

### Executive Summary

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Singha Estate Public Company Limited (“the Company”) reported 9M19 total revenue of THB 8,875m, increased by 128% YoY. Major drivers of such growth were 298% increase in revenue from sales of house and condominium together with 38% increase in revenue from rental and services which mainly derived from revenue generated from Outrigger group being acquired on 12 June 2018 as well as Crossroads project officially opening on 1 September 2019. 9M19 Net profit at THB 702m, or 33% decline YoY, primarily due to fair value adjustments on investment property at THB 794m realized in 9M18.

For 3Q19, the Company reported total revenue of THB 3,520m, grew by 94% YoY. 275% growth in revenue from sales of house and condominium unit attributed to the rise in total revenue. 3Q19 Net profit at THB 222m, or 38% decline YoY, primarily due to gain from exchange rate at THB 312m realized in 3Q18.

The ESSE at Singha Complex, 39-storey condominium with 319 units and value at THB 4,347m, began ownership transfer in September 2019. Amid sluggish in property market, by far, both sales and transfer activity have been as expected while the current take-up rate was circa 95%.

### Significant Events

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Previously, the Company’s Board of Directors approved the initial public offering (the "IPO") of ordinary shares of S Hotels and Resorts PLC ("SHR") and the listing of SHR on the SET. On 8 November 2019, total net offering of THB 7,351.6m (after deduction of related fees and expenses) was paid to SHR for the additional ordinary shares of 1,437,456,000 shares under IPO with a par value of THB 5.00 per share and IPO price at THB 5.20 per share. This capital raising will reduce interest bearing debt to equity ratio of both SHR and the Company significantly as well as financially support potential future growth of SHR. Nevertheless, the Company intend to maintain its shareholding in SHR at 60% of SHR's paid-up capital after its capital increase and SHR will remain the Company's subsidiary.

On 7 November 2019, Board of Directors Meeting of S REIT as the REIT manager of SPRIME approved the first reduction of the paid-up capital of SPRIME for 9M19 by decreasing value of the trust units by THB 0.176 (par value per unit from THB 10.00 decreased to THB 9.824) to distribute to the unitholders. Such reduction of paid-up capital represented the appraised value reviewed by the independent appraiser.

## Management Discussion and Analysis 3Q2019

In October 2019, SET announced that S was listed on the Stock Exchange of Thailand's Thailand Sustainability Index (SETTHSI Index) while the Company's corporate governance practice is also in line with 5-stars ranking

### Performance Summary

#### Consolidated Statement of Comprehensive Income

	3Q18		3Q19		% Y-o-Y	9M18		9M19		% Y-o-Y
	THB m	%	THB m	%		THB m	%	THB m	%	
Revenue from sales of house and condominium units	633	35%	2,370	67%	275%	1,340	34%	5,332	60%	298%
Revenue from rental and services	1,165	64%	1,097	31%	-6%	2,455	63%	3,386	38%	38%
<i>Hospitality</i>	875	48%	885	25%	1%	1,591	41%	2,638	30%	66%
<i>Commercial</i>	171	9%	171	5%	0%	468	12%	523	6%	12%
<i>Others</i>	119	7%	41	1%	-65%	396	10%	225	3%	-43%
Revenue from sales of goods	17	1%	52	1%	207%	97	2%	157	2%	61%
<b>Revenue</b>	<b>1,815</b>	<b>100%</b>	<b>3,520</b>	<b>100%</b>	<b>94%</b>	<b>3,892</b>	<b>100%</b>	<b>8,875</b>	<b>100%</b>	<b>128%</b>
<b>Gross profit</b>	<b>596</b>	<b>33%</b>	<b>1,450</b>	<b>41%</b>	<b>143%</b>	<b>1,443</b>	<b>37%</b>	<b>3,738</b>	<b>42%</b>	<b>159%</b>
Other income	220	12%	87	2%	-61%	402	10%	244	3%	-39%
Selling expense	-217	-12%	-450	-13%	107%	-485	-12%	-1,043	-12%	115%
Administrative expense	-367	-20%	-513	-15%	40%	-935	-24%	-1,523	-17%	63%
Finance costs	-172	-9%	-205	-6%	19%	-424	-11%	-577	-6%	36%
Fair value adjustments on investment property	0	0%	0	0%	n/a	794	20%	-	0%	n/a
Net gains on exchange rate	312	17%	28	1%	-91%	216	6%	290	3%	34%
Share of loss from investment in joint ventures	35	2%	-22	-1%	-162%	-23	-1%	-74	-1%	-225%
<b>EBT</b>	<b>405</b>	<b>22%</b>	<b>375</b>	<b>11%</b>	<b>-7%</b>	<b>989</b>	<b>25%</b>	<b>1,055</b>	<b>12%</b>	<b>7%</b>
Income tax expense	-48	-3%	-153	-4%	216%	59	2%	-353	-4%	695%
<b>Net profit</b>	<b>357</b>	<b>20%</b>	<b>222</b>	<b>6%</b>	<b>-38%</b>	<b>1,048</b>	<b>27%</b>	<b>702</b>	<b>8%</b>	<b>-33%</b>

<b>EBITDA</b>	<b>841</b>	<b>46%</b>	<b>765</b>	<b>22%</b>	<b>-9%</b>	<b>1,820</b>	<b>47%</b>	<b>2,139</b>	<b>24%</b>	<b>18%</b>
<b>Normalized EBITDA<sup>1</sup></b>	<b>469</b>	<b>26%</b>	<b>742</b>	<b>21%</b>	<b>58%</b>	<b>819</b>	<b>21%</b>	<b>1,860</b>	<b>21%</b>	<b>127%</b>
<b>Normalized Profit for the period after NCI<sup>1</sup></b>	<b>-51</b>	<b>-3%</b>	<b>203</b>	<b>6%</b>	<b>498%</b>	<b>-27</b>	<b>-1%</b>	<b>367</b>	<b>4%</b>	<b>1459%</b>

Note: <sup>1</sup> Excluded unrealized gain from foreign exchange rate on convertible bond, gain from fair value adjustment on investment properties, 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

As of 30 September 2019, the Company and its subsidiaries has developed 21 residential projects for sales including single-detached houses, townhouses and condominiums, valued at THB 44,891m. In 9M19, Revenue from sales of house and condominium units reached THB 5,332m, grew by 298% YoY. Such revenue stood at THB 2,370m in 3Q19 or 275% increase YoY. Transfer ownership of condominium unit of the ESSE at Singha Complex, the ESSE Asoke and Banyan Tree Residences Riverside Bangkok mainly attributed to the surge.

Residential projects for sales as at 30 September 2019:

Project	Project value (THB m)	Sold	Tentative Transfer from/ Transfer progress
The ESSE Asoke	4,923	83%	72%(of project value)
The ESSE at Singha Complex	4,347	95%	28%(of project value)
The ESSE Sukhumvit 36	6,520	59%	3Q2020
EYSE Sukhumvit 43	1,934	40%	4Q2021
Santiburi The Residences	6,433	15%	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 present, all hospitality business of the Company was under the management of SHR, the Company's subsidiary. SHR became listed on Stock Exchange of Thailand with the first day of trading on 12 November 2019.

At the end of 9M19, the Company's total hotels reached 39 hotels with 4,647 keys covering 5 countries – Thai, Maldives, Mauritius, Fiji, and United Kingdom. Hospitality business generated THB 2,638m in 9M19 or 66% increased from 9M18. For 3Q19, the Company recorded such revenue at THB 885m or 1% increase from 3Q18. The significant increase in revenue from Hospitality business mainly derived from revenue generated from Outrigger group being acquired on 12 June 2018 as well as Crossroads project officially opened on 1 September 2019. 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.

## Management Discussion and Analysis 3Q2019

9M19 operating performance of Hospitality business<sup>(1)</sup>

(Unit: THB million)	2017	%	2018	%	9months in 2018	%	9months in 2019	%
Self-Managed Hotels	1,074	100	1,099	43	835	53	759	29
Outrigger Hotels	-	-	1,477	57	755	48	1,797	68
Hotel in Crossroad project - phase 1	-	-	-	-	-	-	81	3
<b>Total Revenue - Hospitality</b>	<b>1,074</b>	<b>100</b>	<b>2,576</b>	<b>100</b>	<b>1,591</b>	<b>100</b>	<b>2,638</b>	<b>100</b>

Indicators	2017	2018	9 months in 2018	9 months in 2019
<b>Self-Managed Hotels<sup>(2)</sup></b>				
Number of hotel <sup>(3)</sup>	2	2	2	2
Number of key <sup>(3)</sup>	278	291	284	297
Occupancy rate (%) <sup>(4)</sup>	81	76	78	73
ADR (THB)	8,074	8,415	8,530	7,915
RevPAR (THB)	6,532	6,401	6,624	5,751
<b>Outrigger Hotels<sup>(5)</sup></b>				
Number of hotel <sup>(3)</sup>	6	6	6	6
Number of key	859	859	859	859
Occupancy rate (%)	79	79	77	77
ADR (THB)	5,887	6,287	5,942	6,002
RevPAR (THB)	4,652	4,935	4,600	4,625
<b>UK Portfolio Hotels<sup>(6)</sup></b>				
Number of hotel	29	29	29	29
Number of key	3,112	3,115	3,115	3,115
Occupancy rate (%)	72	72	72	70
ADR (THB)	67	67	68	68
RevPAR (THB)	48	48	49	48

## Notes:

(1) The Company acquired a group of hotels managed under "Outrigger" chain on 12 June 2018. 2018 Performance Stat is shown in the table on the purpose of comparing with performance of the same period in 2019.

(2) Two self-manage hotels in Thailand, operate under independent branding, namely, Phi Phi Island Village Beach Resort located on Beachfront of Phi Phi Don Island in Krabi and Santiburi Hotel located on Beachfront of Koh Samui in Surat Thani "Self-Managed Hotels"

(3) at the end of the period

(4) Based on the weighted average number of keys for the year. In particular, the Company added 19 newly built pool villas to Santiburi Koh Samui in May 2018, thereby increasing the number of keys in Santiburi Koh Samui from 77 keys to 96 keys

(5) Six hotels operate under the Outrigger brand and manage under hotel management agreements, which consists of two hotels in Thailand, two hotels in the Republic of Fiji Islands, one hotel in the Republic of Maldives and one hotel in Mauritius "Outrigger Hotels"

(6) 29 upper midscale hotels operated under the Mercure and Holiday Inn brands in the United Kingdom, of which the Company holds 50% in an equal joint venture "UK Portfolio Hotels".

## Management Discussion and Analysis 3Q2019

**Commercial Business**

As of 30 September 2019, the Company owned 3 commercial buildings providing net leasable area 122,173 sq.m. in total. In 9M19, commercial business generated revenue of THB 523m or 12% 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. In 3Q19, revenue from commercial business was THB 171m which was about the same amount generated in 3Q18.

9M19 operating performance of Commercial business

Building	3Q18	3Q19	9M18	9M19
<u>Suntower</u>				
<b>Office</b>				
Space for rent (sq.m.)	63,267	62,843	65,814	61,344
Occupancy rate (%)	93%	92%	94%	92%
<b>Retail</b>				
Space for rent (sq.m.)	2,369	2,369	2,367	2,369
Occupancy rate (%)	99%	100%	96%	100%
<u>Singha Complex</u>				
<b>Office</b>				
Space for rent (sq.m.)	n/a	54,438	n/a	42,007
Offer signed (%)	n/a	92%	n/a	92%
<b>Retail</b>				
Space for rent (sq.m.)	n/a	4,435	n/a	5,507
Offer signed (%)	n/a	96%	n/a	96%

**Other businesses**

Other businesses, covering construction service and project management service, generated revenue at THB 225m in 9M19, 43% drop from 9M18 and THB 41m in 3Q19, 65% declined from 3Q18, due mainly to the decrease in revenue from business management 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. The Company realized revenue from sales of goods at THB 157m in 9M19, 61% increased YoY and THB 52m in 3Q19, 207% grew from 3Q18.

### Gross Profit

9M19 Gross profit at THB 3,738m represented a significant increase of 159% from the same period last year. Essentially, the Company's gross profit margin significantly increased from 37% in 9M18 to 42% in 9M19, representing higher gross profit margin from Residential business, Hospitality business and Commercial business.

3Q19 Gross profit at THB 1,450m represented a significant increase of 143% from 3Q18. Essentially, the Company's gross profit margin significantly increased from 33% in 3Q18 to 41% in 3Q19, representing higher gross profit margin from Residential business.

### Selling Expenses

In 9M19, the Company reported selling expenses amounted to THB 1,043m, an increase of 115% YoY and in 3Q19, the Company reported such expenses at THB 450m or 107% increased from 3Q18. 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.

The Company reported 9M19 administrative expenses of THB 1,523m or increased by 63% YoY and 3Q19 administrative expenses of THB 513m or 40% rose from the same period last year which mainly due to number of new hires and administrative expenses of Outrigger and Crossroads.

### Finance Costs

In 9M19, the Company reported finance costs at THB 577m, 36% increased 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. Additionally, the loan facility to the acquisition of Outriggers was fully repaid from the net proceeds of SHR's IPO in November 2019.

### Net gains on Exchange rate

Unrealized gain from foreign exchange of the convertible bond mainly resulted in net gains on exchange rate of THB 290m in 9M19.

### Net Profit

9M19 Net profit reached THB 702m or 33% decline from the same period last year. Essentially, the fall represented THB 794m recorded in 9M18 as fair value adjustments on investment property. For 3Q19, net profit was THB 222m, 38% decrease from 3Q18. Net gains on exchange rate at THB 312m mainly attributed to the decrease in 3Q19 net profit.

## Financial Position and Capital Structure

As at 30 September 2019, the Company reported total assets of THB 64,808m, an increase of THB 5,878m from 31 December 2018, including THB 22,179m Current assets and THB 42,629m Non-current assets. Total liabilities stood at THB 44,939m while interest bearing debt was THB 31,925m while the net gearing ratio stood at 1.61x, significantly lower than the Company's covenant. Additionally, the loan facility to the acquisition of Outriggers of 5,357.8m was fully repaid from the net proceeds of SHR's IPO in November 2019. Such repayment will reduce level of interest-bearing debt and net gearing ratio afterwards. 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	30 September 2019	Change
Cash and cash equivalent	3,545	4,118	573
Inventories	7,218	7,225	6,869
Current assets	20,779	22,179	1,400
Investment property	12,064	12,684	620,154
PPE - net	17,370	20,268	2,898
Non-current assets	38,150	42,629	4,479
<b>Total Assets</b>	<b>58,930</b>	<b>64,808</b>	<b>5,878</b>
Current liabilities	10,754	16,883	6,129
Non-current liabilities	28,083	28,056	-27
<b>Total liabilities</b>	<b>38,837</b>	<b>44,939</b>	<b>6,102</b>
<b>Total equity</b>	<b>20,093</b>	<b>19,869</b>	<b>-224</b>
Gearing ratio	1.53	1.61	
Net gearing ratio	1.35	1.40	

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