

## Frasers Property Thailand Industrial Freehold & Leasehold REIT

12 Months FY2020 results presentation



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## Contents of FY2020 results presentation





- Key Highlights
- Portfolio Review
- Financial Review



### Stable financial performance









# Net Investment Income

THB Million





THB Per Unit



### **NAV** Per unit

THB





### Distributable Income

THB 1,199.7 m<sup>(1)</sup>

▼33.0% Y-o-Y

For the fiscal year ended 2020



#### IBD to total assets ratio

26.8%

▲ 1.5% Y-o-Y

as of 30 September 2020



### Average Cost of Debt

3.25% p.a.

▲ 0.04 % Y-o-Y

as of 30 September 2020



### Interest Coverage ratio

**7.74 times** 

▲ 0.18x Y-o-Y FY2020

### Proven track record

### **Growth from asset acquisition since IPO**



### Proven track record in executing valueaccretive acquisition:

~THB 36.9 billion(1) worth of accretive acquisition to-date since IPO in Jan 2015

### Asset acquisition pipeline in FY2021:

~THB 2.8 billion<sup>(2)</sup> worth of property value that will be transferred to FTREIT

### FTREIT is the largest industrial and logistics REIT in Thailand

THB 41.1 billion<sup>(3)</sup> of property value and gross area around 1.87 million sqm<sup>(3)</sup>

### **Key Acquisition Milestones**











FY15

IPO and 1st additional capital increase: 97 units, gross area 360k sqm located in Chonburi.Samutprakarn. 390 units from PFPOs Avutthava and Chachoengsao

(Thailand)

Conversion three **TICON** property funds into FTREIT:

FY17

transferring to FTREIT

#### FY18

Acquired 60 units from Sponsor and third party

#### FY19 Acquired 1 cold

storage from CTD and 6 units of warehouses

#### FY20

Acquired 36 units of factory and warehouse from sponsor and 24 units of warehouse from Sahathai Property development

### Portfolio Value (THB billion)(3)



<sup>(1)</sup> Comparing properties value between period of IPO and end of FY20 (2) Properties value excluding fee, tax and acquisition cost

<sup>(3)</sup> Reference from audited financial statement and asset profile

### FY20 key highlights and subsequent events

Proactive leas management; Stable portfolio performance



### **Active Asset Management**



Portfolio Value THB 41,143.6 m

▲ 11.1% Y-o-Y

High-quality properties in prime areas



Occupancy Rate

As of 30 Sep 20/ Avg 12 months

82.2% / 83.6% 70.9% Y-o-Y / 1.0% Y-o-Y

Sustain portfolio occupancy rate<sup>(1)(4)</sup>



Rental Reversion

0.9%

▼ 0.7% Y-o-Y

Maintain rental rate for standard contract (3)(5)



Renewals in period **491,490** sqm

Representing 71% of expired contract Renew FY2019 was 87% ▼16% Y-o-Y



WALE ▼ 0.29 Years Y-o-Y

**2.04 years** 

Balance between long term contract and standard contract(2)



Top-10 Tenant % of GRI

**19.2%** ▼1.2% Y-o-Y

Well-diversified

### Acquisition of modern warehouses from Sahathai



14 Nov 19: Announced acquisition of 11 buildings of warehouse (24 units) freehold properties from Sahathai Property Development. Properties are located nearly to Laemchabang industrial estate and Laemchabang deep sea port. A total purchase consideration of THB 2.050 million<sup>(6)</sup>. Project was renamed from K9 to FPIT Laemchabang 3.

#### Unitholders approved for assets acquisition in EGM



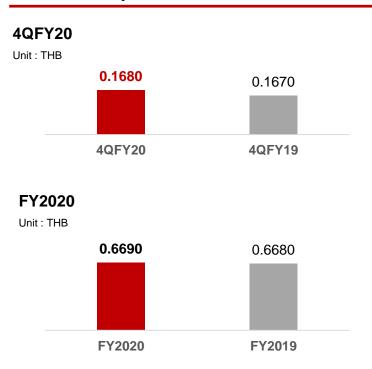
- 11 Aug 20: In Extraordinary General Meeting 1/2020, Unitholders approved FTREIT to invest in 65 units of factory and warehouse from Frasers Property Thailand group and Third-party. Properties at a sale consideration of ~THB 6.000 million.
- 1 Sep 20: Announced transferring 1st batch of properties that composed of 36 units of factory and warehouse, properties value was around THB 2,858 million<sup>(6)</sup>. Remaining properties will be completed transfer within February 2021(FY2021).

(1) occupancy in the of 30 September 2020. (2) Based on GRI, being the contracted rental income and estimated recoverable outgoings for the month of Sep'20 (3) Calculated from agreement that renewed with lease period from 3 years for period 12 months (4) Average occupancy rate of FTREIT portfolio for 12 months was 83.6% (5) rental reversion = rental rate increase for agreement that expired in period. (6) Excluding tax, fee and acquisition expense

# Distribution Information Sustainable growth of DPU to unitholders



### **Distribution per Units**



### **Payment Detail of 4QFY20**

| Distribution Period | 1 July – 30 September 2020 |
|---------------------|----------------------------|
| Distribution Rate   | THB 0.1680 per unit        |
| Ex-date (XD)        | 19 November 2020           |
| Record Date         | 20 November 2020           |
| Payment Date        | 2 December 2020            |

## REIT strategy under COVID-19 situation



- The global spread of COVID-19 has severely disrupted the business environment and operating conditions across global markets. The pandemic, which has prompted authorities to implement travel bans and lockdowns, is slowing demand across almost all industries, created supply-chain disruptions and also resulted in an unprecedented oil price crash. There is significant uncertainty on how wide the outbreak will spread and how long it will last, which impacts how long the shut-down and various containment measures implemented by governments must last. Accordingly, the operating environment is expected to remain challenging in the months ahead.
- In Thailand, the growth in number of new COVID-19 cases has continued to decline as a result of government declared state emergency to control situation and implement mitigation strategies implemented over the past month, such as social distancing measures that had resulted in the partial or complete shutdown of several sectors. Nevertheless, COVID-19 remains a major public health issue and is having significant effects on the domestic economy and financial system. It is expected that Thailand GDP would be bottom at 2QFY20 and shall be gradually improve from 3QFY20 onward. Bank of Thailand projected overall GDP of FY2020 shall drop around 7.8%.
- Operationally, the REIT Manager is closely collaborating with property manager to provide support and roll out relief measures to tenants, as necessary. Such measures vary and will be reviewed on an individual basis, considering factors that include the impact of COVID-19 on the tenant, available government assistance, among others. The REIT Manager's objective is to help tenants cope with their immediate cashflow constraints and extend as much flexibility as reasonable to accommodate their needs.
- The REIT Manager is also focused on capital management to make sure that FTREIT have sufficient funding to service debt and REIT daily operation.
- The REIT Manager will continue to focus on its proactive asset management and investment to generate sustainable long-term value for unitholders.





## FTREIT Portfolio Snapshot as of 30 September 2020

Frasers Property Thailand Industrial Freehold & Leasehold REIT

FTREIT listed real-estate investment trust with a quality portfolio concentrated within prime industrial and logistics market in Thailand.

Quality portfolio concentrated within major industrial and logistics markets

**614**Properties

2.04 Yrs

THB 41.1 bn

Portfolio Value

~10.4 Yrs

Avg Property Ages

1.87 million sqm

Net Leasable Area

82.2%

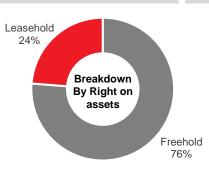
Occupancy Rate<sup>(2)</sup>

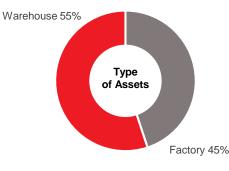
~ 24 Yrs
Remaining LH Years

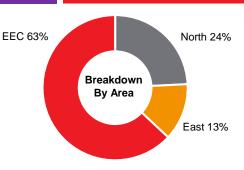
**276**No of Tenants

Included in FTSE Global Equity Index The Largest
Industrial & Logistics
REIT in Thailand

Well balance portfolio by asset type, with predominately freehold land title







<sup>(1)</sup> WALE refers to the weighted average lease expiry based on gross rental income (GRI), being the contracted rental income and estimated recoverable outgoings for the month of September 2020.

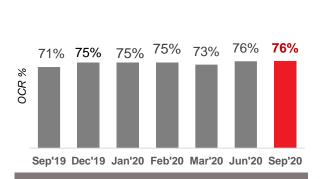
<sup>2)</sup> Avg 12Months FY20 OCR = 83.6% (Factory = 83.2%, Warehouse = 83.9%). OCR% as of 30 September 2020, Blend 82.2% (Factory = 84.2%, Warehouse = 80.6%).

### Asset Performance by Clusters

### **Improving operational performance**



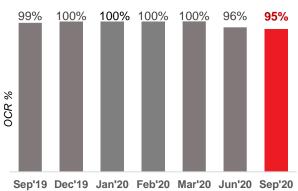




### **Northern Bangkok Area**

 Maintain performance at 76% at the end of Sep'20

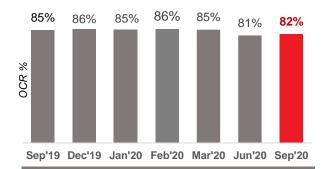
#### 59 Units



### **Eastern Bangkok Area**

- Eastern Bangkok area slightly decreased 1% because of tenant overflow contract expired.
- Lease renewal mainly came from E-Commerce and retail

#### 397 Units



### **EEC Area**

 Performance in EEC area slightly increased around 1%. Additional leased has came from tenants in electronics and pharmaceutical sectors.

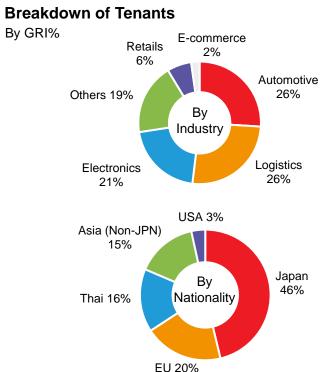
# Portfolio Review Well – Diversified Tenant Base



High quality, diversified tenant base underpinned by primary industries including Automotive, logistics services, electronics, retails and e-commerce.

Top 10 Tenants (GRI ~19.2%<sup>(2)</sup> / WALE 3.16 Years<sup>(1)</sup>)

| No. | Industry    | % of GRI <sup>(1)</sup> | Nationality |
|-----|-------------|-------------------------|-------------|
| 1   | Retail      | 4.27%                   |             |
| 2   | Logistics   | 1.82%                   |             |
| 3   | Logistics   | 1.81%                   | •           |
| 4   | Logistics   | 1.73%                   | •           |
| 5   | Logistics   | 1.71%                   |             |
| 6   | Logistics   | 1.64%                   |             |
| 7   | Automotive  | 1.59%                   |             |
| 8   | Logistics   | 1.55%                   |             |
| 9   | Electronics | 1.53%                   | *:          |
| 10  | Logistics   | 1.50%                   | •           |



<sup>1)</sup> WALE refers to the weighted average lease expiry based on gross rental income (GRI), being the contracted rental income and estimated recoverable outgoings for the month of September 2020. Excludes straight lining rental adjustments.

<sup>(2)</sup> Concentration risk has stable at around 19%.



## **Key Financial Performance**





6.6%
% Property cost to rental income



#### Key financial analysis

Revenue

Contribution from the third-party assets and sponsors asset acquisition in 1QFY20 and 4QFY20.
 Moreover, average occupancy rate improved from 82.6% in FY19 to 83.6% in FY20 (+1.0% Y-o-Y)

Finance

- Higher interest-bearing debt to support asset acquisition.
- The weighted average interest rate as of Sep'20 was 3.25% per annum and WAM was around 3.33-year.

| Financial Highlights<br>(Unit: THB Million)        | FY2020                    | FY2019  | Change<br>(Y-o-Y) |
|--|---------------------------|---------|-------------------|
| Rental and Service Income <sup>(1)</sup>           | 2,883.8                   | 2,745.5 | ▲ 5.0%            |
| Finance Costs                                      | 314.7                     | 271.3   | <b>1</b> 6.0%     |
| Net Investment Income                              | 2,099.0                   | 1,749.4 | ▲ 20.0%           |
| Distributable Income to Unitholders <sup>(2)</sup> | 1,199.7 <sup>(3)(4)</sup> | 1,793.0 | ▼ 33.1%           |
| DPU (THB per Unit)                                 | 0.6690                    | 0.6680  | ▲ 0.1%            |



### Balance sheet remains healthy



#### Key financial analysis



The value of investment properties increased 11.1% from THB 37,049.4 Million as of September 30, 2019 to THB 41,143.6 Million on September 30, 2020, due mainly to acquisition of asset from Sahathai in 1Q'20 and FPT Group in 4Q'20.



- Decreased from discount rental & service rate and delay payment from COVID-19.
- Decreased in deferred expenses due to fully amortized of IPO expenses in period.



S/T loan increased for asset acquisition Batch 1 on September 1,2020.

| Key Items<br>(Unit: THB Million)                               | As of 30 Sep 20 | As of 30 Sep 19 | Change<br>(YTD) |
|--|-----------------|-----------------|-----------------|
| Investment Properties (1)                                      | 41,143.6        | 37,049.4        | <b>1</b> 1.1%   |
| Investment in Securities at fair value and cash <sup>(2)</sup> | 1,480.2         | 1,141.8         | <b>2</b> 9.6%   |
| Other Assets   | 246.0           | 303.7           | ▼ 19.0%         |
| Total Assets   | 42,869.8        | 38,494.9        | <b>1</b> 1.4%   |
| Interest Bearing Debt <sup>(3)</sup>                           | 11,494.4        | 9,740.2         | <b>1</b> 8.0%   |
| Other liabilities  | 1,400.7         | 1,265.5         | <b>1</b> 0.7%   |
| Total Liabilities  | 12,895.1        | 11,005.8        | <b>17.2%</b>    |
| Net Asset Value per Unit (THB)                                 | 10.6203         | 10.5630         | ▲ 0.5%          |

# Financial Review **Prudent Capital Management**



#### **Debt Maturity Profile** (THB Million)



- Bridging loan shall be repaid from issuance of new additional units in Jan'21.
- After repayment, IBD to total asset ratio will be reduced from 27% to around 25%<sup>(4)</sup>



### Leverage Status in each period

| Highlights   | As of<br>30 Sep 2020              | As of<br>30 Sep 2019 | Change        |
|--|-----------------------------------|----------------------|---------------|
| IBD to Total Asset Value (LTV%) <sup>(6)</sup>         | 26.8%                             | 25.3%                | <b>▲</b> 1.5% |
| Total Gross Borrowings<br>(THB Million) <sup>(5)</sup> | 11,498                            | 9,742                | <b>1</b> 8.0% |
| Total Net Borrowings<br>(THB Million)                  | 11,494                            | 9,740                | <b>1</b> 8.0% |
| Weighted Average<br>Cost of Borrowings<br>(% per year) | 3.25%                             | 3.21%                | ▲ 0.04%       |
| Weighted Average<br>Debt Maturity<br>(Years)           | 3.33                              | 3.78                 | ▼ 0.45 years  |
| Debenture portion                                      | 75%                               | 87%                  | <b>▼</b> 12%  |
| Interest Coverage Ratio (1)                            |                                   |                      |               |
| 12 Months  | 7.74 times                        | 7.56 times           | ▲ 0.18x       |
| Debt Headroom <sup>(2)(6)</sup><br>(THB Million)       | 14,224                            | 13,355               | <b>▲</b> 6.5% |
| Credit Rating  | A (Stable Outlook) <sup>(3)</sup> |                      |               |

- (1) Interest Coverage ratio = EBITDA (excluded gain from divestment)/Interest Expense. (2) Prior to reaching the 60.0% regulatory leverage limit (3) Official announcement rating by TRIS on 18 May 2020.
- 4) Projection by reference on audited balance sheet as of 30 September 2020 and assume after completing asset acquisition of all batches in Feb'21. (5) IBD excluding issuing cost. (6) LTV and debt head room calculated by using gross borrowing





# Sustainable long-term growth in DPU and deliver stable and regular distributions to unitholders

# Active Asset Management

- Proactive leasing to maintain high occupancy rate, long WALE and a diversified tenant base
- Assess and undertake AEIs to unlock further value

### Acquisition Growth

- Pursue strategic acquisition opportunities of quality properties
  - Sponsor's ROFR
  - Third party acquisitions

# Capital & Risk Management

 Optimise capital mix and prudent capital management

### Sustainability

 AEI by using green equipment such as LED, water saving sanitary ware etc.





# Experience matters.