

## Major Events in 2Q19 and July 2019

- April The Company's 2019 Annual General Meeting of Shareholders passed the major resolutions to approve 1) acquisition of 49% shares in Raimon Land Nineteen Co., Ltd. from KPN Land Co., Ltd. ("KPNL"), who is the Company's connected party, to own and have the absolute controlling power in the project SHAA Asoke; 2) investment in ONE CITY CENTRE ("OCC") – grade A office building development project for a total investment value of THB 8,771.4mn.
- May 1) Paid dividend from retained earnings at the rate of THB 0.015 per share to shareholders whose name appeared on the share register book on 9 May 2019 (Record Date). The payment date was on 28 May 2019.
- 2) 28 May 2019, the Company signed joint venture agreement with Mitsubishi Estate Asia (full name - MEA Commercial Holding PTE Ltd.) from Japan, to jointly develop OCC project, the grade A office building for rent in prime CBD on Ploenchit road.
- June First-time revealed information of project "The Lofts Ratchathewi". The official launch will be in September 2019
- July Issued unsubordinated unsecured debentures with bondholder representative total value of THB 1,005mn, interest rate 5.5% p.a., 3 years, quarterly interest payment, and having maturing date on 1 August 2022.



## Management outlook and future projects

---

In 2Q19, the world's economy was impacted by several significant events. In May, US-China trade war escalated again when the US announced plans to further raise import tariffs of Chinese goods around USD 200 billion. In June, protests started in Hong Kong levels of violence have been escalating. Moreover, in July, Thai baht became stronger specially against US dollar due to speculation during the period that US Federal Reserve would cut the interest rates. However, on 7 August 2019, the Bank of Thailand had announced the policy to cut interest rate which could expect Thai baht to become weaker to previously average level.

Amongst uncertain situation in many countries, Thailand's post-election government was formed in June. That was a positive factor to promote the country's stability in time of the world's turmoil. Combined with executive investment in many mega projects on infrastructure improvements enforced by the new government to draw interest from foreign investors, the management maintain positive view on property market in long-term, specially demand for high-quality residential property and office space.

For the plan on residential property business, in 2Q19, the Company had signed joint venture agreement with Mitsubishi Estate Asia to jointly develop OCC project, the grade A office building for rent. For the second half of 2019, the Company is planning to launch 2 condominium projects, the Lofts Ratchathewi, and an ultra-luxury condominium project in Soi Sukhumvit 38, near BTS station – Thonglor, which is the third joint venture project with Tokyo Tatemono Asia Pte. Ltd. ("TTA").

## 2Q19 and 1H19 Highlight

---

- Backlog<sup>1</sup> of the Company and its subsidiaries stood at THB 8,012.4mn as of 30 June 2019
- Presales of 2Q19 was THB 241.8mn and 1H19 was THB 1,603.4mn
- Total revenue of 2Q19 was THB 887.7mn while that of 1H19 was THB 2,351.6mn. Of which, THB 685.6mn and THB 2,072.0mn, respectively, were from sales of real estate
- Gross profit from sales of real estate in 2Q19 was THB 179.1mn while that of 1H19 was THB 576.2mn. GPM of 2Q19 and 1H19 were 26.1% and 27.8% respectively
- Total assets as of 30 June 2019 stood at THB 13,034.6mn and total liabilities stood at THB 7,174.4mn
- Debt to Equity ratio<sup>2</sup> stood at 0.92 times as of 30 June 2019, decreased from 0.94 times as at end of 2018

---

<sup>1</sup> Backlog include only sold units with sales and purchase agreements

<sup>2</sup> Calculated from interest-bearing debt net of cash and cash equivalents

## Changes in accounting policy and reclassification in 2Q19

---

During the three-month and six-month period ended 30 June 2019, the Company and its subsidiaries have adopted TFRS 15 “Revenue from Contracts with Customers” which become effective for fiscal years beginning on or after 1 January 2019. The Group chooses retrospectively adjustment in the period of initial application.

For statements of financial position, the changes are as follows: -

- 1) total assets as of 31 December 2018 before retrospectively adjust was THB 14,329.7mn and after the retrospectively adjust was THB 14,376.4mn, an increase of THB 46.7mn.
- 2) the unappropriated retained earnings as of 31 December 2018 before retrospectively adjust was THB 5,721.9mn and after the retrospectively adjust was THB 5,768.5mn, an increase of THB 46.7mn.

For statements of profit or loss and other comprehensive income, the changes are as follows: -

- 1) The commission paid to obtain a customer contract shall be recorded as an asset and amortized to expenses on a basis that is consistent with the pattern of revenue recognition. Under the previous accounting policy, the Company and its subsidiaries immediately recorded commission as selling expenses when the transaction occurred.
- 2) In case of free transfer fee and common area fee (if any) are considered payable to customers or expenses paid for the customers and therefore shall be treated as a reduction of the revenue under the contract. Whereas they were booked under selling expenses when the transaction occurred.

All comparisons of changes in this report are based on the adjusted accounting policy and reclassification.

## Operating result 2Q19 and 1H19

---

### Revenue

In 2Q19, the Company and its subsidiaries (“the Company”) reported a total revenue of THB 887.7mn. This represented an increased of THB 56.6mn or 6.8% YoY. Of which, THB 685.6mn, or 77.2% of the total revenue was from sales of real estate of 4 projects which details are presented as below table, THB 11.3mn was from F&B business and THB 98.9mn was from other businesses<sup>3</sup>. In addition, in this quarter, there were one-time revenue recognitions from sale of land awaiting for development THB 89.1mn and gain on loss control of investment in a subsidiary THB 2.9mn.

In 1H19, the Company has total revenue of THB 2,351.6mn, an increase of THB 975.9mn or 70.9% YoY. Of which, THB 2,071.8mn, or 88.1% of the total revenue was from sales of real estate of 6 projects which details are presented as below table, THB 21.6mn was from F&B business, THB 166.2mn was from other businesses<sup>1</sup> and extra revenue which occurred in 2Q19 as explained above.

Source of revenue	3-month 2019		3-month 2018		Change		6-month 2019		6-month 2018		Change	
	(THB mn)	%	(THB mn)	%	(THB mn)	%	(THB mn)	%	(THB mn)	%	(THB mn)	%
2Q19												
North Point	-	-	100.0	12.0	- 100	- 100.0	-	-	100.0	7.3	- 100	- 100.0
The River	-	-	160.6	19.3	- 160.6	- 100.0	42.8	1.8	160.6	11.7	- 117.8	- 73.3
185 Rajdamri	58.6	6.6	173.3	20.9	- 114.7	- 66.2	58.6	2.5	334.7	24.3	- 276.1	- 82.5
Zire Wongamat	-	-	13.4	1.6	- 13.4	- 100.0	-	-	68.7	5.0	- 68.7	- 100.0
UNIXX South												
Pattaya	6.9	0.8	271.9	32.7	- 265.0	- 97.5	14.0	0.6	534.2	38.8	- 520.2	- 97.4
The Lofts Ekkamai	-	-	-	-	-	-	-	-	23.0	1.7	- 23.0	- 100.0
Mews Yen Akat	-	-	55.0	6.6	- 55.0	- 100.0	53.8	2.3	55.0	4.0	- 1.2	- 2.2
The Lofts Asoke	421.9	47.5	-	-	421.9+	100.0	1,433.2	60.9	-	-	1,433.2	+ 100.0
The Diplomat 39	198.1	22.3	-	-	198.1+	100.0	469.4	20.0	-	-	469.4	+ 100.0
Food & Beverage	11.3	1.3	10.7	1.3	0.6	+ 5.6	21.6	0.9	10.7	0.8	10.9	+ 101.1
Gain from sale of land awaiting for development	89.1	10.0	-	-	89.1+	100.0	89.1	3.8	-	-	89.1	+ 100.0
Gain on loss control of investment in a subsidiary	2.9	0.3	-	-	2.9+	100.0	2.9	0.1	-	-	2.9	+ 100.0
Others <sup>1</sup>	98.9	11.1	46.2	5.6	52.7+	114.1	166.2	7.1	88.8	6.5	77.4	+ 87.2
Total revenue	887.7	100.0	831.1	100.0	56.6	+ 6.8	2,351.6	100.0	1,375.7	100.0	975.9	+ 70.9

### Backlog <sup>2</sup>

As of 30 June 2019, the Company recorded a total backlog <sup>2</sup> of THB 8,012.4mn, decreasing by 7.4% from THB 8,655.8mn as at end of 1Q18. The main reason of the decreasing was from unit transferred of The Lofts Asoke project since December 2018, when the construction was completed. In addition, the Company has not launched new projects in the first half of this year. Of the total backlog at end of 2Q19, 35.3% was from The Lofts Silom, 30.1% was from TAIT12, 20.4% was from The Estelle Phrom Phong, 9.9% was from The Lofts Asoke, 4.2% was from the Diplomat 39 and 0.1% was from UNIXX South Pattaya, totaling of 6 projects.

### Cost of Sales

Cost of real estate sold in 2Q19 reduced to THB 506.5mn from THB 558.5mn in 2Q18, due to the declines in revenue from transferred of real estate. The costs of F&B business decreased to THB 3.3mn from THB 6.4mn in 2Q18 as the Company started F&B business in March 2018, therefore, setting up costs, as one-time expenses, occurred during 2Q18 period.

<sup>1</sup> Including rental and service income, marketing commission income, project management fee, interest, and others

<sup>2</sup> Backlog include only sold units with sales and purchase agreements

In 1H19, cost of real estate sold increased to THB 1,495.8mn from THB 958.2mn in 1H18, in line with rises in the revenue from sales of real estate. The costs of F&B business slightly decreased to THB 6.3mn from THB 6.4mn in 1H18 due to the F&B business setup cost during 1H18, as explained above.

#### Gross Profit and Gross Profit Margin (GPM)

In 2Q19, gross profit from sales of real estate was THB 179.1mn, where GPM was 26.1%, declined from THB 215.8mn in 2Q18, where GPM was 27.9%. The decline in gross profit was because 22.3% of total revenue in this quarter was from project The Diplomat 39 which was a low profit-margin generating project. The Company took over it as a complete-built project when revenue was ready to be recognized, therefore, risk-free was involved on construction processes of this project. For F&B business, the Company gained THB 8.0mn of gross profit, represented a GPM of 71.1%, increased from THB 4.4mn in 2Q18, where GPM was 40.6%, due to the reduction in setup cost as explained in the cost of sales section.

For 1H19, the Company has gross profit from sales of real estate of THB 576.2mn, where GPM was 27.8%, increased from THB 318.0mn in 2Q18, where GPM was 24.9%. The GPM in this period increased because although 20.0% of the total revenue was from a low profit-margin generating project as explained above, 60.9% of the total revenue was from project The Lofts Asoke which generate normal profit margin. Therefore, it helped to bring up the total GPM of this business. For F&B business, the Company gained THB 15.3mn of gross profit in this period, represented a GPM of 70.8%, increased from THB 4.4mn in 1H18, where GPM was 40.6%, due to the reduction in the setup cost as explained in the cost of sales section.

#### Distribution costs and Administrative Expenses (SG&A)

In 2Q19, the Company's distribution costs and administrative expenses was THB 238.2mn, increased by THB 47.9mn, or 25.2% YoY from THB 190.2mn in 1Q18. Partly, THB 1.5mn increased in the distribution cost was from the adoption of new accounting policy as explained in the changes in accounting policy and reclassification section above. The THB 34.4mn increased in administrative expenses was because the Company is in an expansion period.

In 1H19, the Company's distribution costs and administrative expenses was THB 494.2mn, increased by THB 102.0mn, or 26.0% YoY from THB 392.2mn in 1H18. Part of the increases in the distribution cost, THB 6.2mn was an adjustment from the adoption of new accounting policy as explained above and THB 43.0mn increase was roughly in line with the rise in revenue from sales of real estate. The THB 52.8mn increased in administrative expenses was because the Company is in an expansion period.

#### Financial Cost

Most of financial cost resulted from loan interest borrowed to develop projects, which are capitalized as development costs for respective projects till construction completion. Thereafter, such interest costs will be recorded as finance costs in the Statement of Income. Loans are repaid in installments upon unit transfer.

In 2Q19, the Company had financial cost of THB 48.0mn, an increase of THB 13.4mn or 38.5% increase YoY from THB 34.6mn in 2Q18 mainly due to the loan interest expense from the Lofts Asoke project was recognized as financial cost after the construction completed in December 2018. Moreover, in comparison with 2Q18, in 1Q19, the Company was carrying higher loan amount for asset acquisition of KPNL's 2 projects, The Diplomat 39 and The Diplomat Sathorn, which were complete-built projects where loan interest expense could not be recognized under cost of real estate sold.

In 1H19, the Company had financial cost of THB 100.4mn, an increase of THB 42.6mn or 73.8% increase YoY from THB 57.8mn in 1H18 mainly due to the loan interest expenses of the Lofts Asoke project and the KPNL's projects acquisition as explained above.

### **Net Profit**

In 2Q19, the Company had consolidated net profit of THB 54.7mn, an increase of THB 19.1mn or an increase of 53.6% YoY. Net profit per share in 2Q19 was THB 0.01.

In 1H19, consolidated net profit of the Company was THB 150.8mn, an increase of THB 185.2mn from net loss of THB 34.4mn in the same period of the previous year. Net profit per share in 1H19 was THB 0.04mn.

### **Financial Position (as of 30 June 2019)**

#### **Assets**

Total assets of the Company stood at THB 13,034.6mn, a decrease of THB 1,341.8mn or 9.3% from total assets of THB 14,376.4mn as of 31 December 2018. The decrease was primarily attributed to 1) THB 634.2mn decrease in project development cost after the completion and started of unit transferred of The Lofts Asoke project; 2) THB 394.1mn decrease in condominium purchased for sales when The Diplomat 39 and The Diplomat Sathorn were gradually transferred and recognized as revenue; and 3) THB 504.3mn decrease in land awaiting development when the Company sold an empty land plot.

#### **Liabilities**

Total liabilities stood at THB 7,174.4mn, a decrease of THB 1,433.4mn or 16.7% decreased from THB 8,607.9mn of total liabilities as of 31 December 2018. It was mainly due to a decrease in loan from financial institutions of the subsidiaries when the Company started to payback loan for The Lofts Asoke project after its construction completed and began the units transferred. Of which, the short-term loan (including the current portion of long-term loans and debentures) decreased by THB 562.9mn and the long-term loan (including debenture) decreased by THB 428.0mn.

In addition, in 3Q19, there will be a matured debenture amount of THB 1,000mn, on 21 September 2019. For repayment of the bond, on 1 August 2019, the Company had issued a new debenture, which is unsubordinated unsecured debenture with bondholder representative of Raimon Land Plc. no.1/2019 due 2022 amount of THB 1,005mn to secure the payback.

### Shareholders' Equity

As of 30 June 2019, total shareholders' equity stood at THB 5,860.1mn, an increase of THB 91.6mn, or 1.6%, from THB 5,768.5mn as at end of 2018, mainly from the increases in retained earnings net of dividend paid in this quarter.

### Net Debt to Equity Ratio<sup>1</sup>

As of 30 June 2019, the interest-bearing debt of the Company stood at THB 5,561.9mn while cash and cash equivalents stood at THB 169.5mn. As a result, the D/E ratio<sup>6</sup> at end of this quarter was 0.92 times, decreased from 0.94 times as of 31 December 2018. Regarding to the Company's target revenue from residential real estate projects of THB 10,000 -12,000mn per year within 5 years, the Company expect this ratio may continue to increase. However, the debt's policy is maintained by limiting the D/E ratio<sup>1</sup> at below 1.5 times.

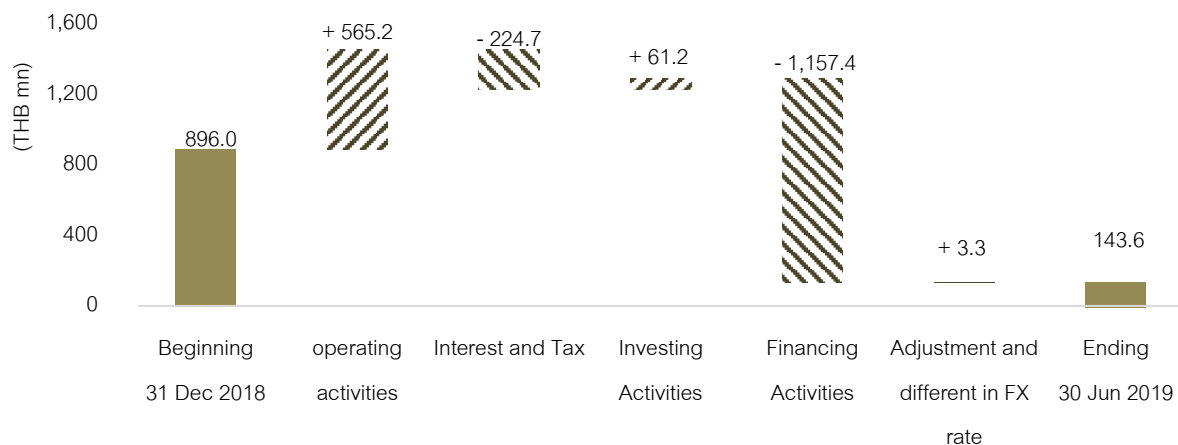
### Cash Flow

During the first half period of 2019, the Company had net cash received from operating activities of THB 565.2mn. The key components were the net profit from 6 months period and cash received from the transferred of The Lofts Asoke and The Diplomat 39 projects. The Company had net cash paid for interest payment and tax of THB 224.7mn. Net cash received from investing activities was THB 61.2mn. The key components were 1) THB 593.9mn cash received from selling land awaiting development net of THB 271.1mn cash paid for acquisition of investment properties for OCC project; 2) THB 194.0mn cash received from sales of current investment; 3) THB 34.6mn cash paid for purchases of investment in a subsidiary; and 4) THB 364.5mn cash paid for decrease in control from subsidiary to joint venture. Net cash paid in financing activities was THB 1,157.4mn. The key components were THB 1,646.4mn net cash repayment for long-term borrowings from financial institutions. As a result, the Company had ending cash of THB 143.6mn as of 30 June 2019.

---

<sup>1</sup> Calculated from interest-bearing debt net of cash and cash equivalents

**Cash flow movement in 1H19**



.....  
 ( Sataporn Amornvorapak )  
 Director and Company Secretary