



### Performance Overview

In 2017 Singha Estate Public Company Limited (“the Company” or “Singha Estate”) reported a consolidated net profit of Bt572mn, representing a growth of 236% YoY with an increase in total revenue of 81% YoY. These were mainly from a (one-time) recognition of an upfront 50-year lease payment of a certain office space at Singha Complex and higher contribution from residential business of Nirvana Daii Public Company Limited (“NVD”), a 52%-owned subsidiary of Singha Estate, invested in January 2017. Likewise, net profit jumped from increased revenues.

Likewise, as for 4Q17, revenues reached Bt2,564mn, grew by 80% YoY and 141% QoQ, with an improvement in net earnings from net losses in 4Q16 and 3Q17 to a net profit of Bt654mn in this quarter, mainly from the recognition of the lease payment of Singha Complex.

---

### Major Developments in 2017

- Approved in the EGM 1/2016, in 1H17 the Company acquired 60% stake in NVD, previously called Daii Group Plc. (“DAII”), through the following transactions:
  - a) A 56% investment in DAII through an acquisition of DAII’s newly issued shares in January, in exchange for transfer of the Company’s 51% stake in Nirvana Development Co., Ltd. (“Nirvana”) and two land plots (in Rattanathibet and Bangrakyai) to DAII; and
  - b) An additional acquisition of ordinary shares of DAII through tender offer.

Following the above transactions, DAII changed its company name from DAII to NVD.

- In February, the Company launched ‘The ESSE at Singha Complex’ – a luxury condominium project located at the corner of Asoke-Montri and Phetchaburi Roads. At the end of FY2017, sales progress reached 91%. The project is due to complete in 3Q19.
- In February, the Company partnered-up with HKL (Thai Developments) Limited, a subsidiary of a global developer Hongkong Land Holdings Limited, to jointly develop ‘The ESSE Sukhumvit 36’ – a luxury condominium project on Sukhumvit 36.
- Approved in the 2017 AGM, in July 2017 the Company completed the following fund-raising transactions:
  - a) A capital increase – issuance and offering 400 million new ordinary shares to institutional investors by way of Private Placement, totaling approximately Bt1,664mn, and
  - b) Issuance of new debts – issuance and offering convertible bonds (US\$ currency, SGX listed, 2% p.a. coupon) worth US\$180mn to institutional investors.

- In November, the Company launched ‘The ESSE Sukhumvit 36’ – a luxury condominium project located at the corner of Sukhumvit 36 (20 meters away from BTS Thong Lor Station). At the end of FY2017, sales progress reached 46%. The project is due to complete in 3Q20.
- In December, the Company transferred an approximately 20% of total net leasable area (“NLA”) office space at Singha Complex to an anchor tenant and recognized upfront 50-year lease payments.

## Performance Summary

### Consolidated Statement of Comprehensive Income

(Unit: Bt.mn)	4Q16	3Q17	4Q17	% QoQ	% YoY	FY2016	FY2017	% YoY
<b>Revenues</b>	1,421	1,064	2,564	141%	80%	3,233	5,858	81%
- Residential	1,017	625	501	(20%)	(51%)	1,563	2,388	53%
- Hotel	237	233	270	16%	14%	968	1,074	11%
- Commercial	141	149	1,673	1026%	1085%	578	2,114	266%
- Construction materials	0	30	90	203%	n/a	0	173	n/a
- Others	25	29	30	5%	22%	125	109	(12%)
<b>Gross profit</b>	537	384	1,186	209%	121%	1,311	2,434	86%
SG&A expenses	(385)	(345)	(433)	25%	13%	(1,118)	(1,569)	40%
Other income	48	56	113	103%	134%	424	327	(23%)
<b>EBITDA</b>	166	91	1,077	1081%	549%	727	1,485	104%
<b>EBT</b>	46	(82)	883	n/a	n/a	219	859	292%
<b>Net profit (loss) after NCI</b>	(40)	(54)	654	n/a	n/a	170	572	236%
<b>Performance without non-operating items <sup>1</sup></b>								
<b>EBITDA</b>	337	152	148	(3%)	(56%)	797	753	(6%)

*Note: <sup>1</sup> includes gain (loss) from foreign exchange rate, professional fees in relation to M&A activity, sales & marketing expenses for the launch of new residential projects, write-off/impairment of asset, one-time income/expense, etc.*

### Total Revenues

In 4Q17, Singha Estate reported consolidated total revenues of Bt2,564mn, representing a growth of 80% YoY and 141% QoQ. A full-year comparison also showed an increase of 81% YoY in total revenues. The improvement was attributed to a (one-time) recognition of 50-year lease payment on office space at Singha Complex, amounted to Bt1,530mn, upon a transfer of office space at Singha Complex to an anchor tenant in December, as mentioned previously. Residential and commercial property businesses were the Company’s key revenue contributors, contributing 41% and 36% of total revenues in the FY2017.

### Residential Business

As the Company’s high-rise projects – namely ‘The ESSE Asoke’ (76% sales progress, tentative transfer in December 2018), ‘The ESSE at Singha Complex’ (91% sales progress, tentative transfer in 3Q19), and ‘The ESSE Sukhumvit 36’ (46% sales progress, tentative transfer in 3Q20) – are under development, the reported revenues were from sales of housing units and home building services of the 52%-owned NVD.

The initiative to expand residential business to landed property took place in April 2015, whereby Singha Estate invested in Nirvana, a mid-sized housing development company with significant long-term growth potentials. Overcoming challenges, Nirvana underwent a reverse acquisition in January 2017 and it is now incorporated and listed in mai under NVD. The Company’s landed property business unit has proved itself and become the greatest revenue generator of Singha Estate in 2017.

In 2017, residential business registered its total revenues of Bt2,388mn, up by 53% YoY, reflecting the effectiveness of new marketing strategies and the launch of new product brand “DEFINE”.

### ***Hotel Business***

Performance of hotel business constitutes those of 100%-owned Santiburi Beach Resort & Spa (“Santiburi Beach”) and Phi Phi Island Village Beach Resort (“Phi Phi Village”). Performance of the 29 hotels (50% owned) in UK was recognized under Equity Method and separately presented under share of gain (loss) from investment in joint venture.

Hotel business recorded a revenue growth of 14% YoY in 4Q17 and 11% YoY in FY2017. During 2016, Phi Phi Village underwent a major renovation with partial closure of the resort and was back in full capacity in late 2016. Despite 45 villas in addition, the resort showed an increase in occupancy rate and revenue per available room or RevPar, resulting in greater revenues. On a QoQ basis, performance of hotel business grew by 16%, upon approaching high seasons of Thailand’s tourism (December – February).

#### Hotel Business: Operation Statistics

Operation statistics	4Q16	3Q17	4Q17	FY2016	FY2017
<b>Santiburi Beach</b>					
No. of rooms	77	77	77	77	77
Occupancy rate	59%	76%	54%	71%	71%
RevPar (YoY growth)	52%	(5%)	(14%)	45%	(3%)
<b>Phi Phi Village<sup>1</sup></b>					
No. of rooms	176	201	201	201	201
Occupancy rate	84%	86%	88%	84%	85%
RevPar (YoY growth)	21%	7%	6%	18%	5%
<b>Hotels in UK<sup>2</sup></b>					
No. of rooms	3,112	3,112	3,112	3,112	3,112
Occupancy rate	68%	82%	69%	70%	72%
RevPar (YoY growth)	4%	4%	4%	5%	5%

Note: <sup>1</sup> Excludes villas closed for renovation from April to November 2016.

<sup>2</sup> A 50%-owned business. Acquired 26 hotels (2,883 keys) in October 2015 and 3 hotels (229 keys) in December 2016.

### ***Commercial Property Business***

Performance of commercial property business constitutes those of a 3,000-sqm NLA retail space ‘The Lighthouse’, a large-scale office complex ‘Suntowers’, and the newly developed ‘Singha Complex’, a mixed-use development which is due for commercial operation in August 2018.

In 4Q17, commercial property business registered total revenues of Bt1,673mn, up by 1085% YoY and 1026% QoQ. Likewise, on a full-year basis, the business reported a significant growth of 266% YoY.

This was attributed to the one-time income of Bt1,530mn from a recognition of upfront 50-year lease payments of 20% NLA office space at Singha Complex upon a transfer of the space to an anchor tenant. Regardless of the one-time revenue, performance of this business was still a growth, mainly from a steady rental increase at Suntowers. While performance was strong and stable, Suntowers underwent various value enhancement projects, including refurbishment of common area, adding new retail tenants, conversion of a retail space (day-market format) to a 2-storey air-conditioned shopping place “Sun Plaza”. These projects enhanced competitiveness of the asset and led to strong occupancy rate and a gradual increase in effective rents of Suntowers.

#### Commercial Property: Operation Statistics

Operation statistics	4Q16	3Q17	4Q17	FY2016	FY2017
<u>Suntowers</u> <sup>1</sup>					
Net leasable area (sq.m)	58,819	59,010	59,010	58,819	59,010
Occupancy rate	93%	96%	96%	93%	96%
Effective rent (YoY growth)	6%	3%	6%	n/a	4%

Note: <sup>1</sup> Acquired in August 2015.

#### **Construction Material Business**

Performance of this business constitutes performance of manufacturing and sales of construction materials, e.g. finished fences, aluminum products, etc., which is one of NVD’s businesses. The business has been incorporated in the Company’s performance starting from January 2017 onwards. This business reported revenues of Bt90mn in 4Q17 and Bt173mn in FY2017.

#### **Other Business**

Performance of this part constitutes those of other business operations, e.g. property/hotel management service, project management service, etc.

As of 4Q17, the Company was engaged in two distinct project management services – a tourist facility project in Maldives (starting in 3Q16) and The ESSE Sukhumvit 36 (starting in 3Q17). In 4Q17, the Company registered revenues from this business of totaling Bt30mn, increased by 22% YoY and 5% QoQ from service fees of The ESSE Sukhumvit 36 project. Full-year comparison showed a revenue decrease by 12%, as that of FY2016 incorporated a Bt100mn front-end load service fee from the Maldives project which was booked in September 2016.

#### **Gross Profit**

4Q17 gross profit grew by 121% YoY and 209% QoQ, mainly from the recognition of the upfront lease payment of Singha Complex, as mentioned previously. Profit margin in this quarter stood at 46%, improved from 38% in 4Q16 and 36% in 3Q17. On a full-year basis, gross profit in FY2017 increased by 86% YoY to Bt2,434mn, representing a margin of 42% of total revenues.

#### **Other Income**

Other income constitutes interest income and non-operating income, e.g. gain from exchange rate, gain from fair value adjustment on investment property, amortization of derivatives, one-time income, etc.

In 4Q17, other income amounted to Bt113mn, which included Bt29mn interest income from loans to its UK joint venture and non-operating income of totaling Bt8mn. Compared to those of 4Q16 and 3Q17, other income increased by 103% YoY and 134% QoQ, due to increased interest income from proceed of the fund-raising activities in July. On a full-year basis, other income was down by 23%, as there was gain from exchange rate of Bt162mn incorporated in the preceding year performance.

### **Selling and Administrative Expenses**

Selling and administrative expenses (“SG&A”) constitute expenses on back office personnel, marketing and branding, office supplies, depreciations of hotel properties, and non-operating expenses, e.g. professional fees relating to M&A activity, loss from exchange rate, write-off/impairment of asset, etc.

Compared to that of the preceding year, SG&A in 4Q17 increased by 13% YoY and 25% QoQ, mainly due to three distinct sources:

- a) Additional SG&A expenses from NVD after business integration in January 2017
- b) Increase in employee benefits from issuances and offerings of warrants to purchase the Company’s ordinary shares to directors and employees No.1 (“ESOP-Warrant-1”) and No.2 (“ESOP-Warrant-2”)

Similarly, a full-year comparison showed 40% increase in SG&A. This was due to the additional SG&A expenses from NVD and increased employee benefits upon issuance of ESOP-Warrant-1 and ESOP-Warrant-2.

### **Financial Costs (Interest Expenses)**

In 4Q17, the Company incurred Bt126mn of financial costs, increased by 89% YoY and 7% QoQ, mainly from the convertible bonds issued in July 2017. Financial costs for FY2017 increased by 19% YoY from the issuance of convertible bonds, as previously mentioned.

---

## **Financial Position**

As at 31 December 2017, Singha Estate registered consolidated total assets of Bt40,910mn, grew by Bt10,318mn, or 34% from end of FY2016. This was a result of the following activities:

- a) The fund raising through a capital increase by way of Private Placement and an issuance of convertible bonds in US\$ currency. These were resulting in increases in Cash and Short-term investments.
- b) Sale of 49% stake in The ESSE Sukhumvit 36 to HKL (Thai Developments) Limited. The joint venture (51:49) led to a change in accounting treatment on this project, from previously Consolidation to Equity Method. This activity was resulting in a decrease in Cost of property development and an increase in Investment in joint-venture.

Likewise, total liabilities grew by Bt6,719mn, or 45% from end of FY2016. This was a compound effect of the following transactions:

- a) Increase in Debentures and Financial derivatives as a result of the issuance of the above-mentioned convertible bonds.
- b) Increase in Trade payable from deposits and down payments of The ESSE at Singha Complex and The ESSE Sukhumvit 36.

Total equity stood at Bt19,096mn, grew by 23% from end of FY2016, mainly from FY2017 net profit and the increase of capital, as previously mentioned.

## Capital Structure

*Net interest-bearing debt to equity stood at 0.40x*

At the initial stage of Singha Estate and with the strategy to grow its business via M&A, short-term debts, i.e. collateral-free bridging loans, are designated sources of funds, particularly in acquiring lands and assets. Post acquisition, long-term debts, i.e. project financing loans, will be used to refinance such short-term debts.

As at 31 December 2017, interest-bearing debts stood at Bt16,067mn, increased from that of 2016 year-end, mainly from the issuance of convertible bonds, as mentioned previously. Net interest-bearing debt to equity ratio stood at 0.40 times, dropped from 0.60 times as at 2016 year-end, as proceeds from the fund-raising activities were under reserve for near-term investments.

---

*Singha Estate Investor Relations*  
*[choenporn.s@singhaestate.co.th](mailto:choenporn.s@singhaestate.co.th)*  
*Tel: +662 050-5555 Ext.510*