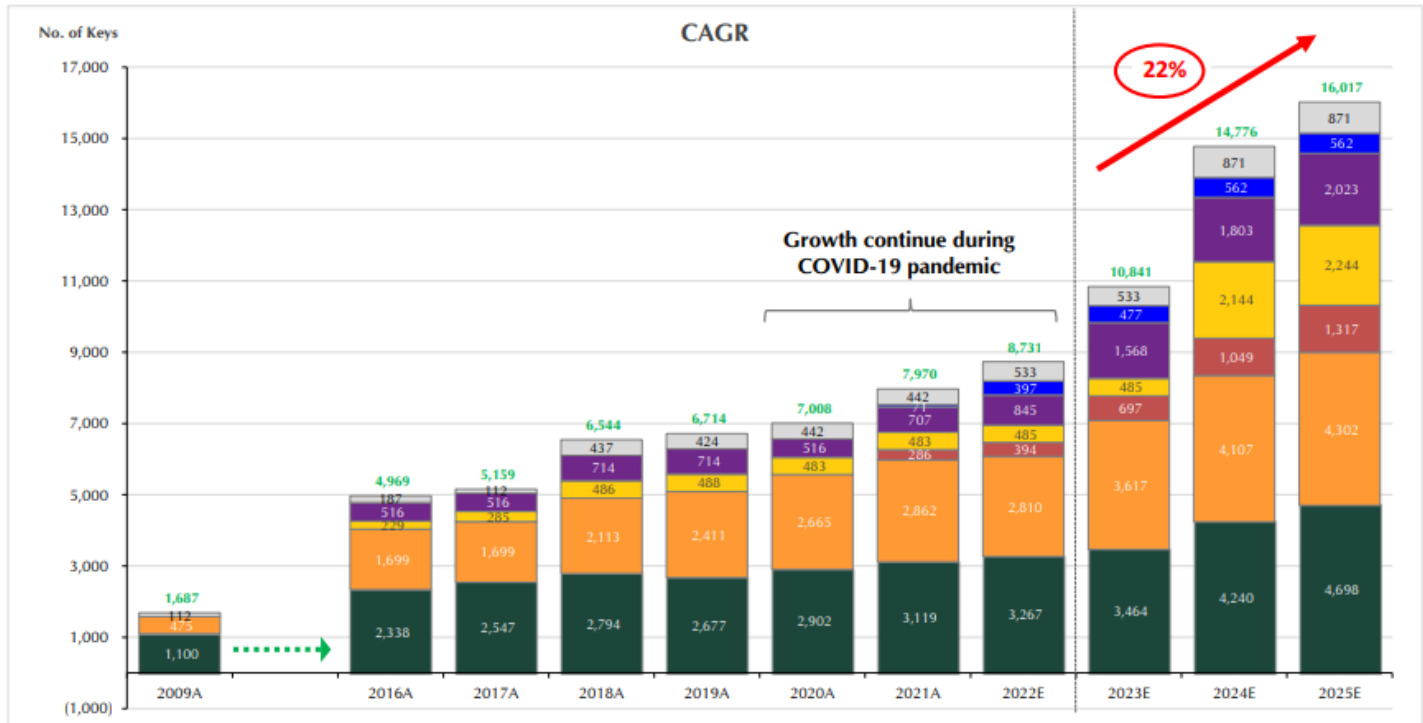
As at 31 December 2022, BTH inked 20 hotel management/ franchise and residences agreements, adding to its pipeline goal of 50 properties. The Banyan Tree, Angsana, Cassia, Dhawa, Garrya, Folio, Homm and Skypark brands are all expected to come online in the next 5 years, thus bringing BTH's portfolio to a total of 114 properties by 2027. The breakdown of the contracts signed in FY2022 is shown in **Exhibit 24**.

Exhibit 24: Summary of Contracts Signed in FY2022

BRAND	NO. OF CONTRACT SIGNED
 BANYAN TREE	4
	1
 ANGSANA	4
 GARRYA	5
 CASSIA	1
 DHAWA	1
HOMM	3
SKYPARK	1
Total	20

BTH has a projected pipeline for growth of 44 hotels to be opened, potentially doubling its operating footprint in the next 3 years. The number of room keys is estimated to grow from roughly 8,731 as at 31 December 2022 to approximately 16,000 keys by end of 2025. These additional keys are largely managed without any equity interest. The details of BTH’s projected pipeline growth from 2023 to 2025 is shown in **Exhibit 25**.

Exhibit 25: BTH’s Projected Pipeline Growth (2023-2025)



CAGR 2022 – 2025 = 22%	Past (2009)	Current (2022)	Future (2025)
Owned Hotels %	66%	21%	11%
Managed Hotels/Franchise %	34%	79%	89%

Source: BTH

FINANCIAL PROJECTION

Here, we will provide our projections for BTH's revenue, earnings and dividends for FY2023 and FY2024.

(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 FY2023 and FY2024 are summarized in **Exhibit 26** and **Exhibit 27** respectively.

Exhibit 26: Room rates for Hotel Investments in Thailand – FY2023

Name of property	Brand	Room rates (S\$)									
		Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Average
Banyan Tree Bangkok	Banyan Tree	202	221	193	234	192	185	234	232	291	220
Banyan Tree Phuket	Banyan Tree	685	420	420	467	461	420	436	685	903	544
Laguna Phuket	Angsana	249	175	183	226	226	195	253	428	584	280
Villas Resort Phuket ⁽¹⁾	Angsana	442	396	411	411						415
Cassia Phuket	Cassia	156	109	97	109	109	100	156	179	195	134
Laguna Holiday Club Phuket Resort	Others	104	104	148	14	148	148	175	487	487	202

Based on lowest priced room rates for a 1-night stay for 1 adult at end/close to end of each month. Data extracted 17 Apr 23.

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 Aug-24 and Dec-24

Source: BTH, FPA Financial

Exhibit 27: Room rates for Hotel Investments in Thailand – FY2024

Name of property	Brand	Room rates (S\$)												
		Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Average
Banyan Tree Bangkok	Banyan Tree	222	234	234	222	234	205	222	208	234	234	234	364	237
Banyan Tree Phuket ⁽¹⁾	Banyan Tree	841	841	685	420	420	420	-	-	-	-	-	-	605
Laguna Phuket ⁽²⁾	Angsana	467	452	389	272	206	-	-	-	-	-	-	-	357
Villas Resort Phuket ⁽³⁾	Angsana	-	-	-	-	-	-	-	-	-	-	-	-	-
Cassia Phuket ⁽²⁾	Cassia	230	243	243	195	170	-	-	-	-	-	-	-	216
Laguna Holiday Club Phuket Resort ⁽³⁾	Others	-	-	-	-	-	-	-	-	-	-	-	-	-

Based on lowest priced room rates for a 1-night stay for 1 adult at end/close to end of each month. Data extracted 17 Apr 23.

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 Jul-24 and Dec-24

(2) While hotel is operational, there is no availability of room rates between Jun-24 and Dec-24

(3) While hotel is operational, there is no availability of room rates between Jan-24 and Dec-24

Source: BTH, FPA Financial

However, for FY2024, we note that while the hotels are operational, other than Banyan Tree Bangkok, the full-year room rates were not available. Hence, the average room rates for FY2024 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 16 April 2023, the room rates for FY2024 could potentially be lower due to higher vacancy. The potential returning of Chinese tourist could also provide a boost to room rates in FY2024. Considering the above, for the respective hotels' average room rates in FY2024, we would assume a 2% yoy increase, which was the year-on-year increase in ADR before Covid-19, according to Colliers on page 13. Accordingly, the summary of the projected room rates for FY2024 is shown in **Exhibit 28**.

Exhibit 28: Projected Room Rates for FY2024

Name of property	Room rates (S\$)		
	FY2023	FY2024	yoy increase
Banyan Tree Bangkok	220	225	2%
Banyan Tree Phuket	544	555	2%
Laguna Phuket	280	285	2%
Villas Resort Phuket	415	423	2%
Cassia Phuket	134	137	2%
Laguna Holiday Club Phuket Resort	202	206	2%

Source: BTH, FPA Financial

As noted on page 3, the occupancy for Thailand hotels for FY2022 was 51% compared to 20% in FY2021. This 31-percentage points increase was due to the dramatic increase in airlift and international tourist arrivals as the authorities lifted testing and insurance requirements by July 2022. We believe that the recovery in Thailand's hotel industry will continue into FY2023 and FY2024 with the increase in number of flights, return of corporate & MICE and the return of Chinese tourists. In addition, as noted on page 16, the Tourism Authority of Thailand also partnered with Thailand's Digital Economy Promotion Agency (Depa) to help with the recovery in Thai tourism industry. Hence, we believe 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 mentioned on page 16, the campaign with Depa is expected to generate over 120 billion baht and the TAT is targeting 25 million international Travelers to Thailand in 2023 following the country's full opening of borders.

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 FY2023 and FY2024. As noted on page 14, Bangkok's hotel occupancy reached 67.5% in January 2023, we would assume the occupancy rate of BTH's hotels to reach 67.5% for FY2023. For FY2024, we noted on page 13 that the average occupancy rate pre-Covid was 80.0%. Hence, we would assume the occupancy rate of BTH's hotels to reach 80.0% for FY2024.

Given the above estimated room rates and occupancy for FY2023 and FY2024, we then project the RevPAR for the hotels in Thailand during these periods, as shown in **Exhibit 29**.

Exhibit 29: Projected RevPAR for Hotel Investments in Thailand

Name of property	Room rates (S\$)		Occupancy		RevPAR (S\$)	
	FY2023	FY2024	FY2023	FY2024	FY2023	FY2024
Banyan Tree Bangkok	220	225	67.5%	80.0%	\$ 148.8	\$ 179.9
Banyan Tree Phuket	544	555	67.5%	80.0%	\$ 367.3	\$ 444.0
Laguna Phuket	280	285	67.5%	80.0%	\$ 188.9	\$ 228.4
Villas Resort Phuket	415	423	67.5%	80.0%	\$ 280.1	\$ 338.6
Cassia Phuket	134	137	67.5%	80.0%	\$ 90.8	\$ 109.7
Laguna Holiday Club Phuket Resort	202	206	67.5%	80.0%	\$ 136.1	\$ 164.6

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 FY2023 and FY2024. Assuming all the hotels to be fully operational for the whole of FY2023 and FY2024, the projected total revenue in Thailand for FY2023 and FY2024 would be S\$93.9 million and S\$113.5 million respectively as shown in **Exhibit 30**.

Exhibit 30: Projected Room Revenue for Hotel Investments in Thailand

Name of property	No of Keys	RevPAR (S\$)		No. of days		Total revenue (S\$'000)	
		FY2023	FY2024	FY2023	FY2024	FY2023	FY2024
Banyan Tree Bangkok	327	148.8	179.9	365	365	17,760	21,470
Banyan Tree Phuket	217	367.3	444.0	365	365	29,090	35,167
Laguna Phuket	371	188.9	228.4	365	365	25,583	30,927
Villas Resort Phuket	63	280.1	338.6	365	365	6,441	7,787
Cassia Phuket	304	90.8	109.7	365	365	10,070	12,173
Laguna Holiday Club Phuket Resort	99	136.1	164.6	365	365	4,919	5,946
Total						93,863	113,470

Source: BTH, FPA Financial

Maldives

As at 17 April 2023, according to the Ministry of Tourism (MOT) Republic of Maldives, Maldives has seen a steady improvement in arrivals in the first four months of 2023 as the tourist arrivals showed signs of recovery. As at 15 April 2023, the total arrivals amounted to 606,395, representing a 19.33% yoy growth in arrivals compared to 508,306 arrivals over the same period in 2022 as shown in **Exhibit 31**. For the first four months of 2023, growth % in arrivals amounted to 30.9%, 19.4%, 15.1% and 7.4% for January, February, March and April respectively as shown in **Exhibit 31**.

Exhibit 31: Tourist Arrivals for Maldives as at 17 April 2023

	Arrivals			Growth % 2023/2022	Daily Average 2023	Avg. Duration of Stay 2023 (days)
	2021	2022	2023			
January	92,103	131,765	172,499	30.9	5,564	8.1
February	96,882	149,011	177,915	19.4	6,354	8.0
March	109,585	150,748	173,514	15.1	5,597	7.8
April (1st - 15th)	48,976	76,782	82,467	7.4	5,498	7.9
TOTAL	347,546	508,306	606,395	19.3	5,775	7.9

Source: Ministry of Tourism Republic of Maldives

In addition, we note that a Memorandum of Understanding (MoU) on Cooperation in the field of Tourism was signed between the Government of Maldives and the Government of the Republic of Korea. The MoU was signed during the visit of Special Envoy and Representatives of Korean Government Official to the Maldives on 22nd March 2023 at the Ministry of Tourism (MOT). The MoUs were signed by the Minister of Tourism, Dr. Abdulla Mausoom on behalf of the Government of Maldives and Vice President of the Korean Tourism Organization H.E Lee Jae-Hwan, on behalf of the Government of the Republic of Korea. Speaking at the ceremony, Minister Dr. Abdulla Mausoom highlighted the long term relationship between both countries and the important role Korean market plays in the tourism industry of Maldives. Minister stated that the MOT would facilitate strengthening of cooperation between the two counties through exchange of knowledge and expertise in tourism planning and research. Minister also highlighted cooperation in human resource development as well as the investment opportunities in the tourism sector.

We also note that the UK's Food and Travel Magazine has named Maldives as the "Best Long Haul Destination of the Year". The UK's food and Travel Magazine Reader Awards 2022 was held at London's Royal Automobile Club on the 19th of January 2023. The Food and Travel Magazine has been running for the past 25 years and is one of the world's leading gastronomic travel magazines with 7 international editions.

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 FY2023 and FY2024 are summarized in **Exhibit 32** and **Exhibit 33** respectively on the next page.

Exhibit 32: Room rates for Hotel Investments in Maldives – FY2023

Name of property	Brand	Room rates (S\$)									
		Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Average
Vabbinfaru	Banyan Tree	1,313	1,104	1,039	975	975	975	1,024	1,024	1,974	1,156
Ihuru	Angsana	1,187	958	875	820	1,008	1,077	996	1,229	1,236	1,043
Velavaru	Angsana	862	716	583	547	666	666	1,293	1,293	1,342	885

Based on lowest priced room rates for a 1-night stay for 1 adult at end/close to end of each month. Data extracted 16 Apr 23.
Certain data points may vary by a difference of a few days to account for aberrations

Source: BTH, FPA Financial

Exhibit 33: Room rates for Hotel Investments in Maldives – FY2024

Name of property	Brand	Room rates (S\$)												
		Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Average
Vabbinfaru	Banyan Tree	1,218	1,283	950	1,009	741	8,445	845	890	845	1,109	1,109	1,124	1,631
Ihuru ⁽¹⁾	Angsana	1,127	1,034	1,293	897	897	908	897						1,008
Velavaru ⁽²⁾	Angsana	1,290	1,458	1,125	1,125	1,326	1,308							1,272

Based on lowest priced room rates for a 1-night stay for 1 adult at end/close to end of each month. Data extracted 17 Apr 23.

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 Aug-24 and Dec-24

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 FY2022, BTH reported revenue of S\$45.2 million, which was 22% higher than the same period a year ago. In addition, its occupancy rate also increased to 65% in FY2022 from 55% in FY2021.

With reference to **Exhibit 31**, we note that since the start of the year, the tourist arrivals have showed signs of a recovery and remained stable, above 170,000 per month. The daily average arrivals was also between 5,400 and 6,400 and the average for the first four months of 2023 was 5,775. Considering the above, we believe that there would be a possibility that the inflow of tourists will continue to increase. As mentioned above, the growth percentage in arrivals for the first four months of 2023 was 19.3%. We would be conservative and assume the occupancy rate of Maldives hotels to increase by 5% yoy in FY2023 and FY2024 to 70% and 75% respectively.

Given the above estimated room rates and occupancy for FY2023 and FY2024, we then project the RevPAR for the hotels in Maldives during these periods, as shown in **Exhibit 34**.

Exhibit 34: Projected RevPAR for Hotel Investments in Maldives

Name of property	Room rates (S\$)		Occupancy		RevPAR (S\$)	
	FY2023	FY2024	FY2023	FY2024	FY2023	FY2024
Vabbinfaru	1,156	1,631	70%	75%	809	1,223
Ihuru	1,043	1,008	70%	75%	730	756
Velavaru	885	1,272	70%	75%	620	954

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 FY2023 and FY2024. Assuming all the hotels to be fully operational for the whole of FY2023 and FY2024, the projected total revenue in Maldives for FY2023 and FY2024 would be S\$51.7 million and S\$73.2 million respectively as shown in **Exhibit 35** on the next page.

Exhibit 35: Projected Room Revenue for Hotel Investments in Maldives

Name of property	No of Keys	RevPAR (S\$)		No. of days		Total revenue (S\$'000)	
		FY2023	FY2024	FY2023	FY2024	FY2023	FY2024
Vabbinfaru	48	809	1,223	365	365	14,176	21,427
Ihuru	45	730	756	365	365	11,991	12,412
Velavaru	113	620	954	365	365	25,561	39,348
Total						51,727	73,187

Source: BTH, FPA Financial

We note that in FY2022, BTH's Hotel Investments in China, Vietnam, Indonesia, Mexico and Morocco contributed about 3% 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\$4.9 million and S\$6.3 million for FY2023 and FY2024 as follows:

- Projected revenue for "Others" for FY2023= 3% (revenue contribution) x ((S\$93.9 million (FY2023 Thailand revenue) + S\$51.7 million (FY2023 Maldives revenue)) / 79% (rebasings to 100%)) = S\$4.9 million
- Projected revenue for "Others" for FY2024 = 3% (revenue contribution) x ((S\$113.5 million (FY2024 Thailand revenue) + S\$73.2 million (FY2024 Maldives revenue)) / 97% (rebasings to 100%)) = S\$6.3 million

Accordingly, the total projected Hotel Investments revenue for FY2023 and FY2024 would be S\$150.5 million and S\$193.0 million respectively, as shown in **Exhibit 36**.

Exhibit 36: Total Projected Hotel Investments Revenue for FY2023 and FY2024

Hotel Investments S\$'000	Actual		Forecast			
	FY2022	% of revenue	FY2023	% of revenue	FY2024	% of revenue
Thailand	84,900	63%	93,863	62%	113,470	59%
Maldives	45,200	34%	51,727	34%	73,187	38%
Others ⁽¹⁾	4,396	3%	4,919	3%	6,307	3%
Total	134,496	100%	150,510	100%	192,964	100%

⁽¹⁾ 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 as at 31 December 2022 are shown in **Exhibit 37**.

Exhibit 37: Summary of BTH's Portfolio for Property Sales

Project name	Expected completion date	Total units	Total sales value (\$ million)	Average value per unit (\$ million)	% of units sold	Number of unit sold	Unit available for sale
Completed Projects							
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	95%	21	1
Cassia Phuket	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
Projects Under Development							
Banyan Tree Grand Residences	December-2028	19	77.8	4.09	21%	4	15
Skypark	December-2025	544	114.8	0.21	78%	424	120
Laguna Seaside	December-2025	49	38.1	0.78	18%	9	40
Laguna Beachside	December-2024	184	96.8	0.53	95%	175	9
Laguna Village Residences	December-2024	16	24.6	1.54	100%	16	0
Laguna Park Phuket	December-2024	53	43.6	0.82	74%	39	14
BTGR Oceanfront Villas	December-2024	10	54.2	5.42	30%	3	7
BTGR Seaview Residences	December-2024	24	95.9	4.00	29%	7	17
Angsana Oceanview Residences	December-2023	25	24.4	0.98	92%	23	2
Dhawa Apartments	December-2023	124	29.6	0.24	34%	42	82

Source: BTH, FPA Financial

We note that Property Sales saw strong momentum in FY2022, setting new records despite global geopolitical and economic uncertainty. According to BTH's FY2022 Annual Report, capital flight from Russia following the war in Ukraine, the appreciation of the ruble and the resumption of direct flights from Russia to Phuket resulted in Russia being BTH's strongest source of buyers in FY2022. Phuket's residential market also attracted diversified demand from other markets, following Thailand's full reopening on 1 October 2022. Other factors driving demand included a shift from financial assets to hard assets such as real estate, due to rising inflation.

BTH noted that it continues to see a shift in demand to midscale, upscale and luxury segments for well-positioned branded residences. The pandemic caused people to rethink their lifestyle and work preferences, such as living in less densely populated locations and the ability to work from home. Upscale and luxury property buyers are also less prone to the impact of economic uncertainty. BTH's products, which range from affordably priced apartments to high-end branded residential offerings, are well-positioned to cater to these market segments.

In addition, BTH also made further progress in developing its digital platforms during FY2022. BTH invested in the relaunch of 4 websites with a unified front- and backend architecture, and a streamlined digital customer journey. These yielded 75% direct channel growth of e-commerce revenue. In addition, BTH achieved an average growth of 20% across email and social channels. Strategic campaigns and promotions through various channels also helped to reinforce its brands and attract business. BTH launched the inaugural "Live Well Travel Well" campaign across all brands. The campaign encourages guests to pursue whatever brings them joy, whether it is meditating in nature, soaking in history and culture, or indulging in its spa treatments. 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.

According to BTH, strong demand for real estate is forecasted in FY2023. China, one of its key source markets, has reopened its borders after three years of closure. Hence, BTH may be able to benefit from the return of Chinese buyers with higher spending power to generate sales for its luxury properties. BTH also expects to benefit from pent-up demand, its extensive sales network and stellar brand reputation. To capitalise on this, BTH intends to focus on further sales channel development and online and digital marketing activities. In addition, the new long-term resident visa for Thailand, which came into effect on 1 September 2022, is likely to spur interest in real estate from wealthy and retiree foreign buyers.

Considering the above, the increase in tourists, BTH's marketing and sales initiatives and the expected strong demand for real estate could be catalysts 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. Hence, for our sales projections for BTH's respective properties, if the project is more than 70% sold as at 31 December 2022, we would assume that the project would be fully sold in the next 2 years (FY2023 and FY2024). If the sales completion is less than 70% and the average value per unit for the projects are below S\$1 million, we would assume 5 units to be sold a year. Lastly, if the sales completion is less than 70% and the average value per unit for the projects are above S\$1 million, we would assume 1 unit to be sold in the next 2 years.

Completed Projects

As noted on **Exhibit 37**, there are 6 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 Bintan as an example, the percentage of unit sold is 32%, which is less than 70%, and the average value per unit is S\$0.29 million, which is less than S\$1 million, we would assume 5 units to be sold in FY2023 and 5 units to be sold in FY2024. With the 5 projected units to be sold, the revenue to recognise for Cassia Bintan would amount to S\$1.47 million for FY2023 and FY2024 = [S\$0.29 million (average value per unit) x 5 (projected units to be sold)].

Accordingly, the projected total revenue to be recognised for completed projects would be S\$13.96 million and S\$10.49 million for FY2023 and FY2024 respectively as shown in **Exhibit 38**.

Exhibit 38: Projected Revenue for Completed Projects

Completed Projects	% of units sold	Unit available for sale	Average value per unit (S\$ million)	Projected # of units sold		Revenue to be recognised (S\$ million)	
				FY2023	FY2024	FY2023	FY2024
Angsana Beachfront Residences	100%	0	1.53	0	0	-	-
Banyan Tree 3 Beds Pool Villa	100%	0	1.88	0	0	-	-
Banyan Tree Double Pool Villa	95%	1	1.75	1	0	1.75	-
Cassia Phuket	88%	63	0.29	32	31	9.31	9.02
Cassia Bintan	32%	122	0.29	5	5	1.47	1.47
Banyan Tree Bintan 1B/2B Bayfront Villas	23%	37	1.42	1	0	1.42	-
Total						13.96	10.49

Source: BTH, FPA Financial

Projects Expected To Be Completed By FY2024

As noted on **Exhibit 37**, there are 7 projects expected to be completed by FY2024. Similarly, for these projects, we will recognise the revenue once it has been sold. Assuming the same method for sales projections for BTH, the total revenue to be recognised for projects expected to be completed by FY2024 would amount to S\$19.97 million and S\$10.03 million for FY2023 and FY2024 respectively as shown in **Exhibit 39** on the next page.

Exhibit 39: Projected Revenue for Projects Expected to Be Completed By FY2024

Projects expected to be completed by FY2024	% of units sold	Unit available for sale	Average value per unit (\$ million)	Projected # of units sold		Revenue to be recognised	
				FY2023	FY2024	FY2023	FY2024
Laguna Beachside	95%	9	0.53	5	4	2.63	2.10
Laguna Village Residences	100%	0	1.54	0	0	-	-
Laguna Park Phuket	74%	14	0.82	7	7	5.76	5.76
BTGR Oceanfront Villas	30%	7	5.42	1	0	5.42	-
BTGR Seaview Residences	29%	17	4.00	1	0	4.00	-
Angsana Oceanview Residences	92%	2	0.98	1	1	0.98	0.98
Dhawa Apartments	34%	82	0.24	5	5	1.19	1.19
Total						19.97	10.03

Source: BTH, FPA Financial

Projects Expected To Be Completed After FY2024

As noted on **Exhibit 37**, there are 3 projects expected to be completed after FY2024. Banyan Tree Grand Residences, Skypark and Laguna Seaside are expected to be completed by 2028, 2025 and 2025 respectively. Assuming the same method for sales projections for BTH, the projected units to be sold and the projected revenue for the projects is shown in **Exhibit 40**. Taking Banyan Tree Grand Residences as an example, the percentage of unit sold is 21%, which is less than 70%, and the average value per unit is S\$4.09 million, which is more than S\$1 million, we would assume 1 unit to be sold between FY2023 and FY2024 as shown in **Exhibit 40**.

Exhibit 40: Expected Revenue To Be Recognised for Projects Expected To Be Completed After 2024

Projects expected to be completed after FY2024	% of units sold	Unit available for sale	Average value per unit (\$ million)	Projected # of units sold		Projected revenue for the projects	
				FY2023	FY2024	FY2023	FY2024
Banyan Tree Grand Residences	21%	15	4.09	1	0	4.09	-
Skypark	78%	120	0.21	60	60	12.66	12.66
Laguna Seaside	18%	40	0.78	5	5	3.89	3.89

Source: BTH, FPA Financial

For these projects that are expected to be completed after FY2024, we note that sales will be expected to be recognised progressively with the completion of the units. Considering the above, for Skypark and Laguna Seaside which will be completed by 2025, we would assume 30% of the total revenue to be recognised in FY2023 and another 30% to be recognised in FY2024. For Banyan Tree Grand Residences which is expected to be completed in 2028, we would assume 5% of the revenue to be recognised in FY2023 and 10% to be recognised in FY2024. Accordingly, the projected revenue to recognise for FY2023 and FY2024 would amount to S\$10.13 million and S\$10.34 million respectively as shown in **Exhibit 41**.

Exhibit 41: Projected Revenue To Recognise for Projects Expected To Be Completed After FY2024

Projects expected to be completed after FY2024	Expected completion date	Revenue to be recognised		Total revenue	% of revenue to be recognised		Projected revenue to recognise	
		FY2023	FY2024		FY2023	FY2024	FY2023	FY2024
Banyan Tree Grand Residences	December-2028	4.09	-	4.09	5%	10%	0.20	0.41
Skypark	December-2025	12.66	12.66	25.32	30%	30%	7.60	7.60
Laguna Seaside	December-2025	3.89	3.89	7.78	30%	30%	2.33	2.33
Total							10.13	10.34

Source: BTH, FPA Financial

Accordingly, the total projected recognised revenue from sales generated in FY2023 and FY2024 would amount to S\$44.06 million and S\$30.86 million as shown in **Exhibit 42**.

Exhibit 42: Recognised Revenue From Sales Generated In Each Respective Period

Recognised revenue from sales generated in each respective period (S\$ million)	Forecast	
	FY2023	FY2024
Completed Projects	13.96	10.49
Projects expected to be completed by FY2024	19.97	10.03
Project expected to be completed after FY2024	10.13	10.34
Total	44.06	30.86

Source: BTH, FPA Financial

Expected Revenue To Be Recognised From Sales Made Prior To 31 December 2022

BTH announced in its financial statement that it has a healthy pipeline of unrecognised sales revenue amounting to S\$232.6 million. BTH's management expects to recognise S\$86.7 million, S\$131.1 million and S\$14.8 million in FY2023, FY2024 and FY2025 respectively.

Projected Property Sales Revenue For FY2023 And FY2024

To account for the sales made prior to 31 December 2022 for development projects that were under construction, we would expect to recognise S\$86.7 million and S\$131.1 million in FY2023 and FY2024 respectively, as provided by the management. In addition, based on the recognised revenue from sales generated in each respective period as shown in **Exhibit 42**, the projected total property sales revenue for FY2023 and FY2024 would be S\$130.8 million and S\$162.0 million respectively as shown in **Exhibit 43**.

Exhibit 43: Projected Property Sales Revenue for FY2023 and FY2024

S\$ million	Forecast	
	FY2023	FY2024
Expected revenue to be recognised for sales made prior to 30 June 2022	86.7	131.1
Recognised revenue from sales generated in each respective period	44.1	30.9
Total	130.8	162.0

Source: BTH, FPA Financial

(c) Fee-Based Segment

As mentioned on page 4, revenue from the Fee-based segment increased by 18% yoy to S\$46.0 million in FY2022 compared to the same period a year ago. This was mainly due to higher management fees from BTH's managed hotels in Asia which had opened up to international tourism since 2Q2022. In addition, we note that most of all its managed hotels in Asia shown significant improvements with Occupancy reaching 55% in 4Q2022 which is only 2% below 4Q2019 (Pre-Pandemic).

Looking ahead, 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 18, BTH managed to secure new contracts and plans to open 9 new hotels in the next 12 months. In addition, BTH has a projected pipeline for growth of 50 hotels to be opened, potentially doubling its operating footprint in the next 3 years.

Further, the reopening of China could also be a catalyst for BTH. The lifting of Covid-19 related travel restrictions in China, one of the world's largest outbound market, is a significant step for the recovery of the tourism sector in Asia & the Pacific and worldwide. We believe, the resumption of travel from China is likely to benefit Asian destinations where most of BTH resorts are located. In addition, 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, 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 and FY2024. We note that in its latest World Economic Outlook, the International Monetary Fund (IMF) projected the global economy to grow by 2.80% in 2023 and 3.00% in FY2024. Hence, using IMF's global economy GDP forecast as a proxy for revenue growth in FY2023 and FY2024, the projected revenue for existing portfolio in FY2023 and FY2024 would be S\$47.3 million and S\$48.7 million as follows:

- Projected Fee-based revenue for existing portfolio in FY2023= S\$46.0 million (FY2022 actual) x 102.80% (expected growth rate) = S\$47.3 million
- Projected Fee-based revenue for existing portfolio in FY2024= S\$47.3 million (FY2023 projected) x 103.0% (expected growth rate) = S\$48.7 million

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

Exhibit 44: Projected Fee-based Revenue for Existing Portfolio for FY2023 and FY2024

Fee-based segment S\$'000	Actual	Forecast	
	FY2022	FY2023	FY2024
Revenue from existing portfolio	45,993	47,281	48,699

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 9 hotels/resorts expected to be opened in 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	No of Keys
Indonesia	Homm Saranam Baturiti	Q1-2023	80
China	Dhawa Jinan Damin Lake, Shandong	Q1-2023	100
Vietnam	Angsana Ho Tram	Q2-2023	113
Vietnam	Angsana Quan Lan (Ph1 Hotel)	Q2-2023	156
Vietnam	Dhawa Ho Tram	Q2-2023	162
China	Garrya Xianju	Q3-2023	195
Cambodia	Angsana Siem Reap	Q4-2023	158
Mexico	Bayan Tree Veya Valle de Guadalupe	Q4-2023	30
Vietnam	Garrya Mu Cang Chai, Yen Bai	Q4-2023	108

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. We would consider the hotel to be operational for 2 quarters to be 182 days, 3 quarters to be 274 days and 4 quarters to be 365 days. Taking Garrya Xianju, a 195-key hotel that is expected to be opened in 3Q2022 as example:

- Weighted increase in revenue contribution for Garrya Xianju for FY2023 = $[195/ 8731 \text{ (total number of keys managed by BTH as at FY2022)} \times (182 \text{ days} / 365 \text{ days}) = 1.1\%$
- Weighted increase in revenue contribution for Garrya Xianju for FY2024 = $[195/ 8731 \text{ (total number of keys managed by BTH as at FY2022)} \times (182 \text{ days} / 365 \text{ days}) = 2.2\%$

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 7.7% and 12.6% in FY2023 and FY2024 respectively, as shown in **Exhibit 46** on the next page.

Exhibit 46: Projected Weighted Increase in Revenue Contribution for FY2023 and FY2024

Name of hotel/resort	Expected Opening	No of Keys	% increase in keys	Number of operating days ⁽¹⁾	Weighted increase in revenue contribution
FY2023					
Homm Saranam Baturiti	Q1-2023	80	0.9%	365	0.9%
Dhawa Jinan Damin Lake, Shandong	Q1-2023	100	1.1%	365	1.1%
Angsana Ho Tram	Q2-2023	113	1.3%	274	1.0%
Angsana Quan Lan (Ph1 Hotel)	Q2-2023	156	1.8%	274	1.3%
Dhawa Ho Tram	Q2-2023	162	1.9%	274	1.4%
Garrya Xianju	Q3-2023	195	2.2%	182	1.1%
Angsana Siem Reap	Q4-2023	158	1.8%	91	0.5%
Bayan Tree Veya Valle de Guadalupe	Q4-2023	30	0.3%	91	0.1%
Garrya Mu Cang Chai, Yen Bai	Q4-2023	108	1.2%	91	0.3%
Total for FY2023		1102	5.1%	-	7.7%
FY2024					
Homm Saranam Baturiti	Q1-2023	80	0.9%	365	0.9%
Dhawa Jinan Damin Lake, Shandong	Q1-2023	100	1.1%	365	1.1%
Angsana Ho Tram	Q2-2023	113	1.3%	365	1.3%
Angsana Quan Lan (Ph1 Hotel)	Q2-2023	156	1.8%	365	1.8%
Dhawa Ho Tram	Q2-2023	162	1.9%	365	1.9%
Garrya Xianju	Q3-2023	195	2.2%	365	2.2%
Angsana Siem Reap	Q4-2023	158	1.8%	365	1.8%
Bayan Tree Veya Valle de Guadalupe	Q4-2023	30	0.3%	365	0.3%
Garrya Mu Cang Chai, Yen Bai	Q4-2023	108	1.2%	365	1.2%
Total for FY2024		1102	12.6%	-	12.6%

⁽¹⁾ Assuming 91 days a quarter and 365 days a year

Source: BTH, FPA Financial

Given the projected weighted increase in revenue contribution of 7.7% in FY2023 and 12.6% in FY2024, the projected fee based revenue from new hotels/resorts would be S\$3.7 million and S\$6.1 million for FY2023 and FY2024 respectively as follows:

- Projected fee based revenue from new hotels/resorts for FY2023 = 7.7% x S\$47.3 million (revenue from existing portfolio in FY2022) = S\$3.7 million
- Projected fee based revenue from new hotels/resorts for FY2024 = 12.6% x S\$48.7 million (revenue from existing portfolio in FY2024) = S\$6.1 million

Accordingly, the total projected fee-based revenue for FY2023 and FY2024 would be S\$50.9 million and S\$54.8 million respectively, as shown in **Exhibit 47**.

Exhibit 47: Total Projected Fee-based Revenue for FY2023 and FY2024

Fee-based segment S\$'000	Actual	Forecast	
	FY2022	FY2023	FY2024
Revenue from existing portfolio	45,993	47,281	48,699
Revenue from new hotels/resorts	-	3,654	6,147
Total Fee-based segment revenue	45,993	50,935	54,846

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 4, in FY2022, other income increased by S\$10.6 million mainly due to a gain on expiry of derivatives on convertible bonds and higher fair value gain on investment properties. 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 3-year average other income of S\$12.9 million $= [(\$1.7 \text{ million (FY2020 actual)} + \$13.2 \text{ million (FY2021 actual)} + \$23.8 \text{ million (FY2022 actual)}) / 3]$ between FY2020 and FY2022 for our projections for FY2023 and FY2024 as shown in **Exhibit 48**.

Exhibit 48: Projected Other Income for FY2023 and FY2024

S\$'000	Actual			Forecast	
	FY2020	FY2021	FY2022	FY2022	FY2023
Other income	1,747	13,224	23,782	12,918	12,918

Source: BTH, FPA Financial

(e) Total Revenue

Given our projected revenue for each business segment, the forecasted revenue for FY2023 and FY2024 would be S\$345.1 million and S\$422.7million respectively, as shown in **Exhibit 49**.

Exhibit 49: Projected Total Revenue for FY2023 and FY2024

[S\$'000]	Actual		Forecast	
	FY2021	FY2022	FY2023	FY2024
Hotel investments	59,490	134,496	150,510	192,964
Property sales	122,788	90,839	130,765	161,961
Fee-based segment	38,950	45,993	50,935	54,846
Other income	13,224	23,782	12,918	12,918
Total revenue	234,452	295,110	345,127	422,689

Source: BTH, FPA Financial

(II) Earnings Projection

Given our projected revenue figures for FY2023 and FY2024, 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 FY2022, the cost ratio of cost of operating supplies to hotel investments revenue was between 12.6% and 16.7%. For our FY2023 and FY2024 projections, we would adopt the average cost ratio of 15.0% $= [(15.6\% + 16.7\% + 12.7\%) / 3]$. Accordingly, the projected cost of operating supplies for FY2023 and FY2024 would amount to S\$22.6 million and S\$28.9 million respectively, as shown in **Exhibit 50**.

Exhibit 50: Projected Cost of Operating Supplies for FY2023 and FY2024

S\$'000	Actual			Forecast	
	FY2020	FY2021	FY2022	FY2023	FY2024
Hotel Investments Revenue	62,176	59,490	134,496	150,510	192,964
Cost of operating supplies	(9,682)	(9,916)	(17,147)	(22,571)	(28,938)
% of Hotel Investments	15.6%	16.7%	12.7%	15.0%	15.0%

Source: BTH, FPA Financial

Cost of Properties Sold

As mentioned on page 4, cost of properties sold moved in line with Property Sales revenue recognised during the period. We note that for FY2021, the percentage of property sales to cost 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. We also note that the average percentage of property sales to cost for the past 3 years is 63.23% $= [(52.14\% (FY2020) + 82.11\% (FY2021) + 55.45\% (FY2022)) / 3]$. Hence, we would assume the average cost ratio of cost of properties sold to property sales revenue of 63.23% to forecast the cost of properties sold for FY2023 and FY2024. Accordingly, projected cost of properties sold would be S\$82.7 million and S\$102.4 million for FY2023 and FY2024 respectively, as shown in **Exhibit 51**.

Exhibit 51: Projected Cost of Properties Sold for FY2023 and FY2024

S\$'000	Actual			Forecast	
	FY2020	FY2021	FY2022	FY2023	FY2024
Property Sales Revenue	69,398	122,788	90,839	130,765	161,961
Cost of properties sold	(36,186)	(100,824)	(50,367)	(82,688)	(102,414)
% of Property Sales	52.14%	82.11%	55.45%	63.23%	63.23%

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% yoy increase in salaries and related expenses in FY2023 compared to FY2022, and a further increase of 10% yoy in FY2024. The summary of the projected salaries and related expenses is shown in **Exhibit 52**.

Exhibit 52: Projected Salaries and Related Expenses for FY2023 and FY2024

S\$'000	Actual	Forecast			
	FY2022	FY2023	% Change	FY2024	% Change
Salaries and related expenses	(73,432)	(77,104)	5%	(84,814)	10%

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% yoy increase in administrative expenses in FY2023 compared to FY2022, and a further increase of 10% yoy in FY2024. The summary of the projected administrative expenses is shown in **Exhibit 53**.

Exhibit 53: Projected Administrative Expenses for FY2023 and FY2024

S\$'000	Actual	Forecast			
	FY2022	FY2023	% Change	FY2024	% Change
Administrative expenses	(50,277)	(52,791)	5%	(58,070)	10%

Source: BTH, FPA Financial

Sales and Marketing Expenses

With the Thai government's campaigns to revive tourism and hospitality sector, 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 FY2023 compared to FY2022, and a further increase of 10% yoy in FY2024. The summary of the projected sales and marketing expenses is shown in **Exhibit 54**.

Exhibit 54: Projected Sales and Marketing Expenses for FY2023 and FY2024

S\$'000	Actual	Forecast			
	FY2022	FY2023	% Change	FY2024	% Change
Sales and marketing expenses	(13,548)	(14,225)	5%	(15,648)	10%

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% yoy increase in other operating expenses for FY2023 compared to FY2022. We would assume a further increase of 10% yoy in FY2024. The summary of the projected other operating expenses is shown in **Exhibit 55**

Exhibit 55: Projected Other Operating Expenses for FY2023 and FY2024

S\$' 000	Actual	Forecast			
	FY2022	FY2023	% Change	FY2024	% Change
Other operating expenses	(48,471)	(50,895)	5%	(55,984)	10%

Source: BTH, FPA Financial

Impairment Loss on Financial Assets

As shown on **Exhibit 3**, BTH recorded a loss of S\$0.2 million in impairment losses on financial assets in FY2022. For FY2023 and FY2024, we would assume no impairment losses on financial assets.

Total Cost and Expenses

Consequently, the total projected cost and expenses for FY2023 and FY2024 would amount to S\$300.3 million and S\$345.9 million respectively, as shown in **Exhibit 56**.

Exhibit 56: Projected Total Cost and Expenses for FY2023 and FY2024

[S\$'000]	Actual	Forecast	
	FY2022	FY2023	FY2024
Costs and expenses			
Cost of operating supplies	(17,147)	(22,571)	(28,938)
Cost of properties sold	(50,367)	(82,688)	(102,414)
Salaries and related expenses	(73,432)	(77,104)	(84,814)
Administrative expenses	(50,277)	(52,791)	(58,070)
Sales and marketing expenses	(13,548)	(14,225)	(15,648)
Other operating expenses	(48,471)	(50,895)	(55,984)
Impairment losses on financial assets	(167)	-	-
Total costs and expenses	(253,409)	(300,273)	(345,868)

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\$19.1 million and amortisation expense amounted to S\$0.9 million in FY2022. We would assume the depreciation and amortisation expense to remain unchanged in FY2023 and FY2024 from FY2022, as shown in **Exhibit 57**.

Exhibit 57: Projected Depreciation and Amortisation Expenses for FY2023 and FY2024

[S\$'000]	Actual	Forecast	
	FY2022	FY2023	FY2024
Depreciation of property, plant and equipment and right-of-use assets	(19,086)	(19,086)	(19,086)
Amortisation expense	(894)	(894)	(894)

Source: BTH, FPA Financial

Net Finance Cost

As at 31 December 2022, BTH's total borrowings were S\$337.3 million and the interest expense on borrowings were S\$15.2 million. Hence, the estimated full year effective interest rate on BTH's borrowing would be approximately 4.50% = [S\$15.2 million (interest expense on borrowings in FY2022) / S\$337.3 million (total borrowings as at FY2022)].

According to Monetary Authority of Singapore (MAS), the average Singapore's SGS 10-year bond yield for FY2022 was 2.73% while the average 10-year bond yield for the first 4 months of FY2023 was 3.01%. The average Singapore's SGS 10-year bond yield for the first 4 months of FY2023 increased by 0.28 percentage points (ppts) = [3.01% (FY2023) – 2.73% (FY2022)] versus the average yield for FY2022 as shown in **Exhibit 58**.

Exhibit 58: Singapore SGS 10-Year Bond Yield

FY2022	10-year bond yield (%)	FY2023	10-year bond yield (%)
Jan-22	1.77%	Jan-23	2.97%
Feb-22	1.90%	Feb-23	3.34%
Mar-22	2.34%	Mar-23	2.94%
Apr-22	2.35%	Apr-23 ⁽¹⁾	2.78%
May-22	2.71%		
Jun-22	2.98%		
Jul-22	2.66%		
Aug-22	2.98%		
Sep-22	3.48%		
Oct-22	3.43%		
Nov-22	3.07%		
Dec-22	3.09%		
Average	2.73%	Average	3.01%

(1) As at 17 April 2023

Source: MAS, FPA Financial

Considering that the SGS 10-year bond yield increased by 0.28ppts in the first 4 months of FY2023 from the FY2022, we would assume the increase in SGS 10-year bond yield as a proxy for the increase in effective interest rate for FY2023. Accordingly, the effective interest rate for FY2023 would be 4.78% $= [4.50\% \text{ (FY2022)} + 0.28\%]$. For FY2024, we would assume the effective interest rate to remain unchanged at 4.78%.

Accordingly, the projected interest paid/ payable to banks for FY2023 and FY2024 would be S\$16.1 million, assuming no debt repayment or additional borrowings during these period, as follows:

- Projected interest expense on borrowings for FY2023 = $4.78\% \times \text{S\$}337.3 \text{ million (total borrowings as at 31 December 2022)} = \text{S\$}16.1 \text{ million}$
- Projected interest expense on borrowings for FY2024 = $4.78\% \times \text{S\$}337.3 \text{ million (total borrowings as at 31 December 2022)} = \text{S\$}16.1 \text{ million}$

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 FY2023 and FY2024, as recorded in FY2022.

For finance income, we noted that BTH's cash and short-term deposits were S\$92.8 million and interest received from banks were S\$0.2 million as at 31 December 2022. Hence, the estimated effective full year deposit rate on its cash and short-term deposit would be approximately 0.21% $= [\text{S\$}0.2 \text{ million (FY2022 interest received from banks)} / \text{S\$}92.8 \text{ million (cash and short-term deposits)}]$. As noted earlier, the SGS 10-year bond yield increased by 0.28ppts in the first 4 months of FY2023 from FY2023. Hence, we would assume the increase in SGS 10-year bond yield as a proxy for the increase in effective deposit rate for FY2023. Accordingly, the effective deposit rate for FY2023 would be 0.49% $= [0.21\% \text{ (FY2022)} + 0.28\%]$. Similarly, for FY2024, we would assume the effective deposit rate to maintain at 0.49%.

Given the above, the projected interest received from banks for FY2023 and FY2024 would amount to S\$0.5 million as follows:

- Projected interest received from banks for FY2023 = $0.49\% \times \text{S\$}92.8 \text{ million (total projected cash and short-term deposits)} = \text{S\$}0.5 \text{ million}$
- Projected interest received from banks for FY2024 = $0.49\% \times \text{S\$}92.8 \text{ million (total projected cash and short-term deposits)} = \text{S\$}0.5 \text{ million}$

We would also assume the interest accretion on amount due from associates, interest from long-term receivables from property sales and others to remain unchanged in FY2023 and FY2024 from FY2022.

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

Exhibit 59: Projected Net Finance Cost for FY2023 and FY2024

[\$\$'000]	Actual		Forecast	
	FY2021	FY2022	FY2023	FY2024
Finance income				
Interest received from banks	68	194	452	452
Interest accretion on amount due from associates	664	5,387	5,387	5,387
Interest from long-term receivables from property sales	1,966	1,478	1,478	1,478
Others	940	514	514	514
Total finance income	3,638	7,573	7,831	7,831
Interest expense on:				
Bank loans and bank overdrafts carried at amortised cost	(19,102)	(15,192)	(16,128)	(16,128)
lease liabilities	(2,248)	(2,335)	(2,335)	(2,335)
Convertible bonds	(5,286)	(3,568)	-	-
Modification loss on amount due from related parties	(13,703)	(1,633)	(1,633)	(1,633)
Less: interest expense capitalised in property development cost	365	47	47	47
Total finance cost	(39,974)	(22,681)	(20,049)	(20,049)
Net finance cost	(36,336)	(15,108)	(12,219)	(12,219)

Source: BTH, FPA Financial

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 FY2023 and FY2024, as recorded in FY2022.

Share of Results of Associates

As noted on page 6, BTH's share of results of associates decreased to a loss of S\$5.3 million in FY2022 from a gain of S\$2.6 million due to China's zero-Covid policy on domestic tourism and business travels. With the 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 FY2023 and FY2024.

The details of BTH's material associates as at 31 December 2022 are shown in **Exhibit 60**.

Exhibit 60: BTH's Material Associates (as at 31 December 2022)

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 profit of S\$12.7 million and S\$44.6 million for FY2023 and FY2024 respectively, as shown in **Exhibit 61**.

Exhibit 61: Projected Profit/ (Loss) before Taxation for FY2023 and FY2024

[S\$'000]	Actual	Forecast	
	FY2022	FY2023	FY2024
Revenue	271,328	332,210	409,771
Other income	23,782	12,918	12,918
Total Revenue	295,110	345,127	422,689
Costs and expenses			
Cost of operating supplies	(17,147)	(22,571)	(28,938)
Cost of properties sold	(50,367)	(82,688)	(102,414)
Salaries and related expenses	(73,432)	(77,104)	(84,814)
Administrative expenses	(50,277)	(52,791)	(58,070)
Sales and marketing expenses	(13,548)	(14,225)	(15,648)
Other operating expenses	(48,471)	(50,895)	(55,984)
Impairment losses on financial assets	(167)	-	-
Total costs and expenses	(253,409)	(300,273)	(345,868)
Operating Profit/ (Loss)	41,701	44,854	76,821
Depreciation of property, plant and equipment and right-of-use assets	(19,086)	(19,086)	(19,086)
Amortisation expense	(894)	(894)	(894)
Profit/ (Loss) from operations and other gains	21,721	24,874	56,841
Finance income	7,573	7,831	7,831
Finance cost	(22,681)	(20,049)	(20,049)
Share of results of associates	(5,328)	-	-
Profit / (Loss) before taxation	1,285	12,656	44,622

Source: BTH, FPA Financial

Income Tax Expense

Over the past 5 years, we note that the reported profit before tax recorded in FY2018 and FY2019 is most similar to our projected profit before tax for FY2023 and FY2024. Considering the above, we will proxy our income tax expense projections for FY2023 and FY2024 based on FY2018's and FY2019's tax expense. Given the limited access to information relating to the components of the income tax expense, we would assume the percentage of each income tax expense component of its profit before tax as recorded in FY2018 and FY2019 as shown in **Exhibit 62**.

Exhibit 62: BTH's Income Tax Expense for FY2018 and FY2019

[S\$'000]	Actual				
	FY2018	% of profit before tax	FY2019	% of profit before tax	Average
Profit before tax	24,969	-	13,956	-	-
Income tax using Singapore tax rate of 17% (2019: 17%)	4,245	17.0%	2,373	17.0%	17.0%
Effect of different tax rates in other countries	(117)	(0.5%)	760	5.4%	2.5%
Expenses not deductible for tax purposes	8,921	35.7%	4,086	29.3%	32.5%
Tax exempt income	(7,871)	(31.5%)	(28)	(0.2%)	(15.9%)
Under/(Over) provision in respect of prior years	785	3.1%	(691)	(5.0%)	(0.9%)
Benefits from previously unrecognised tax loss	-	0.0%	-	0.0%	0.0%
Deferred tax assets not recognised	2,624	10.5%	1,346	9.6%	10.1%
Withholding tax	3,303	13.2%	2,854	20.4%	16.8%
Expiry or write-off of previously recognised deferred tax ass	476	1.9%	808	5.8%	3.8%
Share of results of associates	(1,939)	(7.8%)	(81)	(0.6%)	(4.2%)
Share of results of joint ventures	149	0.6%	-	0.0%	0.3%
Income tax expense recognised in profit or loss	10,576	42.4%	11,427	81.9%	62.1%

Source: BTH, FPA Financial

Accordingly, adopting the percentage of profit before tax for each of the items for BTH's income tax expense, our projected income tax expense for FY2023 and FY2024 would be S\$7.9 million and S\$27.7 million respectively as shown in **Exhibit 63**.

Exhibit 63: Projected Income Tax Expense for FY2023 and FY2024

[S\$'000]	Average	Projected	
		FY2023	FY2023
Profit before tax	-	12,656	44,622
Income tax using Singapore tax rate of 17% (2019: 17%)	17.0%	2,152	7,587
Effect of different tax rates in other countries	2.5%	315	1,110
Expenses not deductible for tax purposes	32.5%	4,113	14,504
Tax exempt income	(15.9%)	(2,007)	(7,078)
Benefits from previously unrecognised tax loss	(0.9%)	(114)	(403)
Under/(Over) provision in respect of prior years	0.0%	-	-
Deferred tax assets not recognised	10.1%	1,275	4,497
Withholding tax	16.8%	2,131	7,514
Expiry or write-off of previously recognised deferred tax assets	3.8%	487	1,717
Share of results of associates	(4.2%)	(528)	(1,862)
Share of results of joint ventures	0.3%	38	133
Income tax expense recognised in profit or loss	62.1%	7,861	27,718

Source: BTH, FPA Financial

(Loss)/ Profit after Taxation

Adjusted for tax expense, total projected profit for FY2023 would be S\$4.8 million and total projected profit for FY2024 would be S\$16.9 million as follows:

- Total projected loss after taxation for FY2023 = S\$12.7 million (FY2023 profit before income tax) – S\$7.9 million (FY2023 income tax)] = S\$4.8 million
- Total projected profit after taxation for FY2024 = S\$44.6 million (FY2024 profit before income tax) – S\$27.7 million (FY2024 income tax) = S\$16.9 million

We note that percentage of non-controlling interest to revenue vary from -4.18% to 0.53% between FY2018 and FY2022 as shown in **Exhibit 64**.

Exhibit 64: Percentage of Non-Controlling Interest To Revenue

[S\$'000]	Actual				
	FY2018	FY2019	FY2020	FY2021	FY2022
Revenue	372,214	352,781	159,579	234,452	295,110
Attribution to:					
Owners of the Company	13,471	651	(95,838)	(55,192)	767
Non-controlling interest	922	1,878	(6,670)	(6,082)	(194)
% of non-controlling interest to Revenue	0.25%	0.53%	-4.18%	-2.59%	-0.07%

Source: BTH, FPA Financial

In terms of revenue, our projected revenue for FY2023 and FY2024 is S\$345.1 million and S\$422.7 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 FY2023 and FY2024. Accordingly, the projected non-controlling interest for FY2023 and FY2024 would amount to S\$1.6 million and S\$1.7 million as follows:

- Projected non-controlling interest for FY2023 = 0.53% x S\$345.1 million (projected revenue for FY2023) = S\$1.8 million
- Projected non-controlling interest for FY2024 = 0.53% x S\$422.7 million (projected revenue for FY2024) = S\$2.3 million

Accordingly, profit attributable to owners of the company for FY2023 and FY2024 would amount to S\$3.0 million and S\$14.7 million respectively as shown in **Exhibit 65** on the next page.

Exhibit 65: Projected Profit / (Loss) After Taxation for FY2023 and FY2024

[\$'000]	Actual	Forecast	
	FY2022	FY2023	FY2024
Revenue	271,328	332,210	409,771
Other income	23,782	12,918	12,918
Total Revenue	295,110	345,127	422,689
Costs and expenses			
Cost of operating supplies	(17,147)	(22,571)	(28,938)
Cost of properties sold	(50,367)	(82,688)	(102,414)
Salaries and related expenses	(73,432)	(77,104)	(84,814)
Administrative expenses	(50,277)	(52,791)	(58,070)
Sales and marketing expenses	(13,548)	(14,225)	(15,648)
Other operating expenses	(48,471)	(50,895)	(55,984)
Impairment losses on financial assets	(167)	-	-
Total costs and expenses	(253,409)	(300,273)	(345,868)
Operating Profit/ (Loss)	41,701	44,854	76,821
Depreciation of property, plant and equipment and right-of-use assets	(19,086)	(19,086)	(19,086)
Amortisation expense	(894)	(894)	(894)
Profit/ (Loss) from operations and other gains	21,721	24,874	56,841
Finance income	7,573	7,831	7,831
Finance cost	(22,681)	(20,049)	(20,049)
Share of results of associates	(5,328)	-	-
Profit / (Loss) before taxation	1,285	12,656	44,622
Income tax expense	(712)	(7,861)	(27,718)
Profit / (Loss) after taxation	573	4,794	16,904
Attribution to:			
Owners of the Company	767	2,957	14,654
Non-controlling interest	(194)	1,837	2,250

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 total number of ordinary shares outstanding of 866,847,808 shares as at 31 December 2022, for our EPS projections for FY2023 and FY2024. Accordingly, we projected an earnings per share of 0.34 cents and 1.69 cents for FY2023 and FY2024 respectively as shown in **Exhibit 66**.

Exhibit 66: Projected Earnings/ (Loss) Per Share for FY2023 and FY2024

[S\$'000]	Actual	Forecast	
	FY2022	FY2023	FY2024
Profit/ (loss) attributable to owners of the Company	767	2,957	14,654
Weighted average number of ordinary shares	864,168,450	866,847,808	866,847,808
Earnings per share attributable to owners of the Company (in cents):	0.09	0.34	1.69

Source: BTH, FPA Financial

(III) Dividends projection

In its financial report for FY2022, BTH did not recommend any dividend for FY2022. Even though its operating performance of its hotels had improved progressively in FY2022, it had not reach pre-Pandemic level. Hence, BTH decided to continue to adopt a prudent and cost discipline approach.

For FY2023, we would assume no dividends to be paid. For FY2024, with an earnings per share of 1.69 cents, we would expect BTH to distribute some dividend. According to Singapore Exchange Limited (SGX), BTH last paid a dividend of 1.05 cents per share for FY2018. We note that in FY2018, earnings per share amounted to 1.60 cents. Hence, with an estimated earnings per share of 1.69 cents for FY2024, we would be conservative and assume a dividend distribution of 1.05 cents for FY2024.

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 67**.

Exhibit 67: Peer Comparison

Company	SGX code	Price (S\$) as at 25 April 2023	Market cap (S\$ million)	EPU ⁽¹⁾ (cents)	P/E (x)	DPU (cents)	Dividend yield (%)	NAV per share ⁽²⁾ (S\$)	P/B (x)
Banyan Tree Holdings	B58	0.370	320.73	0.09	411.11	-	-	0.56	0.66
Peer companies:									
Hotel Properties Limited	H15	3.540	1,845.40	12.65	27.98	5.00	1.41	3.16	1.12
Mandarin Oriental International ⁽³⁾	M04	1.830	2,312.57	(3.92)	NM	-	-	2.61	0.70
Amara Holdings Limited	A34	0.330	190.39	1.12	29.46	0.50	1.52	0.68	0.49
Stamford Land Corporation Limited ⁽⁴⁾	H07	0.400	597.51	1.67	23.95	0.50	1.25	0.48	0.83
Peer average	-	-	-	-	27.13	-	1.39	-	0.79

(1) 12-month trailing diluted EPS based on latest financial statements

(2) As at 31 December 22

(3) Currency in US\$

(4) NAV per share as at 31 September 22

Source: Respective company data, FPA Financial

Based on the results in **Exhibit 67** above, we note that BTH is currently trading at a P/B multiple of 0.66x, which is lower than the peer average P/B of 0.79x, which may suggest that it is undervalued at the current share price of S\$0.370. Adopting a relative valuation approach, we estimate a target price of S\$0.442 if BTH were to trade at the peer average P/B multiple of 0.79x as follows:

➤ Estimated target price = [peer average P/B] x [BTH's NAV per share] = 0.79 x S\$0.56 = S\$0.442

The estimated target price of S\$0.442 would imply a upside potential of 19.46% from the current price of S\$0.370.

(II) Potential BTH Privatisation

We noted that Mr Ho KwonPing, the founder of Banyan Tree Holdings, and families are deemed to hold 42.41% stake in BTH, comprising of direct interest of 16,000,000 units and deemed interest of 351,577,882 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\$0.370 as at 25 April 2023, which represents a 34% discount to NAV per share of S\$0.56 as at 31 December 2022. Given the increasing trend of privatisation offers for SGX-listed companies within the past year and that BTH is trading at approximately 32% 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. After reviewing 22 privatisation offers, we shortlisted 9 privatisation offers which we deemed to be similar to BTH. The average price premium of the 9 privatisation offers was 37.4% as shown in **Exhibit 68**.

Exhibit 68: Privatization offers for SGX-listed Companies

Target	Acquirer	Currency	Last transaction ⁽¹⁾		Offer price per share	Price premium ⁽²⁾
			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%
Boustead Projects	Boutstead Singapore	SGD	6-Feb-23	0.840	0.900	7.1%
Average						37.4%

(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 families hold approximately 42.41% stake in BTH, which means that he would need to acquire the remaining 57.59% to privatise the company. This equates to S\$184.71 million in market capitalisation at the current price of S\$0.370 = [57.59% x current market capitalisation of S\$320.73 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%, 37.4% and 57.3% for scenario 1, 2 and 3 respectively. Scenario 1 represents the 12th percentile, scenario 2 represents the average and scenario 3 represents the 78th percentile of the 9 privatization offers. The estimated acquisition cost for scenario 1, 2 and 3 would be S\$200.1 million, S\$253.8 million and S\$290.6 million respectively as shown in **Exhibit 69**.

Our base scenario would be scenario 2. With a 37.4% average privatisation price premium, the estimated acquisition cost to privatise BTH would be approximately S\$0.508 per share which would be equivalent to a total cost of S\$253.8 million = [137.4% x 184.71 million] as shown in **Exhibit 69**.

Exhibit 69: 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	0.370	8.3%	0.401	200.1
2	0.370	37.4%	0.508	253.8
3	0.370	57.3%	0.582	290.6

Source: FPA Financial

Meanwhile, we also noted that as at 8 March 2023, Qatar Investment Authority, BTH's second largest substantial shareholder is deemed to hold 205,870,443 shares, representing 23.75% stake in BTH as shown in **Exhibit 70**. 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 70: BTH's Register of Substantial Shareholders

Substantial Shareholders	Percentage of shares held ⁽¹⁾
Mr Ho and Families	42.41%
Qatar Investment Authority	23.75%
Goodview Properties Pte Ltd	5.02%

⁽¹⁾ Based on the no. of issued shares as at 8.03.23

Source: BTH, FPA Financial

Considering the above, the consortium of Mr Ho and families and QIA would hold approximately 66.16% stake in BTH = [42.41% (stakes held by Mr Ho and families) + 23.75% (stakes held by QIA)]. This means that the consortium would need to acquire the remaining 33.84% to privatise the company. This equates to S\$108.54 million in market capitalisation at the current price of S\$0.370 = [33.84% x current market capitalisation of S\$320.73 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%, 37.4% and 57.3% for scenario 1, 2 and 3 respectively. Scenario 1 represents the 12th percentile, scenario 2 represents the average and scenario 3 represents the 78th percentile of the 9 privatization offers. The estimated acquisition cost for scenario 1, 2 and 3 would be S\$117.6 million, S\$149.1 million and S\$170.8 million respectively as shown in **Exhibit 71**.

Our base scenario would be scenario 2. With a 37.4% average privatisation price premium, the estimated acquisition cost to privatise BTH would be approximately S\$0.508 per share which would be equivalent to a total cost of S\$149.1 million = [137.4% x 108.54 million] as shown in **Exhibit 71**.

Exhibit 71: 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	0.370	8.3%	0.401	117.6
2	0.370	37.4%	0.508	149.1
3	0.370	57.3%	0.582	170.8

Source: FPA Financial

INVESTMENT RECOMMENDATION

Based on BTH's reported book value of S\$0.56 as at 31 December 2022, it currently has a P/B of 0.66x and is trading at a discount of approximately 34% to NAV.

Meanwhile, our peer comparison analysis results show that BTH's P/B of 0.66x is lower than the peer average P/B of 0.79x, which suggest that it could be undervalued. We adopted a relative valuation approach to derive an estimated target price of S\$0.442 if BTH were to trade at its peer average P/B of 0.79x.

The recent lifting of COVID-19 related travel restrictions in China is a significant step for the recovery of the tourism sector in Asia and the Pacific and worldwide. The resumption of travel from China is likely to benefit Asian destinations where most of our resorts are located. With global tourism recovering, BTH's performance has improved in FY2022 as compared to FY2021. Furthermore, as tourism continues to recover at a strong pace as restrictions ease and confidence returns, we believe BTH's financial performance will improve. 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 9 new hotels 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\$0.508 per share, representing a price premium of 37.4%.

Considering the above, we will maintain our buy recommendation on BTH. Our target price of S\$0.442 implies a potential upside of 19.46% from the current share price of S\$0.370. 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) and Thai Baht. The foreign currencies in which these transactions are denominated are mainly USD. As at 31 December 2022, approximately 16% and 4% of BTH's receivables and payables respectively, are denominated in foreign currencies. We note that there is a possibility that SGD could strengthen. This would imply a reduction in revenue when foreign currency earnings in USD or Thai Baht 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\$1.3 million as shown in **Exhibit 72**.

Exhibit 72: Sensitivity analysis of currency risk on BTH's (Loss)/ Profit before taxation in FY2022

S\$'000		(Loss)/Profit before Taxation (FY2022)
USD/ Baht	Strengthened 5%	27
	Weakened 5%	(27)
USD/SGD	Strengthened 5%	1,343
	Weakened 5%	(1,343)

Source: BTH

(II) Weak Global Economic Recovery

Global growth is slowing sharply in the face of elevated inflation, higher interest rates, bank stresses, concerns over earnings and geopolitical risks. The rise in central bank rates to fight inflation and Russia's war in Ukraine continue to weigh on economic activity. In its latest World Economic Outlook, the International Monetary Fund (IMF) projects the global economy growth to fall from 3.4% in 2022 to 2.8% in 2023, before settling at 3.0% in 2024.

Given fragile economic conditions, any new adverse development—such as higher-than-expected inflation, abrupt rises in interest rates to contain it, a resurgence of the COVID-19 pandemic, or escalating geopolitical tensions—could push the global economy into recession. Given this, it is possible that inflation will rise even more, global growth will continue to slow down, and this will hinder the recovery of the world economy. This could weigh on consumer, business & tourist spending which will negatively affect the performance of BTH's earnings going forward.

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