

## Executive Summary

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Singha Estate Public Company Limited (“the Company”) reported 1Q19 Total revenue of THB 3,000m, increased by 167% YoY. The increase was mainly driven by 334% growth of revenue from sales of house and condominium units and 83% increase in revenue from rental and services. 1Q19 Net profit was THB 293m, grew by 13% comparing to 1Q18 Net profit amounting to THB 259m.

SPRIME, the trust investing in a 30-year leasehold right of office space of Suntower Building with a fund size of THB 5,717.5m, was established on 18 January 2019 by SREIT, the Company’s wholly owned subsidiary and REIT manager of SPRIME. Net proceed was recorded as unearned revenue in the Company’s consolidated financial statement and would be recognized as revenue over 30 years starting from 1Q19. Additionally, the Company also invested in 20% shareholding in SPRIME amounting to THB 893.5m and would be eligible to receive dividend accordingly.

## Significant Events

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On 27 February 2019, The Company’s Board of Directors approved the initial public offering (the “IPO”) of ordinary shares of S Hotels and Resorts Co., Ltd. (“SHR”), and the listing of SHR on the SET. Shares to be offered for sales in the IPO will not exceed 40% of the SHR’s paid-up capital after its capital increase. The Company’s Board of Directors Meeting also approved the offering for sale of no more than 70,000,000 units of warrants to purchase ordinary shares of SHR to the directors, executives, or employees of the Company, the Company’s subsidiaries, SHR, and SHR’s subsidiaries. Nevertheless, SHR will remain the Company’s subsidiary, and the Company will maintain its minimum shareholding in SHR at 58.76% of SHR’s paid-up capital after its capital increase

On 22 April 2019, the Company’s AGM approved dividend payment from 2018 Net profit at THB 0.04 per share or totaling of THB 274,148,771.80 with the Record Date on 15 March 2019 and the payment date on 17 May 2019.

On 10 May 2019, Board of directors of SREIT, the Company’s subsidiary, approved the distribution of returns of THB 0.1419 per unit trust or totaling of THB 63,393,825, which will be paid from operation period of 17 January 2019 to 31 March 2019. In this regard, the Record Date is scheduled to be on 24 May 2019 and the payment date will be on 10 June 2019.

## Performance Summary

### Consolidated Statement of Comprehensive Income

|   | 1Q18         |             | 1Q19         |             | % Y-o-Y     |
|---|--------------|-------------|--------------|-------------|-------------|
|   | THB m        | %           | THB m        | %           |             |
| Revenue from sales of house and condominium units | 391          | 35%         | 1,698        | 57%         | 334%        |
| Revenue from rental and services                  | 682          | 61%         | 1,247        | 42%         | 83%         |
| <i>Hospitality</i>                                | 381          | 34%         | 974          | 32%         | 156%        |
| <i>Commercial</i>                                 | 148          | 13%         | 173          | 6%          | 16%         |
| <i>Others</i>                                     | 153          | 14%         | 100          | 3%          | -35%        |
| Revenue from sales of goods                       | 50           | 4%          | 55           | 2%          | 9%          |
| <b>Revenue</b>                                    | <b>1,123</b> | <b>100%</b> | <b>3,000</b> | <b>100%</b> | <b>167%</b> |
| <b>Gross profit</b>                               | <b>527</b>   | <b>47%</b>  | <b>1,303</b> | <b>43%</b>  | <b>147%</b> |
| Other income                                      | 348          | 31%         | 65           | 2%          | -81%        |
| Selling expense                                   | -138         | -12%        | -306         | -10%        | 121%        |
| Administrative expense                            | -286         | -25%        | -437         | -15%        | 53%         |
| Finance costs                                     | -136         | -12%        | -207         | -7%         | 52%         |
| Net gains on exchange rate                        | 0            | 0%          | 91           | 3%          | n/a         |
| Share of loss from investment in joint ventures   | -24          | -2%         | -85          | -3%         | 249%        |
| <b>EBT</b>  | <b>290</b>   | <b>26%</b>  | <b>423</b>   | <b>14%</b>  | <b>46%</b>  |
| Income tax expense                                | -31          | 3%          | -130         | 4%          | 325%        |
| <b>Net profit</b>                                 | <b>259</b>   | <b>23%</b>  | <b>293</b>   | <b>10%</b>  | <b>13%</b>  |

  

|   |            |            |            |            |             |
|---|------------|------------|------------|------------|-------------|
| <b>EBITDA</b>   | <b>480</b> | <b>43%</b> | <b>785</b> | <b>26%</b> | <b>63%</b>  |
| <b>Normalized EBITDA<sup>1</sup></b>                          | <b>280</b> | <b>25%</b> | <b>679</b> | <b>23%</b> | <b>143%</b> |
| <b>Normalized Profit for the period after NCI<sup>1</sup></b> | <b>51</b>  | <b>5%</b>  | <b>163</b> | <b>5%</b>  | <b>217%</b> |

Note: <sup>1</sup> Excluded unrealized gain from foreign exchange rate on convertible bond, reverse effective interest rate on loan, professional fees, land transfer fees and sales & marketing expenses for the launch of new residential projects

### Revenue from sales of house and condominium units

At the end of 1Q19, total residential projects for sales in pipeline developed under the Company and its subsidiaries, including single-detached houses, townhouses and condominiums were 20 projects, valued at THB 44,782m. 1Q19 Revenue from sales of house and condominium units reached THB 1,698m, grew by THB 1,307m or 334% YoY. The increase generally stemmed from transfer ownership of condominium unit of the Esse Asoke and Banyan Tree Residences Riverside Bangkok and sales of land plot of Santiburi the Residences.

Residential projects for sales as at 31 March 2019:

| Project                    | Project value<br>(THB mil) | Sold | Tentative Transfer from/<br>Transfer progress |
|----------------------------|----------------------------|------|---|
| The ESSE Asoke             | 4,923                      | 83%  | 41% (of project value)                        |
| The ESSE at Singha Complex | 4,347                      | 91%  | 3Q2019  |
| The ESSE Sukhumvit 36      | 6,461                      | 63%  | 3Q2020  |
| EYSE Sukhumvit 43          | 1,957                      | 45%  | 4Q2020  |
| Santiburi The Residences   | 5,381                      | 18%  | n/a   |

## Revenue from rental and services

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

### *Hospitality Business*

At the end of 1Q19, the Company's total hotels reached 37 hotels with 4,271 keys covering 5 countries – Thai, Maldives, Mauritius, Fiji, and United Kingdom. Hospitality business generated THB 974m in 1Q19 or 156% increased from 1Q18. The acquisition of 6 Outrigger hotels on 12 June 2018 was a primarily result of the impressive growth rate. Nevertheless, the Company adopts equity method of accounting for Jupiter hotels totaling of 29 hotels with 3,115 keys; consequently, performance of Jupiter hotels will be reported under share of gain/loss from investment in joint ventures.

Crossroads project, the first Maldives integrated leisure and resort destination, has been under development and had no impact on 1Q19 performance.

## 1Q19 operating performance of Hospitality business

| Hotel   | 1Q18   | 4Q18   | 1Q19   |
|---|--------|--------|--------|
| <u>Santiburi Beach Resort &amp; Spa</u>               |        |        |        |
| No. of room   | 77     | 96     | 96     |
| Occupancy rate (%)                                    | 81%    | 45%    | 67%    |
| Rev Par (THB)   | 12,996 | 4,975  | 9,548  |
| <u>Phi Phi Island Village</u>                         |        |        |        |
| No. of room   | 201    | 201    | 201    |
| Occupancy rate (%)                                    | 95%    | 84%    | 89%    |
| Rev Par (THB)   | 8,930  | 6,123  | 7,741  |
| <u>Outrigger Fiji Beach Resort</u>                    |        |        |        |
| No. of room   | n/a    | 253    | 253    |
| Occupancy rate (%)                                    | n/a    | 79%    | 57%    |
| Rev Par (THB equivalent)                              | n/a    | 3,791  | 2,483  |
| <u>Castaway Island, Fiji</u>                          |        |        |        |
| No. of room   | n/a    | 65     | 65     |
| Occupancy rate (%)                                    | n/a    | 87%    | 52%    |
| Rev Par (THB equivalent)                              | n/a    | 11,961 | 6,840  |
| <u>Outrigger Laguna Phuket</u>                        |        |        |        |
| No. of room   | n/a    | 255    | 255    |
| Occupancy rate (%)                                    | n/a    | 85%    | 90%    |
| Rev Par (THB)   | n/a    | 4,323  | 6,619  |
| <u>Outrigger Koh Samui</u>                            |        |        |        |
| No. of room   | n/a    | 52     | 52     |
| Occupancy rate (%)                                    | n/a    | 67%    | 73%    |
| Rev Par (THB)   | n/a    | 2,896  | 4,015  |
| <u>Outrigger Mauritius</u>                            |        |        |        |
| No. of room   | n/a    | 181    | 181    |
| Occupancy rate (%)                                    | n/a    | 87%    | 73%    |
| Rev Par (THB equivalent)                              | n/a    | 6,432  | 5,013  |
| <u>Outrigger Konotta Maldives</u>                     |        |        |        |
| No. of room   | n/a    | 53     | 53     |
| Occupancy rate (%)                                    | n/a    | 70%    | 82%    |
| Rev Par (THB equivalent)                              | n/a    | 9,889  | 12,830 |
| <u>Jupiter hotels 29 hotels in UK<br/>(50% owned)</u> |        |        |        |
| No. of room   | 3,115  | 3,115  | 3,115  |
| Occupancy rate (%)                                    | 62%    | 69%    | 57%    |
| Rev Par (GBP)   | 38     | 45     | 34     |

## Commercial Business

As of 31 March 2019, the Company owned 3 commercial buildings providing net leasable area 124,286 sq.m in total. In the first 3 months of 2019, commercial business generated revenue of THB 173m or 16% increase from the same period last year. Main drivers of the growth rate were letting out the space at Singha Complex after its construction completed in 4Q18 and recognizing part of unearned revenue from 30-year leasehold right of office space of Suntower granted to SPRIME.

### 1Q19 operating performance of Commercial business

| Building                                     | 1Q18   | 4Q18   | 1Q19   |
|--|--------|--------|--------|
| <u>Suntower</u>                              |        |        |        |
| <b>Office</b>                                |        |        |        |
| Net leasable area (sq.m)                     | 58,798 | 58,791 | 61,417 |
| Occupancy rate (%)                           | 96%    | 92%    | 92%    |
| Effective rent rate (THB/sq.m.)              | 532    | 554    | 567    |
| <b>Retail</b>                                |        |        |        |
| Net leasable area (sq.m)                     | 2,367  | 2,368  | 2,369  |
| Occupancy rate (%)                           | 97%    | 97%    | 100%   |
| Effective rent rate (THB/sq.m.)              | 1,024  | 1,106  | 1,100  |
| <u>Singha Complex</u>                        |        |        |        |
| <b>Office</b>                                |        |        |        |
| Net leasable area (sq.m)                     | n/a    | 52,982 | 52,982 |
| Occupancy rate (%)                           | n/a    | n/a    | 69%    |
| Effective rent rate (THB/sq.m.) <sup>1</sup> | n/a    | n/a    | 802    |
| Offer signed (%)                             | n/a    | 88%    | 92%    |
| <b>Retail</b>                                |        |        |        |
| Net leasable area (sq.m)                     | n/a    | 4,317  | 4,317  |
| Occupancy rate (%)                           | n/a    | n/a    | 69%    |
| Effective rent rate (THB/sq.m.)              | n/a    | n/a    | 515    |
| Offer signed (%)                             | n/a    | 89%    | 92%    |

Note: <sup>1</sup> Effective rent rate is calculated by excluding rent rate from Boonrawd Group since Boonrawd Group paid rent in lump sum and the Company has realized as revenue from sales of goods in 4Q17.

### **Other businesses**

Other businesses, covering construction service and project management service, generated THB 100m revenue to the Company in 1Q19, 35% drop from 1Q18 due mainly to the reduce of revenue from construction service.

## Revenue from sales of goods

Revenue from selling residue precast produced by Nirvana daii PLC, the Company's subsidiary, is classified as revenue from sales of goods. In 1Q19, the Company realized revenue from sales of goods at THB 55m, 9% increased YoY.

## Gross Profit

1Q19 Gross profit at THB 1,303m represented a significant increase of 147% from the same period last year. However, the Company's gross profit margin slightly reduced from 47% in 1Q18 to 43% in 1Q19.

## Selling Expenses

For the first 3 months of 2019, the Company reported selling expenses amounted to THB 306m, an increase of 121% YoY. This was due primarily to an increase of advertisement expenses related to both residential business and hospitality business, which was consistent with incremental revenue.

## 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 related to M&A.

The Company reported 1Q19 administrative expenses of THB 437m or increased by 53% YoY which mainly due to number of new hires and administrative expenses of Outrigger and Crossroads.

## Finance Costs

In 1Q19, the Company reported finance costs at THB 207m, increased by 52% YoY. The main rationale of the increase were additional long-term borrowings to finance projects under development and loan facility to the acquisition of Outriggers.

## Net gains on Exchange rate

Unrealized gain from foreign exchange of the convertible bond mainly resulted in net gains on exchange rate of THB 91m in 1Q19.

## Net Profit

1Q19 Net profit reached THB 293m or 13% improvement from the same period last year. Essentially, both Residential business and Hospitality business attributed to such increment.

## Financial Position and Capital Structure

As at 31 March 2019, the Company reported total assets of THB 62,978m, an increase of THB 4,048m from 31 December 2018, including THB 22,227m Current assets and THB 40,751m Non-current assets. Total liabilities stood at THB 42,533m while interest bearing debt was THB 29,466m. A decrease of gearing ratio from 1.53x to 1.44x and a decline of net gearing ratio from 1.35x to 1.28x were as a result of loan repayment by net proceed received from SPRIME. Nevertheless, the Company determines to maintain an optimal capital structure by lowering leverage level which will ultimately reduce debt ratio.

| Unit: THB million         | 31 December 2018 | 31 March 2019 | Change       |
|---------------------------|------------------|---------------|--------------|
| Cash and cash equivalent  | 3,545            | 3,351         | -193         |
| Inventories               | 7,218            | 7,221         | 3            |
| <b>Current assets</b>     | <b>20,779</b>    | <b>22,227</b> | <b>1,448</b> |
| Investment property       | 12,064           | 12,580        | 516          |
| PPE – net                 | 17,370           | 18,548        | 1,178        |
| <b>Non-current assets</b> | <b>38,150</b>    | <b>40,751</b> | <b>2,601</b> |
| <b>Total Assets</b>       | <b>58,930</b>    | <b>62,978</b> | <b>4,048</b> |
| Current liabilities       | 10,754           | 10,977        | 223          |
| Non-current liabilities   | 28,083           | 31,556        | 3,473        |
| <b>Total liabilities</b>  | <b>38,837</b>    | <b>42,533</b> | <b>3,696</b> |
| <b>Total equity</b>       | <b>20,093</b>    | <b>20,445</b> | <b>363</b>   |
| Gearing ratio             | 1.53             | 1.44          |              |
| Net gearing ratio         | 1.35             | 1.28          |              |

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