

Gumpol Tiyarat improves TFD to focus on property market as industrial estate business

"In 2010, we may diversification and emphasis to property development project and Industrial Estates by taking over office building for rent. A long with invested in two condominium projects."

The export situation of Thailand has been affected by the slowdown of trading partners' economy of which has expanded to direct investment and capably increase of several industries that gradually declined with the market situation.

Industrial estate business consists of land sale or ready-made standard factory for sale or rent in locally industrial estates. It is another challenging business in Thailand which is waiting for opportunity of the world's economic recovery that will bring back development to the business.

Thai Factory Development Public Company Limited (TFD) sees an opportunity of risk allocation in order to preparation to go forward with sustainability. Its business policy from now on targets growth sale revenue and net profit as well as increases cash flow with support this plans from major shareholders.

Targets property development and increases cash

Gumpol Tiyarat, Managing Director and Executive Chairman, said that the Company will shift its focus to property development and industrial Estate fully investment by taking over office building for rent. Also, the Company has invested in two condominiums projects, one of which the Company has tenancy from Office of the Privy Purse Bureau. The project has already been approved and is under consideration to adjust for price and marketing plan. The project is expected to start its construction in the middle of 2010. The 30 storey-high condominium project worth Baht 1,000 million has already been approved loan of Baht 500 million by a financial institution. The pre-sale starts at the beginning of 2010.

The second project is a big project in booming tourism destination. Hua-Hin Heritage project is a target to sell from middle to upper level customers. It is located at Khao Tao area, Pranburi district, Prachuab Khiri Khan province with the size of 9 rai. The project is worth no less than Baht 1,500 million. It is one of the projects located with pure natural area.

The building construction consists of two phase of development. The 6 units of Town Homes Sea Views and condominiums built on the area size of 8-0-23.4 rai and some of which has already been approved with the Environmental Impact Assessment (EIA) – two 28 storey-high condominium (A and B building) and 6 units three-storey-high Town Homes located nearby the sea. The Town Home will be the first developed along with clubhouse to serve project customers with investment of more than Baht 60 million.

"Both Investment source of the project at Mahad Lek Luang and the project in Hua-Hin partially came from the consecutive sale revenues of 59 Heritage Condominium in amount of Baht 255 million and Baht 700 million, respectively, from 2008 to 2009."

Office Building for rent

Gumpol added that office building for rent business is also another interesting project. In 2008, the Company jointed with investors from Singapore to buy 49.89% shares of registered capital of SG Land so as to buy two office buildings at the mid of Lang Suan Road from a commercial bank and the bank provided loan of Baht 450 million for financial restructuring. This is the Company's strategy to expand office for rent base at CBD as well as to receive increase benefit. Recently in Q3/2009, the total occupancy from the two

buildings not less than 95% of total tenants. The another Mahad Lek Heritage Project is the new residential condominium located at Soi Mahad Lek Luang 2. Its is neighbor area to SG Land's land which is an affiliate company. The investment budget for the two projects from financial institution is worth approximately Baht 900 million.

Industrial Estate Business goes on

In 2007, the Company started to invest and develop TFD Industrial Estate with the size of 300 rai (first phase) worth Baht 1,800 million which planned to expand to 500 rai. Despite the Company's focus on property development; the core business was the industrial estate business which could make more than 50% of total revenue. However, the Company realized that industrial estate market is not going well since many manufacturers use only 40-50% of their production capacity now. It is noticeable that if manufacturers have used production capacity less than 75% of total capacity, they will not expand their factories. However, within the industrial estates project under the Company's service. In 2009 there are some SME investors to buy land for their expansion of factory buildings, but not so much due to the lack of business supporting factors.

On the other hand, the Company has invested Baht 100 million, in subsidiary company named Total Industrial Services Co., Ltd. (TISCOM), of which the TFD holds 51% of shares, to expand SME size ready-made factory for rent. The TISCOM has two project sites which the first site investment is in the form of land tenancy and ready made factory rental from Industrial Estate Authority of Thailand (IEAT) at Laem Chabang Industrial Estate, Sriracha district, Chonburi – land of 40 rai in the export area with 23 ready made factories for rent.

In Q3/2009, TISCOM revenue came from 20 ready-made factories for rent at Laem Chabang Industrial Estate, calculating for 87% of total occupancy and remains 3 vacant of them. The second site, there are Kingkaew Warehouses Project located in Kingkaew Road - Ladkrabang area. The project comprises 17 warehouses for rent, which targeted at small sized entrepreneurs. This site is calculating for 59% of total occupancy, and remains 7 vacant of them. In this year, the TISCOM is expected to take revenue from rent no less than Baht 42 million, which is higher than last year's.