

RESPONSE TO QUESTIONS FROM SECURITIES INVESTORS ASSOCIATION (SINGAPORE) ON ANNUAL REPORT 2022

Question 1:

- (i) Can management help shareholders better understand the significance of China’s reopening and its potential impact on the group? Specifically, how is the group positioned to capture (a) the potential uplift in the domestic China market which reopened to international travellers after three years of closure and (b) the rebound of outbound Chinese travellers and buyers staying at and investing in the group’s resorts and residences?**

Response:

The reopening of China and the unwinding of pent-up demand will serve as a positive tailwind for Asia tourism especially for Thailand and Maldives. Similarly, the domestic market will benefit from the inbound travellers.

Even though the number of international flights from China has risen since the announcement of its reopening in January; as of Q1’2023, the number of flights from China only returned to 20% of the level in the same period of 2019.

This means that there is still plenty of room for further recovery, which would create positive knock-on effects on the tourism business in Asia when international air routes are fully returning as well as the rebound of outbound Chinese buyers investing in the group’s resorts and residences.

The Group has several Sales Offices and Representatives for Property Sales and Hotels in China, where we launched digital campaigns such as “The First Trip China Edition” and Banyan Tree Roadshows covering Beijing, Shanghai, and Guangzhou.

- (ii) Has management made adjustments to its business model and strategies in light of the diminishing availability of cheap liquidity and the potential risks of a recession or hard landing faced by global economies?**

Response:

We are moving towards an asset-light strategy with lesser investments and green-field projects where we continue to expand our fee-based income through more Hotel Management Agreements (HMAs). 20 new contracts (mainly HMAs) were signed in 2022.

As of YE2022, we have 63 hotels globally of which 50 (79%) is managed, and based on our projected pipeline growth, there would be 44 new managed hotel openings in the next 3 years which will increase the proportion of managed hotels to 89%.

Question 2:

- (i) What are the roles of the directors in the governance framework to drive, govern and manage the sustainability function within the group beyond the four quarterly board meetings a year?**

Response:

The Group convenes specialized Board consultation sessions on Sustainability as and when strategic topics arise and take specific agenda points into sub-committees such as the Remuneration Committee (RC) for guidance. For example, the RC platform discusses the implementation framework for linking ESG KPIs to executive compensation.

- (ii) Is the board considering the formation of a sustainability steering committee and the appointment of a chief sustainability officer to consolidate its efforts in this area?**

Response:

2022 is a baseline year for the Group's refreshed materiality assessment, which was conducted at the end 2021, which focuses on 5 main areas of waste, water, biodiversity, climate and DEI. Management is also completing a full Scope 1 to Scope 3 emissions baseline for the Group's major entities for 2022 by the end of this year.

Given this, in 2023 as specialized consultation sessions continue on a need-basis, the Board will also consider the appropriate timing for a Sustainability Steering Committee.

In terms of operationalizing initiatives, management has distributed execution accountability to key functions throughout operations and 4 geographic clusters as of this year. This is part of a stakeholder-driven approach to drive action.

Centrally, management will maintain an HQ function to govern core global ESG programs, data monitoring, and the governance of Banyan Tree Global Foundation's funds.

- (iii) How is the board actively working to prevent greenwashing in its sustainability initiatives?**

Response:

The refreshed framework of the 17th Sustainability Report focuses on 5 main areas as mentioned above with clear KPIs and measurables as well as baseline comparisons.

In our Sustainability Report 2022, we have adopted the Task Force for Climate-Related Financial Disclosures (TCFD) recommendations and included direct emissions from owned and managed operations (hotels, offices, spas, galleries, golf) (Scope 1 emissions) and indirect emissions from the consumption of purchased electricity, steam, heat and cooling (Scope 2 emissions). In 2023, we are measuring baseline Scope 3 emissions and will expand our baseline scope to include major subsidiaries.

Qualitative reporting on initiatives continues which gives color to the diversity of our impact initiatives, given our operating footprint in multiple communities.

Question 3:

- (i) Can the board provide insights for shareholders on whether the group faces any sanctions-related risks, as identified in the Regulator's Column?**

Response:

Property Sales saw strong momentum throughout the year, setting new records despite global geopolitical and economic uncertainty. 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 our strongest source of buyers in 2022. 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.

Potential sanctions-related risks:

- 1) Russian banks suspended from SWIFT system for international transfers of funds/settlements
 - Limits the ability of property buyers to transfer funds for the purchase of the property.
 - Risk of payment default/inability to purchase.

While many banks were suspended, a limited number of banks were not subject to sanctions, thereby enabling Russian buyers to still transfer funds. Further, alternative international settlement systems are available other than SWIFT. We continue to closely monitor the situation and have not seen a significant increase in long overdue receivables or contract defaults. Transfer of ownership does not occur until the property is completed and handed over and the full purchase price is settled. In the event of a contract default for non-payment, the group retains all the amounts paid by the purchaser, and the forfeited property is passed back to the group which then can resell it.

- 2) Russians limited or restricted from travelling / purchasing of property in Thailand
 - Limits ability of a key source market from purchasing our product and service offerings

No current restrictions are imposed by Thailand. Restrictions imposed by other countries such as in Western Europe have likely assisted in the increased % of Russian buyers in Thailand, which remains one of their favoured destinations.

- (ii) How are the board and the audit committee actively monitoring and managing this risk?**

Response:

The Group has identified Macroeconomic risk and liquidity/cashflow/credit risk. These are reviewed by the Group Risk Committee regularly and reported to the ARC/Board when the risk increases. In the past year, there was no escalation of these risks as we have the controls in place to monitor key markets and their contributions. We have established workflows/processes to manage the situation (as mentioned above), for example, the establishment of a remittance workflow to monitor the collections from Russian Buyers.

By Order of the Board

Eddy See Hock Lye
Chief Executive Officer
24 April 2023