

Frasers Property Industrial (Thailand)
recognized as the

2021

Company of the Year

Thailand Integrated Warehouse
Development Industry

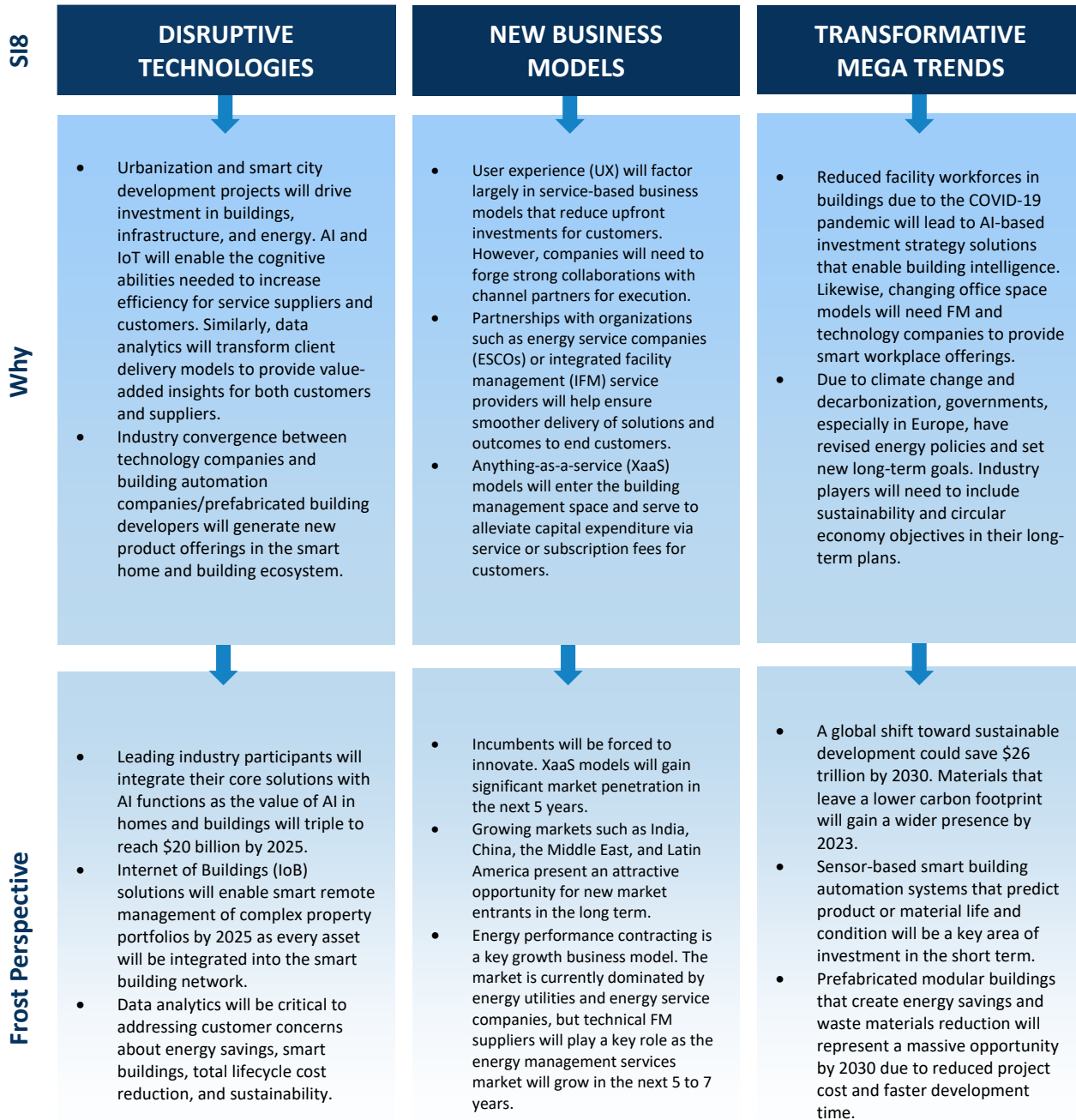
Excellence in Best Practices



INDUSTRIAL

Strategic Imperatives

Frost & Sullivan identifies three key strategic imperatives that impact the warehouse development industry: disruptive technologies, new business models, and transformative mega trends. Every company that is competing in the building services and technologies space is obligated to address these imperatives proactively; failing to do so will almost certainly lead to stagnation or decline. Successful companies overcome the challenges posed by these imperatives and leverage them to drive innovation and growth. Frost & Sullivan’s recognition of Frasers Property Industrial Thailand (FPIT) is a reflection of how well it is performing against the backdrop of these imperatives.



Best Practices Criteria for World-Class Performance

Frost & Sullivan applies a rigorous analytical process to evaluate multiple nominees for each award category before determining the final award recipient. The process involves a detailed evaluation of best practices criteria across two dimensions for each nominated company. Frasers Property Industrial Thailand (FPIT) excels in many of the criteria in the Integrated Warehouse Development space.

AWARD CRITERIA	
<i>Visionary Innovation & Performance</i>	<i>Customer Impact</i>
Addressing Unmet Needs	Price/Performance Value
Visionary Scenarios Through Mega Trends	Customer Purchase Experience
Implementation of Best Practices	Customer Ownership Experience
Leadership Focus	Customer Service Experience
Financial Performance	Brand Equity

Innovative Solutions Addressing Unmet Needs and Upholding Mega Trends

Warehouse development is the cornerstone of Thailand’s industrial growth and logistics expansion. Besides playing a significant role in the storage and exchange of goods, integrated warehouses can reshape market dynamics as customer demand for faster response and the management of large order volumes becomes crucial.

Frasers Property Industrial Thailand (FPIT) is one such company that addresses ever-changing demands and challenging market trends. The company is among early adopters of built-to-suit (BTS) solutions in the Thai warehouse development market that focus on customized solutions and warehouse designs for customers. While many competitors offer similar BTS propositions, FPIT stands out by integrating two major concepts under its Asset Enhancement Initiatives (AEI) for warehouse development, customer-centric solutions and human-centric solutions.

Many competitors focus particularly on customer-centric solutions in developing warehouses to suit customers’ business requirements. FPIT takes a step further by integrating warehouse designs with human-centric approaches. This approach covers the needs of the customers’ value chain partners and employees that run business operations.

FPIT understands the need to develop functional warehouses and modern workplaces for workers, as evident from its customized designs of adaptable warehouse spaces with flexible storage for

“FPIT understands the impact of Mega Trends on the future of workplaces. Its customized warehouses integrate innovative workplaces and offices with advanced storage solutions. Such an integrated development capability is truly visionary and unique in the market.”

– Melvin Leong, Director and Global Head of Buildings Research

omnichannel customers and dynamic loading bays that support variable-size goods movements. FPIT’s warehouse also integrates a conducive workspace for customers’ employees, such as workstations or offices, cafeterias, gyms, collaboration areas, activity halls, meeting rooms, and guest reception areas. Its futuristic warehouse concept with campus-like work facilities resonates with the future of workplace Mega Trend.

Frost & Sullivan believes that FPIT’s integrated warehouse development that addresses the following key trends helps it stay ahead of the competition:

- Flexible warehouses that accommodate ever-changing trends in customers’ business supply chains
- Futuristic warehouses that serve as enjoyable and conducive workplaces for customers’ employees

Best Practices and Leadership Focus with First-Mover Solutions

FPIT is the first company in the market to form a certified real estate investment trust (REIT) dedicated to industrial and logistics development in Thailand. The establishment of the Fraser Property Thailand Industrial Freehold & Leasehold REIT (FTREIT) enables FPIT to serve as a one-stop center for total industrial asset management and investment, which includes integrated warehouse development. This approach is unique to FPIT, and it is the only developer with such competence in the market. The FTREIT elevates warehouse customers’ confidence and peace of mind in terms of warehouse design and functionality, property management, and business operations.

“FPIT’s excellence is poised to continue with technologies adoption in its solutions. The company’s goal to drive sustainability through green practices in warehouse development is impressive.”

– Melvin Leong, Director and Global Head of Buildings Research

FPIT’s development of Thailand’s first logistics park (Fraser’s Property Logistics Park [Bangna] in Chachoengsao), approved by the Thailand Board of Investment (BOI), is further testament to the company’s leadership focus and innovation in providing a broader range of solutions, from micro warehouses (city- or building-level) to industrial townships and industrial parks.

FPIT strengthens its market position and improves its propositions by incorporating technology advancements in its solutions. Since 2018, the company has been working with the PBA Group that specializes in robotics and automation technologies. Besides including a full suite of robotics and automation solutions in warehouses, FPIT is a leading developer of smart and sustainable warehouses in the market. Sustainability features at its warehouses include roof solar panels, business park management with advanced and smart closed-circuit televisions (CCTVs), drones for maintenance and inspection, and Web mapping services. FPIT recognizes sustainability as the way forward. This is evident

from its incorporation of green practices in the selection of construction materials and environmentally friendly vendors. Frost & Sullivan believes these best practices and first-mover solutions firmly position FPIT as a forerunner of unique integrated warehouse solutions in the Thai market.

Performance and Market Positioning

FPIT is truly a leader in the integrated warehouse development market. Floor space-wise, it provides 1.8 million square meters (sqm) of modern warehouses while its closest competitor owns only 1.5 million sqm.

In terms of revenues and growth, FPIT recorded 17% compound annual growth rate (CAGR) from 2016 to 2020. Its net profit after tax grew by 42% CAGR over the same period. In 2020, the company increased its revenue and net profit after tax by nearly 2% and 20%, respectively, despite the industrial growth slowdown due to the COVID-19 pandemic.

This commendable performance is attributable to FPIT's corporate development efforts through its three main teams. The company's Business Development & Design Management Team performs market intelligence in industry growth and market trends to understand the business and industrial communities. Its International Customer Acquisition (ICA) Team focuses on foreign customers, while its

Customer Experience (CX) team focuses on engagement and communications with current clients.

"2020 was a challenging year for many businesses. However, FPIT remained resilient and continued to grow its revenue and profitability in 2020. Its remarkable feat and success are attributable to its strategies. FPIT's unique customer service contributed to the market's development."

– Melvin Leong, Director and Global Head of Buildings Research

FPIT's targeted corporate strategy has successfully sustained its revenue and profit growth despite a turbulent 2020 and increased its warehouse tenants' weighted average lease expiry from 2 years to 6 years. These achievements underscore FPIT's advancement from traditional to integrated warehouse solutions with its state-of-the-art ready-built warehouses and technologically advanced BTS warehouses.

Value Propositions beyond Warehouse Solutions

To be a true integrated warehouse developer, FPIT goes beyond providing end-to-end solutions in warehousing services and designs. As foreign investments form a crucial Thai economic growth pillar, FPIT offers new and existing foreign investors and customers comprehensive solutions in the form of advisory and support services. Such value propositions include land or property sourcing, approvals of licenses and permits, and other business support activities within FPIT's means and expertise.

The approach gains FPIT customers' confidence in establishing long-term business relationships and open communications with the company. Such business relationships encompass the usual landlord-tenant exchanges. Additionally, FPIT commits to providing solutions that help customers establish their corporate identities via customized BTS designs and alleviate current warehousing challenges facing customers with temporary ready-built warehouse solutions.

The company's abovementioned exemplary practices led to continuous growth in 2020 and high occupancy rates at nearly 85%, considered a good occupancy benchmark in the market. Additionally, FPIT's approach to its value proposition increased the weighted average lease expiry of its warehouses to 6 years in 2020. The industry benchmark is 2 or 3 years.

Holistic Customer Experience and Engagement

During the COVID-19 pandemic, amid prevalent lockdowns in many countries, including Thailand, FPIT continued to serve potential customers diligently. Despite not having to run physical warehouse showcases, the company was quick to launch a digital platform that allows virtual warehouse tours for potential customers. This is a key point of FPIT's customer purchase experience, which addressed customers' needs when international travels and face-to-face business meetings were not possible due to COVID-19.

In executing warehouse projects, FPIT selects suitable vendors and contractors from the open warehouse construction market based on customers' warehouse design requirements instead of only a panel of approved contractors. This practice enhances FPIT customers' purchase experience as materials and construction workmanship or skills are sourced according to specifications and budget. Conversely, competitors in the market commonly select vendors and contractors from a panel of approved suppliers.

The company also leads in customer ownership and customer service experiences. FPIT not only communicates with its warehouses' owners or customers but also emphasizes the importance of occupants' or workers' opinions. It does this by forming dedicated customer service teams by area and providing customer hotline numbers. FPIT's full suite of services that enhance the customer ownership

"FPIT's can-do attitude has earned customers' confidence. Its capability in customizing warehouse solutions to suit customers' business needs produced excellent service satisfaction and ownership experience. Central Retail has also allowed FPIT to highlight its integrated warehouse project to potential customers."

– Melvin Leong, Director and Global Head of Buildings Research

experience includes holistic property management, such as landscaping, mechanical and electrical (M&E) maintenance, and cleaning services. Notably, FPIT also provides smart security services and solutions that monitor the movements of vehicles in warehouse areas and logistics parks. In particular, FPIT offered flexible and customized warehouse rental options in 2020 to many of its customers facing business difficulties. These services and practices reinforced service excellence and assurance for customers, boosting their overall ownership experience.

Two major projects exemplify FPIT's focus on overall customer experience: Havi Logistics and Central Retail Omnichannel Warehouse. FPIT efficiently delivered BTS solutions to Havi Logistics during the COVID-19 pandemic despite being new in multi-temperature storage and distribution centers. The success demonstrates FPIT's commitment to the customer purchase experience. For the Central Retail Omnichannel Warehouse project, FPIT incorporated a customized distribution campus design with occupancy and environmental sustainability concepts and approaches that meet the customer's

business goals and nation's aspirations for green buildings and healthy workplaces. This reinforces FPIT's commitment to the customer ownership experience.

Also noteworthy is FPIT's plan to develop online or mobile applications for customers to interact with its services teams. This is part of the company's continuous digital transformation effort within the Frasers Property Group.

Frost & Sullivan finds that the above strategies have strengthened customer relationships with FPIT in customer ownership experience, customer service, and customer satisfaction.

International Ideas with Local Vision

FPIT's branding and values in the integrated warehouse market prevail through its total solutions in warehouse development, not just as a warehouse space provider. As an industrial arm of the international property developer, Frasers Property Group, FPIT upholds company talent and team development to address Thailand's ever-challenging industrial trends and dynamic end-user demands. It is the organization's key strategy due to Thailand's highly localized integrated warehouse market. FPIT designs its solutions to suit the local context and customer objectives while assimilating international standards and technologies into them. The talent development approach reinforces the company's vision as an integrated warehouse solutions provider with international best practices served by local teams in Thailand.

The company's brand image also stands out in the market due to its holistic propositions for warehouse customers. FPIT believes that its brand perception stems from its ability to be a business partner well-

"FPIT lives up to its 'Inspiring Business Solutions' vision. The company associates its brand with its advocacy of combining international standards with local solutions."

– Melvin Leong, Director and Global Head of Buildings Research

versed in warehouse operations, distribution procedures, eCommerce trends, omnichannel knowledge, and daily business operation challenges. The company also sustains brand loyalty amongst existing customers through special membership programs that entail lifestyle privileges, such as promotions, sports, and social events. Such a unique strategy in the market has increased customer retention and enhanced FPIT's brand image.

Conclusion

FPIT pioneers human-centric and customer-centric warehouse developments that integrate customized flexibility and technologically advanced storage solutions with futuristic and ultramodern workplace designs in Thailand. As the largest REIT manager in Thailand's warehouse development, the company incorporates advanced applications into its designs, such as rooftop solar panels, drones, smart security systems, and robotics. FPIT stands out in customer-centric relationships with its desire to be a business partner that provides end-to-end solutions, from warehouse conceptualization to business operations. Its strong focus on customer experience excellence and value-added propositions has resulted in year-over-year growth in revenue and net profit since 2016, including 2020. Additionally, the company's success in the market is attributed to its brand strategy that integrates international best practices with local perspectives.

With its strong overall performance, Frasers Property Industrial Thailand earns Frost & Sullivan's 2021 Company of the Year Award.

What You Need to Know about the Company of the Year Recognition

Frost & Sullivan's Company of the Year Award is its top honor and recognizes the market participant that exemplifies visionary innovation, market-leading performance, and unmatched customer care.

Best Practices Award Analysis

For the Company of the Year Award, Frost & Sullivan analysts independently evaluated the criteria listed below.

Visionary Innovation & Performance

Addressing Unmet Needs: Customers' unmet or under-served needs are unearthed and addressed by a robust solution development process

Visionary Scenarios Through Mega Trends:

Long-range, macro-level scenarios are incorporated into the innovation strategy through the use of Mega Trends, thereby enabling first to market solutions and new growth opportunities

Leadership Focus: Company focuses on building a leadership position in core markets and on creating stiff barriers to entry for new competitors

Best Practices Implementation: Best-in-class implementation is characterized by processes, tools, or activities that generate a consistent and repeatable level of success

Financial Performance: Strong overall business performance is achieved in terms of revenue, revenue growth, operating margin, and other key financial metrics

Customer Impact

Price/Performance Value: Products or services provide the best value for the price compared to similar market offerings

Customer Purchase Experience: Quality of the purchase experience assures customers that they are buying the optimal solution for addressing their unique needs and constraints

Customer Ownership Experience: Customers proudly own the company's product or service and have a positive experience throughout the life of the product or service

Customer Service Experience: Customer service is accessible, fast, stress-free, and high quality

Brand Equity: Customers perceive the brand positively and exhibit high brand loyalty

