Executive Summary

The Thai economic had recovered in the first quarter of 2022, supported by export and government stimulus measures. However, the resumption of economic activities and tourism sector in 2022 will remain uncertain amid concerns over the COVID-19 outbreak, rising inflation, and the Russia-Ukraine conflict. The Company, thus, revised its strategies to support the business resumptions and continued monitor the situation closely to mitigate the external impact to the Company's performance.

The Company reported total revenue for the first quarter of 2022 ("Q1/2022") of THB 3,008m, increased by 130% from the first quarter of 2021 ("Q1/2021"). The report showed fifth consecutive quarter of increasing in revenue, reflecting the performance recovery of the Company amidst the prolonged COVID-19 situation.

The revenue from sales of houses and condominium units amounted to THB 1,024m increased significantly from THB 487m for the same period last year. Which separated to condominium 75% of total sale and landed properties 25% of total sale. The Company foresee the accelerated transferred activities of the landed properties on the back of strong demand in housing projects. Moreover, the Company set target to launch the new housing series by the second quarter of the year.

Whereas the revenue from rental and services improved by 142% from the same period last year, brought up by the solid performance of hospitality business. For Q1/2022, the revenue from hospitality business stood at THB 1,690m, tripled the total revenue from sales and services of Q1/2021. This was mainly from the sharp recovery in performance of CROSSROADS Phase 1 hotels which held the solid occupancy since the beginning of the year. The ADR of CROSSROADS Phase 1 hotels during Q1/2022 was $449 per night, led the RevPAR to increase by 27% from the previous quarter which reached the highest levels since its opening. At the same time, the Company foresee the great momentum in travel demand in Thailand, Fiji, and Mauritius, followed the reopening borders to international travellers for the first quarter. The revenue from sales and services of Thailand and Outrigger hotels, thus, increased by 28% from the previous quarter. This reflects a positive signal to future revenue growth which can be substantial when tourism sector recovers to surpass pre-pandemic level and the international flights resumes to its normal schedule.

Significant Developments and Outlook

Residential business

In Q1/2022, the Company consistently completed land transfer of 2 plots at Santiburi the Residences. This will make the backlog pending for transfer as of 31 March 2022 of 11 land plots or accounted for 44% of total unit. The Company has continuously developed the luxury single detached house projects and set target to officially launch the project by 2H2021, expected to recognize revenue from transferring 6 plots in this year.

According to its current progress, this project has an approximated area of 23 rais and estimates to be worth THB 2,900m, consists of 32 luxury houses for which the estimated price starts from THB 50m to THB 100m , and 4 home offices whose price is estimated around THB 20m each. This project is centrally located in Pattakarn 32 that has a significant potential and is suitable for the development of premium residential projects. The focus lies on the company's current business extension into single detached house sector to leverage brand equity, focusing on luxury segment price starts from THB 20m – THB 100m which is considered as the Company's expertise. The Company has set the ambitious target of new project launch of THB 26,400m within 3 years, recaching its new high. This will make the targeted revenue to achieve 75% of landed property: 25% of high-rise property, according to business plan.

The Company has been consistently handing over condominium units during the year. The total accumulated transfer for The ESSE at Singha Complex and The ESSE Asoke were 99% of the total project value and The ESSE Sukhumvit 36 was 56% of the total project value. Whereas the Company foresee the positive sign of housing market in 2022.

Not only does the Company focuses on expanding the residential portfolio, but also in our business growth towards Blue Ocean market. One of the examples is the opportunity to grow our business towards the aging society trend, in which our development is not limited only to independent living, but also to differentiate through product development in niche customer groups. We have collaborated services from experts of the aged group and surgery patients under rehabilitation. With this integration, we are able to reach out to specific customers such as Skilled nursing and Rehabilitation groups. In order for the Company to be able to satisfy the needs of these customers, it is important that we seek the right partners to build solid foundations for this business model and integrate other businesses of the Company to differentiate, expand and create our long-term revenue growth.

Hospitality business

At present, all hospitality business of the Company was under the management of SHR, the Company's subsidiary. As of March 31st 2022, 36 properties out of 38 properties in the portfolio have resumed its operation, equivalent to 98% of the total number of keys (4,425 keys out of 4,522 keys). SHR has been closely monitoring the prolonged COVID-19 pandemic in various countries and came up with a business plan for each hotel taking into account location-specific conditions and situations. Below is status of SHR's hotels and outlook of tourism industry presented by country:

<u>Thailand</u>

The international travel in Q1/2022 recorded the recovery of foreign tourists about 0.5 million arrivals, mainly from Europe, Middle Asia and the USA. The tourism sector is expected to gradually rebound as Thai government has announced that the Test & Go scheme will be dropped from the requirements for international tourists from May 1, 2022 onwards.

The Tourism Authority of Thailand (TAT) has set a target for tourism arrivals at 300,000 visitors per month during May – September 2022, before gaining momentum at end of this year. The number might grow to 1 million visitors per month during the high travel season in the fourth quarter. TAT predicts the inbound tourists at 5 million in 2022 mainly from Europe, the USA and Middle East.

Whereas, the number of international arrivals may varied depend on the external factors, for example, the Chinese border reopening policy and the travel scheme for the CLMV countries. With all the factors mentioned above together with management flexibility of the Company's self-managed hotels in Thailand have caused the occupancy rate of the Company's hotels in Thailand during Q1/2022 to improve Q-Q. Especially, the occupancy rate of SAii Laguna Phuket was still able to reach at 56%.

For the domestic travel has headed into the positive direction thanks to the progress in vaccines' distribution and the tourism stimulus measures via "We travel together" project. The occupancy rate of SAii Laguna Phuket and SAii Phi Phi Island Village in April 2022 improved to 70% and 61%, respectively.

<u>Maldives</u>

The momentum in tourism sector has continued towards 2022. In Q1/2022, 431,520 total arrivals were recorded which showed a 45% growth compared to numbers from Q1/2021. Tourists are seen spending their holidays for a longer duration, extending the average duration to 8.5 days in 2022 in which brought up the occupancy rate of CROSSROADS Phase 1 Hotels to 74% which well above industry average of 70% in Q1/2022.

United Kingdom has continued to remain the top source market in Q1/2022, with a total of 12% market capacity, followed by Russia, India, and Germany. However, the second quarter of the year is considering as the low season of Russian's travel, providing the limited negative impact caused by the Russia-Ukraine conflict. The key market such as the USA, Middle East, and Israel will be a replacement business for the rest of the year.

Given the aforesaid positive factors together with the proactive marketing strategy to attract customers from several regions across the globe. CROSSROADS Phase 1 Hotels are predicted to maintain favorable occupancy rate towards 2022 and able to enhance ADR by the Company's strategies on high spending customer concentration and the properties renovation.
The estimated number of international tourists visiting Maldives in 2022 is 1.6 million, accounted for 94% of the total number of international tourists in 2019 which considered as pre-Covid year. Missing are visitors from other countries in Asia, such as China, South Korea, and Japan, as the travel restrictions of these countries have not yet been lifted. Once the situation has improved in these countries, it is expected that the number of international tourists will definitely be more than the pre-pandemic year.

United Kingdom

The strong recovery in the UK has kept its momentum, reflected by the operating performance of UK hotels portfolio in Q1/2022. RevPAR was still slightly below the pre-pandemic levels amidst the spread of Covid-19 Omicron variant. The lower occupancy rate caused by pandemic was fully compensated by an increase in ADR, 15% higher than pre-pandemic levels.
The UK Government has ruled out any new covid related restrictions nor lockdown. The resumption of business activities and a solid performance is expected to continue starting from April to the year end, in accordance with the travel season. The company projects the RevPAR to return to the pre-pandemic level of 2019 as the hotels in UK portfolio are regional hotels located in key leisure and economic destinations which gain more popularity from pent-up domestic travel. While the upside to restore 2022 RevPAR is expected from the recovery of MICE (Meetings, Incentive Travel, Conventions, Exhibitions) activities.

Fiji

The operating performance of 2 hotels in Fiji showed a great momentum in leisure segment even though December 2021 was the first month that both hotels reopened to international tourists after more than 20 months of closure.

The occupancy rate in January 2022 for Castaway Island, Fiji and Outrigger Fiji Beach Resort stood at 66% and 51%, respectively. Despite a normal low season in February to March, the quick recovery is expected to resume from April 2022 with the positive trend throughout the year, supported by the strong travel demand. The key source market of Fiji are tourists from Australia and New Zealand adding up to 85% of total foreign arrivals.

<u>Mauritius</u>

The tourism sector in Mauritius has recorded a sharp recovery, followed the fully reopened its borders to vaccinated foreign visitors after 18 months of lockdown. The majority of arrivals in Mauritius are travellers from Europe especially British and French and another key source market is travellers from South Africa. Consequently, the spread of Covid-19 new variant Omicron, beginning in December that originate from Africa whereas South Africa has hardly hit the industry in Mauritius during Q1/2022.

However, the Covid-19 situation in Mauritius is improving. France has recently removed Mauritius out of the Covid high risk countries. The tourism sector in Mauritius is expected to recover from April onwards. Accordingly, the occupancy rate of Outrigger Mauritius Beach Resort improved sharply to 60% in April 2022 and expected to continue to increase throughout the year 2022.

Commercial business

The Company continued to focus on the balancing customer portfolio management and the offering of new business models to cope with tenants' changing demand. With the prime location in alternative areas like Vibhavadi and CBD periphery zone such as Prompong and Asoke is perfectly match with the requirement of tenants who seek for the reasonable budget. Aforesaid factors were driving the additional 1,232-square-meters space, letting out during Q1/2022. As a result, the average occupancy remained solid at 87%. The commercial business is expected to recover in 2022 in response to the resumption of economic activities together with the asset improvement plans. All of the Company's existing properties have been well maintained to ensure their attractiveness and the capability to command ARR rate.

S Oasis, the new office building, currently under construction was designed under the "Hybrid Workplace" concept to support the high flexibility useable area. This mixed-used project has approximately 54,000 square meter net leasable area for office and retail space, expected to be officially launched by the second quarter of 2022. The target tenants are consisting firms in the energy sector, telecommunication sector, firms regularly in contact with government agencies and international firm.

In 2022, the Company is proceeding on a long-term lease agreement of 2 - 3 premium office buildings and retail space with S Prime Growth Leasehold Real Estate Investment Trust (SPRIME). The three assets include (1) Singha Complex; (2) Metropolis Building; and (3) retail plaza at Suntowers, which will have total rental space of over 64,000 sq m. The transfer of 2 - 3 leasehold assets into SPRIME is the REIT's second investment after Singha Estate was successful to lease office space at Suntowers for a long term to SPRIME in early 2019. This follows the company's asset portfolio management strategy, which will focus on capital recycling to strengthen its financial positioning and to support consistent business expansion in the future.

New Business: Industrial estate and Infrastructure

Investing in industrial estate and infrastructure business will help diversify revenue stream and aligns with the Company's long-term strategy in becoming to be the complete cycle real estate developer. Once combining fourth platform with three existing businesses, universe of related business and investment opportunities would be widened.

With its current progress of development of S Industrial Estate Angthong, the construction progress is still on track and estimated to start land transfer within 2022. The industrial zone included General Industrial Zone, Food Industrial Zone, and Power Plants, considering as the total Saleable Area of 992 rais. Singha Estate plans to transfer 15% of total salable area which 50% of its target is already secured. Moreover, the Company expects to transfer 20% - 25% of total saleable area per year during the next three year.

The Company hold 30% ownership in 3 Combined cycle power plants with a total capacity of 400 MWs; comprised of B.Grimm Power (Angthong) 1 Company Limited which has commenced commercial operation and B.Grimm Power (Angthong) 2 – 3 which are under development with a total install capacity of 280 MWs. Those 2 Power plants have a 25-year power purchase agreement with EGAT and expected to start Commercial Operation Date in Q4/2023.

Performance Summary

Consolidated Statement of Comprehensive Income

	Q1/2021		Q1/2022		% Y-o-Y
	THB m	%	THB m	%	
Revenue from sales of house and condominium units	486	37%	1,024	34%	110%
Revenue from rental and services	819	63%	1,984	66%	142%
Hospitality	*544*	*42%*	*1,690*	*56%*	*211%*
Commercial	*249*	*19%*	*257*	*9%*	*3%*
Industrial Estate and others	*27*	*2%*	*38*	*1%*	*43%*
Revenue	**1,306**	**100%**	**3,008**	**100%**	**130%**
Gross profit	**386**	**30%**	**851**	**28%**	**120%**
Other income	27	2%	5	0%	-80%
Fair value adjustments on investment properties	399	31%	2	0%	-99%
Selling expense	-128	-10%	-159	-5%	24%
Administrative expense	-471	-36%	-543	-18%	15%
Finance costs	-257	-20%	-285	-9%	11%
Net gains on exchange rate	-3	0%	-6	0%	85%
Share of loss from investment in joint ventures	117	9%	50	2%	-57%
EBT	**103**	**8%**	**-73**	**-2%**	**-171%**
Income tax expense	-33	-3%	-53	-2%	-60%
Net profit	**70**	**5%**	**-126**	**-4%**	**-281%**

EBITDA	**584**	**45%**	**517**	**17%**	**-11%**
Normalized EBITDA(1)	**185**	**14%**	**523**	**17%**	**182%**
Normalized Profit for the period after NCI(1)	**-353**	**-27%**	**-120**	**-4%**	**66%**

Note:Excluded professional fees, land transfer fees, sales & marketing expenses for the launch of new residential projects, unrealized gain from foreign exchange rate on convertible bond, gain from fair value adjustment on investment properties, loss from impairment, gain from fair value adjustment on investment in joint venture company prior to becoming the Company's subsidiary and impact from disposal of the Company's subsidiary

Revenue from sales of house and condominium units

As of 31 March 2022, the Company and its subsidiaries has developed 7 residential projects for sales including single-detached houses and condominiums, valued at THB 28,141m. In Q1/2022, Revenue from sales of house and condominium units reached THB 1,024m, increased 110% from the same period of previous year. This was mainly attributed to the recognized revenue from The ESSE Asoke and The ESSE at Singha Complex.

Residential projects for sales as of 31 March 2022 [(1)]:

Project	Project value (THB m)	Sold	Transfer
The ESSE Asoke	4,624	100%	99% (of project value)
The ESSE at Singha Complex	4,211	100%	99% (of project value)
The ESSE Sukhumvit 36	5,878	68%	56% (of project value)
The EXTRO	3,697	11%	4Q2023
Santiburi The Residences	4,925	100%	n/a

Note:[(1)] Information provided in the table excludes EYSE Sukhumvit 43 with project value of THB 1,936m and single-detached houses worth 2,869 which were under construction

Revenue from rental and services

Revenue from rental and services represents revenue from hospitality business, commercial and other businesses.

Hospitality Business

In Q1/2022, the total revenue from sales and services reported at THB 1,690m, improved by 211% from Q1/2021 thanks to the strong tourism recovery in Maldives and the revenue recognition of UK Portfolio Hotels for the whole quarter. The revenue from sales and services of Project CROSSROADS Phase 1 hotels and UK Portfolio hotels made up to 78% of total revenue in Q1/2022. Moreover, the Company foresee the positive trend of travel demand in Thailand, Fiji, and Mauritius brought up the proportion of revenue from Thailand and Outrigger hotels to 22% of the total revenue.

Operating performance of Hospitality business

Hotels	Q1/2021	Q1/2022
Self-Managed Hotels[(1)]		
Number of hotel	5	5
Number of key	657	657
% Occupancy	11%	38%
ADR (THB)[(2)]	2,755	5,708
RevPAR (THB)[(2)]	306	2,152
Outrigger Hotels[(1)]		
Number of hotel	3	3
Number of key	499	499
% Occupancy	10%	33%
ADR (THB)[(3)]	2,294	6,965
RevPAR (THB)[(3)]	226	2,275
Project CROSSROADS - Phase 1 Hotels		
Number of hotel	2	2
Number of key	376	376
% Occupancy	67%	74%
ADR (THB)[(4)]	8,287	14,843
RevPAR (THB)[(4)]	5,564	11,028
UK Portfolio Hotels		
Number of hotel	29	28
Number of key	3,115	2,990
% Occupancy	18%	46%
ADR (THB)[(5)]	2,147	3,065
RevPAR (THB)[(5)]	389	1,415

Remark:

(1) SHR terminated the Hotel Management Agreement with Outrigger and employed a Self-managed platform in 3 out of 6 Outrigger hotels namely Outrigger Koh Samui Beach Resort, Outrigger Laguna Phuket Beach Resort และOutrigger Konotta Maldives Resort

(2) The exchange rate applied for translation in Q1/2021 was 30.26 THB/USD while that in Q1/2022 was 33.05 THB/USD

(3) The exchange rates applied for translation in Q1/2021 were 14.85 THB/FJD, 0.76 THB/MUR while those in Q1/2022 were 15.54 THB/FJD, 0.75 THB/MUR

(4) The exchange rate applied for translation in Q1/2021 was 30.26 THB/USD while that in Q1/2022 was 33.05 THB/USD

(5) The exchange rate applied for translation in Q1/2021 was 41.72 THB/GBP while that in Q1/2022 was 44.37 THB/GBP

Commercial Business

As of 31 March 2022, the Company owned 4 commercial buildings providing net leasable area 139,708 sq.m. in total. Revenue generated from commercial business in Q1/2022 was THB 257m, increased 3% from the same period last year. Major driver of the growth rate was an increase in occupancy rate of Singha Complex and Metropolis. This reflected the Company's effective selection of the target customers, focusing on high-growth industries led to the potential expanding of the business and rental space in the long run.

Operating performance of Commercial business

Building	Q1/2021	Q1/2022
Suntower		
Space for rent (sq.m.)	63,786	63,673
Occupancy rate (%)	87%	82%
Singha Complex		
Space for rent (sq.m.)	58,745	58,927
Occupancy rate (%)	94%	96%
Metropolis		
Space for rent (sq.m.)	13,677	13,677
Occupancy rate (%)	84%	91%

Industrial Estate and other businesses

Other businesses, covering construction service and project management service, generated revenue at THB 38m in Q1/2022, jumped by 43% from Q1/2021 due mainly to an increase in revenue from business management service.

Gross Profit

THB 851m in Q1/2022 gross profit increased from THB 386m for the same period last year. The higher gross profit mainly derived from the performance recovery in Maldives portfolios together with sales of The ESSE Asoke and The ESSE at Singha Complex.

Selling Expenses

In Q1/2022, the Company reported selling expenses amounted to THB 159m, increased from THB 128m for the same period last year. The increase was primarily because of higher marketing campaigns in accordance with the business resumption.

Administrative Expenses

Administrative expenses mainly comprise of back-office personnel expenses, depreciation on assets under hospitality business, non-operating activity expenses, e.g. consulting and legal fees.

The Company reported Q1/2022 administrative expenses of THB 543m increased from THB 471m for the same period last year. The rise of administrative expense represented the consolidating of UK Portfolio hotels (FS JV) into the Company's consolidated financial statement. At the same time, the higher number of hotels operating in Q1/2022 came from the Company had temporarily closed some hotels last year in response to the COVID-19 pandemic.

Finance Costs

The Company reported finance costs at THB 285m in Q1/2022 or increased by 11% from the same period last year. This was mainly due to the additional borrowings incurred from the acquisition of FS JV together with the consolidation of FS JV's loan into the Company's financial statements.

Net Profit (loss)

In Q1/2022, the Company announced a net loss (attributable to Owners of the parent) of THB 48m due primarily to the gradually rebound of business and the effective cost management.

Financial Position and Capital Structure

Unit: THB m	31 December 2021	31 March 2022	Change
Cash and cash equivalent	2,698	2,649	-49
Inventories	1,876	1,050	-826
Current assets	12,181	11,601	-580
Investment property	18,096	18,322	226
PPE - net	29,498	28,991	-508
Non-current assets	53,809	53,615	-194
Total Assets	**65,990**	**65,216**	**-774**
Current liabilities	11,070	10,452	-618
Non-current liabilities	33,022	33,056	34
Total liabilities	**44,092**	**43,508**	**-584**
Total equity	**21,898**	**21,708**	**-190**
Interest-bearing debt excluding lease liability	27,941	27,937	-4
Gearing ratio (times)	1.28x	1.29x	
Net gearing ratio (times)	1.15x	1.16x	

As at 31 March 2022, the Company reported total assets of THB 65,216m or decreased by 1% from 31 December 2021, including THB 11,601m current assets and THB 53,615m non-current assets. Total liabilities stood at THB 43,508m decreased by 1%. The interest bearing debt of THB 27,937m maintained from 31 December 2021, suggesting the gearing ratio at 1.16x well below the Company's covenant.

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