

### Executive Summary

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Singha Estate Public Company Limited (“the Company”) reported 2019 total revenue of THB 12,275m, increased by 63% YoY. Major drivers of such growth were 104% increase in revenue from sales of house and condominium together with 27% 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 phase 1 officially opening on 1 September 2019. Moreover, regardless lower rental income from Suntowers due to 30-year leasehold right sold to SPRIME in January 2019, commercial business still reported higher revenue from commercial business because of the commercial launch of Singha Complex in late 2018.

2019 Net profit at THB 1,209m, or 16% decline YoY, due to various factors, namely profit margin during early stage of 2 hotels in Crossroads project phase 1 commercially launched in September 2019, an increase in financial cost pressured by incremental debt financing to support business expansion which THB 5,357.8m loan facility to the acquisition of Outriggers was fully repaid in November 2019 from the net proceeds of SHR’s IPO, an increase in income tax expense due to growth in transfer value of residential project as well as fair value adjustments on investment properties in 2018 and 2019.

According to accounting standard, the company obliges to measure investment property at fair value representing current rental income and remeasure once any events impacting operating performance of such property incur. Thanks to the rise in operating performance of investment properties owned by the Company, gain from fair value adjustment at THB 794m from Suntowers and THB 406m from Singha Complex was realized in 2018 and 2019, respectively.

### 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. Nevertheless, the Company intends 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. Additionally, the Company reported profit attributable to non-controlling interest in accordance with its ownership on SHR (40%) and performance of SHR included in consolidated financial statement of the Company since November 2019.

SHR, the Company’s subsidiary, entered into a joint venture with Wai Eco World Developer, conglomerate business partner from Myanmar, to develop a High-end lifestyle resort on Island 3 of Crossroads. The Resort on Island 3 of Crossroads project is composed of 80 villas with the price point of USD 900-1,000 per night. SHR expects to start construction in 2020 and commercially open by 2022. 50% of share transfer of the joint venture company – Prime Location Management 3 Limited – has been completed on 19 February 2020.

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On 11 December 2019, S Residential Development Co., Ltd., one of the Company's subsidiaries, purchased 771,750 ordinary shares in S43 Property Company Limited ("S43"), which accounts for 49% of the total shares of S43, at approximately THB 147.289 per share for the purpose of company administration.

On 10 January 2020, the Company acquired Metropolis Office Building with Net Leasable Area approximately 26,157 square meters, including related movable assets that are necessary to operate Metropolis Office Building and the right to lease land deeds with an area of 2 Rai, 19 Square Wa with total transaction value of THB 1,725m. The Company also has a plan to grant long-term lease of such asset to SPRIME.

### Performance Summary

#### Consolidated Statement of Comprehensive Income

	4Q18		4Q19		% Y-o-Y	2018		2019		% Y-o-Y
	THB m	%	THB m	%		THB m	%	THB m	%	
Revenue from sales of house and condominium units	2,288	63%	2,052	60%	-10%	3,627	48%	7,385	60%	104%
Revenue from rental and services	1,331	36%	1,420	42%	7%	3,786	50%	4,805	39%	27%
<i>Hospitality</i>	985	27%	1,179	35%	20%	2,576	34%	3,818	31%	48%
<i>Commercial</i>	206	6%	202	6%	-2%	674	9%	759	6%	13%
<i>Others</i>	140	4%	39	1%	-72%	536	7%	228	2%	-57%
Revenue from sales of goods	29	1%	-71	-2%	-347%	126	2%	85	1%	-32%
<b>Revenue</b>	<b>3,648</b>	<b>100%</b>	<b>3,401</b>	<b>100%</b>	<b>-7%</b>	<b>7,539</b>	<b>100%</b>	<b>12,275</b>	<b>100%</b>	<b>63%</b>
Gross profit	1,806	50%	1,296	38%	-28%	3,249	43%	5,033	41%	55%
Other income	49	1%	83	2%	70%	451	6%	327	3%	-27%
Fair value adjustments on investment property	0	0%	406	12%	n/a	794	11%	406	3%	-49%
Selling expense	-496	-14%	-483	-14%	3%	-981	-13%	-1,526	-12%	56%
Administrative expense	-664	-18%	-549	-16%	17%	-1,599	-21%	-2,072	-17%	30%
Finance costs	-238	-7%	-239	-7%	0%	-662	-9%	-816	-7%	23%
Net gains on exchange rate	-65	-2%	79	2%	223%	152	2%	369	3%	143%
Share of loss from investment in joint ventures	-26	-1%	87	3%	432%	-49	-1%	13	0%	126%
<b>EBT</b>	<b>366</b>	<b>10%</b>	<b>680</b>	<b>20%</b>	<b>86%</b>	<b>1,355</b>	<b>18%</b>	<b>1,735</b>	<b>14%</b>	<b>28%</b>
Income tax expense	22	1%	-173	-5%	892%	81	1%	-526	-4%	748%
<b>Net profit</b>	<b>388</b>	<b>11%</b>	<b>507</b>	<b>15%</b>	<b>31%</b>	<b>1,436</b>	<b>19%</b>	<b>1,209</b>	<b>10%</b>	<b>-16%</b>

EBITDA	660	18%	1,156	34%	75%	2,487	33%	3,295	27%	32%
Normalized EBITDA <sup>1</sup>	803	22%	624	18%	-22%	1,622	22%	2,484	20%	53%
Normalized Profit for the period after NCI <sup>1</sup>	448	12%	-34	-1%	-108%	422	6%	333	3%	-21%

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 31 December 2019, the Company and its subsidiaries has developed 21 residential projects for sales including single-detached houses, townhouses and condominiums, valued at THB 44,895m. In 2019, Revenue from sales of house and

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condominium units reached THB 7,385m, grew by 104% YoY. Transfer ownership of condominium unit of the ESSE at Singha Complex since September 2019, the ESSE Asoke and Banyan Tree Residences Riverside Bangkok mainly attributed to the surge.

Residential projects for sales as at 31 December 2019<sup>(1)</sup>:

Project	Project value (THB m)	Sold	Tentative Transfer from/ Transfer progress
The ESSE Asoke	5,011	83%	70%(of project value)
The ESSE at Singha Complex	4,394	91%	57%(of project value)
The ESSE Sukhumvit 36	6,521	60%	4Q2020
EYSE Sukhumvit 43	1,936	38%	4Q2022
Santiburi The Residences	6,433	15%	n/a

*Note: (1) Information provided in the table excludes residential project developed by Nirvana Daii PLC which the Company held 51.56% ownership. As of 31 December 2019, residential projects for sales developed under Nirvana Daii PLC was THB 21,720m.*

### 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 2019, 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 3,818m in 2019 or 48% increased from 2018. 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 phase 1 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.

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## 2019 operating performance of Hospitality business

Indicators	4Q2018	4Q2019	2018	2019
<b>Self-Managed Hotels</b>				
Number of hotel	2	2	2	2
Number of key <sup>(1)</sup>	291	297	278	291
Occupancy rate (%)	72	70	76	72
ADR (THB)	8,054	7,350	8,415	7,777
RevPAR (THB)	5,757	5,117	6,401	5,591
<b>Outrigger Hotels<sup>(2)</sup></b>				
Number of hotel	6	6	6	6
Number of key	859	859	859	859
Occupancy rate (%)	82	82	79	78
ADR (THB) <sup>(3)</sup>	6,698	6,222	6,303	5,987
RevPAR (THB) <sup>(3)</sup>	5,469	5,112	4,947	4,691
<b>UK Portfolio Hotels</b>				
Number of hotel	29	29	29	29
Number of key	3,112	3,115	3,112	3,115
Occupancy rate (%)	69	69	72	70
ADR (THB) <sup>(4)</sup>	2,678	2,572	2,752	2,665
RevPAR (THB) <sup>(4)</sup>	1,846	1,777	1,968	1,851
<b>Hotel in Crossroad project - phase 1<sup>(5)</sup></b>				
Number of hotel	n/a	2	n/a	2
Number of key	n/a	376	n/a	376
Occupancy rate (%)	n/a	36	n/a	34
ADR (THB) <sup>(6)</sup>	n/a	13,162	n/a	12,572
RevPAR (THB) <sup>(6)</sup>	n/a	4,694	n/a	4,262

## Notes:

(1) 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

(2) SHR 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.

(3) The exchange rate applied for translation in 2018 were 32.89THB/USD, 15.52THB/FJD, 0.95THB/MUR while that in 2019 were 31.05THB/USD, 14.41THB/FJD, 0.87THB/MUR

(4) The exchange rate applied for translation in 2018 was 41.07THB/GBP while that in 2019 was 39.65THB/GBP

(5) Commercially open was on 1 September 2019.

(6) The exchange rate applied for translation in 2019 was 31.05THB/USD

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### Commercial Business

As of 31 December 2019, the Company owned 3 commercial buildings providing net leasable area 125,847 sq.m. in total. In 2019, commercial business generated revenue of THB 759m or 13% increase from last year. Main drivers of the growth rate were letting out the space at Singha Complex after its construction completed in 4Q18.

### 2019 operating performance of Commercial business

Building	4Q2018	4Q2019	2018	2019
<u>Suntower</u>				
<b>Office</b>				
Space for rent (sq.m.)	65,814	61,417	65,816	61,424
Occupancy rate (%)	92%	91%	94%	94%
<b>Retail</b>				
Space for rent (sq.m.)	2,369	2,369	2,371	2,368
Occupancy rate (%)	100%	100%	97%	100%
<u>Singha Complex</u>				
<b>Office</b>				
Space for rent (sq.m.)	52,982	53,238	52,982	53,328
Offer signed (%)	85%	91%	85%	91%
<b>Retail</b>				
Space for rent (sq.m.)	4,317	5,506	4,317	5,507
Offer signed (%)	89%	97%	89%	97%

### *Other businesses*

Other businesses, covering construction service and project management service, generated revenue at THB 228m in 2019, 57% dropped from 2018, 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 85m in 2019, 32% decreased YoY.

### **Gross Profit**

2019 Gross profit at THB 5,033m represented a significant increase of 55% from the same period last year. Essentially, the Company's gross profit margin significantly decreased from 43% in 2018 to 41% in 2019. The lower gross profit margin represented the lower-than-stabilized stage profit margin of 2 hotels in Crossroads project phase 1 commercially opened in September 2019. Generally, a hotel will take about 3 years to reach stabilized year and earn the expected normalized profit margin.

### **Selling Expenses**

In 2019, the Company reported selling expenses amounted to THB 1,526m, an increase of 56% 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.

The Company reported 2019 administrative expenses of THB 2,072m or increased by 30% YoY which mainly due to number of new hires and administrative expenses of Outrigger and Crossroads.

### **Finance Costs**

In 2019, the Company reported finance costs at THB 816m, 23% 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.

### **Net gains on Exchange rate**

Unrealized gain from foreign exchange of the USD 180m convertible bond mainly resulted in net gains on exchange rate of THB 369m in 2019. However, the Company has entered into the Cross-Currency Swap Agreement with the commercial bank for the entire amount of convertible bond. Thus, the foreign exchange risk related to the convertible bond has been fully hedged.

### **Net Profit**

2019 Net profit reached THB 1,209m or 16% decline from the same period last year. Essentially, the fall represented lower-than-stabilized stage profit margin of 2 hotels in Crossroads project phase 1 which commercially launched in September 2019, an increase in financial cost due to business expansion, growth in income tax expense pressured by higher transfer value of residential properties and fair value adjustments on investment properties recorded in 2018 and 2019.

### Financial Position and Capital Structure

As at 31 December 2019, the Company reported total assets of THB 67,681m, an increase of THB 8,751m from 31 December 2018, including THB 24,087m Current assets and THB 43,594m Non-current assets. Total liabilities stood at THB 40,085m while the net gearing ratio stood at 0.77x, significantly lower than the Company's covenant. Additionally, the significant drop in net gearing ratio attributed to the repayment of loan facility to the acquisition of Outriggers of 5,357.8m from the net proceeds of SHR's IPO in November 2019. 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 December 2019	Change
Cash and cash equivalent	3,545	5,413	1,868
Inventories	7,218	5,371	-1,847
<b>Current assets</b>	<b>20,779</b>	<b>24,087</b>	<b>3,308</b>
Investment property	12,064	13,828	1,764
PPE - net	17,370	19,870	2,500
<b>Non-current assets</b>	<b>38,150</b>	<b>43,594</b>	<b>5,444</b>
<b>Total Assets</b>	<b>58,930</b>	<b>67,681</b>	<b>8,751</b>
Current liabilities	10,754	12,514	1,760
Non-current liabilities	28,083	27,571	-512
<b>Total liabilities</b>	<b>38,837</b>	<b>40,085</b>	<b>1,248</b>
<b>Total equity</b>	<b>20,093</b>	<b>27,596</b>	<b>7,503</b>
Gearing ratio	1.53	0.98	
Net gearing ratio	1.32	0.77	

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