

Executive Summary

The operating result of the third quarter of 2018 (Q3'18), Singha Estate Public Company Limited (“the Company” or “Singha Estate”) generated total revenue of 1,815 million baht, increased by 70% YoY and increased by 90% QoQ, mainly due to revenue contribution from the new acquisition of six Outrigger-branded hotels that we acquired in June 2018. In Q3'18, the Company net profit was 318 million baht versus loss of 54 million baht in Q3'17. The improvement of net profit is mainly derived from operating profit contributed from the new acquisition of Outrigger hotels and gain on exchange rate.

Significant Events

1. Development of EYSE 43 – On August 22, 2018, the Company entered into JV Agreement in partnership collaboration with Daiwa House group – one of the largest Japan’s property developer – to jointly invest in the residential project “EYSE Sukhumvit 43” – our first low-rise luxury condominium on Sukhumvit 43 road– value of Bt 1,931mn
2. Opening of Singha Complex – since October 2018 the Company has started the transfer process of our flagship office and retail building – Singha Complex – with net leasable area (NLA) of 58,175 sq.m. and over 80% pre-lease rate located on Asoke-Petchaburi intersection. Key anchor tenants include Boonrawd Brewery Group, Uncharm, Shopee and Yangming
3. Submission of SPRIME filing – SREIT – our wholly owned subsidiary – has submitted the filing of S Prime Growth Leasehold Real Estate Investment Trust (SPRIME) – the first leasehold commercial REIT of S invested in long term lease of office space of Suntowers Building with fund size of up to Bt 5,717.5mn

Performance Summary

Consolidated Statement of Comprehensive Income

(Unit: THB Million)	Q3'17	Q2'18	Q3'18	% QoQ	% YoY	9M17	9M18	% YoY	
Revenues	1,064	954	1,815	90%	70%	3,294	3,892	18%	
Residential	625	409	682	67%	9%	1,887	1,587	(16%)	
Hotel	233	335	875	161%	276%	804	1,591	98%	
Commercial	149	149	171	15%	15%	441	468	6%	
Construction materials	30	30	17	(43%)	(43%)	83	97	18%	
Others	29	31	69	124%	141%	79	149	89%	
Gross profit	384	319	596	87%	55%	1,248	1,443	16%	
Other income	56	88	220	149%	293%	213	402	88%	
Selling expenses	(117)	(129)	(217)	68%	86%	(393)	(485)	23%	
Administrative expenses	(228)	(281)	(367)	31%	61%	(727)	(935)	28%	
Gain (losses) on exchange rate	(60)	(349)	312	(189%)	(622%)	(121)	216	(279%)	
Fair values adjustment of investment property	-	794	-	(100%)	100%	-	794	100%	
Share of losses from investments in associates and joint ventures	1	(33)	35	(205%)	3,713%	(1)	(23)	1,581%	
EBIT	35	409	577	41%	1,536%	219	1,412	546%	
Finance costs	(117)	(116)	(172)	49%	46%	(243)	(424)	74%	
Income taxes	46	138	(48)	(135%)	(206%)	(11)	59	(635%)	
Profit (loss) for the period before NCI	(37)	432	357	(17%)	1,077%	(36)	1,048	(3,034%)	
Non-controlling interests	(18)	(20)	(39)	94%	121%	(46)	(67)	44%	
Net profit (loss) after NCI	(54)	412	318	(23%)	686%	(82)	981	1,294%	
EBITDA	91	506	841	66%	822%	408	1,828	348%	
Performance without non-operating items¹									
EBITDA	152	67	473	603%	212%	454	820	81%	
Net profit (loss) after NCI	6	(27)	(51)	88%	(915%)	109	(27)	(125%)	

Note: ¹ Excluded gain (loss) from foreign exchange rate, fair values adjustment of investment property, 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 Revenue

Total revenue is generated from three main business segments: Residential, Commercial and Hospitality business

Residential Business

In Q3'18, the revenue from residential business was 682 million baht, increased 9% YoY and 67% QoQ, reflecting an increase in revenue from Nirvana Daii Public Co., Ltd. (NVD), a subsidiary company of the company. Moreover, the Company has expected to recognize the income from our owned developed residential project from the transfer of the ESSE Asoke starting from Q4'18.

As of 30 September 2018, the Company's residential projects are as follows:

Project	Project Value (million baht)	Sales Progress (% unit sold)	Tentative Transfer from
The ESSE Asoke	4,923	82% ¹	Q4'18
The ESSE at Singha Complex	4,347	92%	Q3'19
The ESSE Sukhumvit 36	6,485	62%	Q3'20
EYSE Sukhumvit 43	2,063	45%	Q4'20
Santiburi The Residences	5,500	12%	n.a.

Note : ¹Remained unit unsold will be launched in Q1'19 with the value-added features.

Hospitality Business

In Q3'18, the revenue from hotel business was 875 million baht, increased 276% YoY and increased 161% QoQ mainly because revenue from the Outrigger portfolio 6 hotels was fully integrated into revenue from hotel business for the whole quarter. The third quarter is, in general, the peak season of Fiji and Mauritius where we have 3 hotels in those countries, although it is partly offset by slowdown Thailand tourism after the boat accident of Chinese tourists in July 2018.

Q3'18 operating performance

Hotels	Q3'17	Q2'18	Q3'18
<u>Santiburi Beach Resort & Spa</u>			
No. of room	77	90	96
Occupancy rate (%)	76%	59%	64%
Rev Par (Baht)	9,195	6,327	8,329

Hotels	Q3'17	Q2'18	Q3'18
<u>Phi Phi Island Village</u>			
No. of room	201	201	201
Occupancy rate (%)	86%	76%	77%
Rev Par (Baht)	3,950	4,259	3,659
<u>Jupiter hotels – 29 hotels in UK (50% owned)</u>			
No. of room	3,112	3,115	3,115
Occupancy rate (%)	82%	76%	79%
Rev Par (GBP)	58	52	57
<u>Outrigger Fiji Beach Resort</u>			
No. of room	n/a	n/a	253
Occupancy rate (%)	n/a	n/a	91%
Rev Par (THB equivalent)	n/a	n/a	5,078
<u>Castaway Island, Fiji</u>			
No. of room	n/a	n/a	65
Occupancy rate (%)	n/a	n/a	92%
Rev Par (THB equivalent)	n/a	n/a	13,687
<u>Outrigger Laguna Phuket</u>			
No. of room	n/a	n/a	255
Occupancy rate (%)	n/a	n/a	65%
Rev Par (THB)	n/a	n/a	2,306
<u>Outrigger Koh Samui</u>			
No. of room	n/a	n/a	52
Occupancy rate (%)	n/a	n/a	88%
Rev Par (THB)	n/a	n/a	4,180
<u>Outrigger Mauritius</u>			
No. of room	n/a	n/a	181
Occupancy rate (%)	n/a	n/a	89%
Rev Par (THB equivalent)	n/a	n/a	3,341

Hotels	Q3'17	Q2'18	Q3'18
<u>Outrigger Konotta Maldives</u>			
No. of room	n/a	n/a	53
Occupancy rate (%)	n/a	n/a	67%
Rev Par (THB equivalent)	n/a	n/a	7,122

Commercial Business

In Q3'18, commercial business revenue was 171 million baht, increased by 15% YoY and 15% QoQ, reflecting gradual increases in effective rental rate at Suntowers.

Q3 operating performance

Operating performance	Q3'17	Q2'18	Q3'18
<u>Suntowers</u>			
Net leasable area (sq.m) ¹	61,379	61,132	61,132
Occupancy rate (%)	96%	94%	93%
Effective rent rate (Baht/sq.m.)	551	564	574

Note: ¹ includes office and retail space.

Gross Profit

Q3'18 gross profit was 596 million baht, increased by 55% YoY and 87% QoQ, mainly from an integration of Outrigger hotel performance.

Other Income

Other income constitutes interest income and non-operating income, e.g. gain from sales of investment in subsidiary, amortization of derivatives, one-time income, etc.

Selling Expenses

In Q3'18, selling expenses was 217 million baht, increased by 86% YoY and 68% QoQ, because of an increase of sales commission expense for residential projects and hospitality business.

Administrative Expenses

Administrative expenses constitute expenses on back office personnel expenses, depreciations, and non-operating expenses, e.g. professional fees relating to M&A activity, write-off/impairment of asset, etc.

Administrative expenses in Q3'18 was 367 million baht increased by 61% YoY and 31% QoQ, mainly due to higher personnel expenses reflecting increased number of employees and administration of the Outrigger hotel portfolio.

Foreign Exchange Gains

In Q3'18, the Company incurred 312 million baht of unrealized foreign exchange gains due to mark to market of convertible bonds amounting of USD 180 million and realized gain on group restructuring.

Finance Costs

In Q3'18, the Company incurred 172 million baht of finance costs, increased by 46% YoY and 49% QoQ, mainly from an integration of financing cost of long-term loan and acquisition loan for Outrigger hotels.

Net Profit

All in all, in Q3'18 the Company net profit was 318 million baht, versus net loss of 54 million baht in Q3'17 and decreased 23% QoQ.

Financial Position and Capital Structure

As at 30 September 2018, the total assets were 56,449 million baht, increased by 38% from last year as at 31 December 2017. The incremental assets mainly came from Outrigger hotels and Crossroads Project Phase I, inventories and cost of property development and development of Singha Complex.

Total liabilities were 36,674 million baht, increased by 68% from last year, the debt financing is essential to support new project development and acquisitions. Thus, interest-bearing debts to equity from 0.85x to 1.48x as well as net interest-bearing debts to equity from 0.41x to 1.27x. However, the company is still relatively over leverage with the plan to rebalance the capital structure.

Financial Position	30 Sep 18	31 Dec 17	Change
Cash and cash equivalent	4,202	8,396	-4,194
Inventories	13,681	9,662	4,019
Current Assets	20,250	19,762	489
Net PPE	15,989	3,854	12,134
Intangible Assets-Net	509	482	27
Assets	56,449	40,910	15,539
Payables	4,538	4,262	276
Short-Term Debt	3,091	2,124	967
Current Liabilities	8,515	6,748	1,767
Long-Term Debt	26,201	14,082	12,119
Liabilities	36,674	21,815	14,859
Equity	19,775	19,096	679
<i>IBD/E</i>	1.48	0.85	0.63
<i>Net IBD/E</i>	1.27	0.41	0.86

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