

Current situation and impact on the company

The real estate sector in 2022 has a positive factor from the government policy which is the extension of the measures in the reduction of transfer and mortgage fees for residences value not greater than THB 3.0mn. The measures also cover second-hand houses as well. Bank of Thailand (BOT) has announced a temporary relaxation of LTV measures for loan agreements contracted from 20 October 2021 to 31 December 2022. However, in the first half of 2022, the results from the government and BOT acts were underperformed due to the virus outbreak which showed a decline in overall demand of residential real estate sector compared to the first half of 2021. Anyhow, the remaining quarters are expected to improve as a result of government real estate stimulus measures. The key risk factors in 2022 that will exert pressure on the real estate sector are inflation continuing to expand, which makes Bank of Thailand more likely to raise interest rates in the near term and cost of construction materials affects the increase in the price of housing, the decision for purchase housing and investment which requires close and continuous monitoring of the housing market situation.

In 1H/2022, Thailand's economy began to show the signs of recovery, which was recovered from the expenditure and manufacturing sectors. Nevertheless, Thailand's economy still has a risk factor of higher inflation from oil price that affects current commodities price causing the upward trend of the interest rate. The Office of the National Economic and Social Development Council continues to forecast that in this year, overall Thailand's economy will continue to expand in the range between 2.5% and 3.5% which are mainly supported by an improvement in domestic demand, a recovery in the tourism sector, and the expansion of export (Source: Real Estate Information Center)

Management outlook and future projects

The Thai economy in the 2Q/ 2022 continued to improve from the previous quarter. Private consumption indicators increased mainly from private spending on services category. Trade and service sectors recovered from the foreign tourist figures after the relaxation of the COVID-19 containment measures and international travel restrictions. Private investment indicators also improved in accordance with the development of the economy. The value of merchandise exports also increased which was in line with the improvement in trading partners' demands. Public spending largely expanded compared to the same period last year from current expenditures and transfer payment. Nonetheless, manufacturing production was declined and affected by production material shortages. On the stability, headline inflation considerably increased from rising energy and fresh food prices as well as core inflation, which increased from the prepared food prices. Labor market gradually improved as the economy recovered. The current account recorded a higher deficit due to a lower trade balance surplus as well as a higher deficit in the net service, income, and transfers balance. The latter was due to higher remittance of profits and dividends by foreign businesses. (Source: Bank of Thailand)

On 15 July 2022, the Company issued the debentures no. 1/2022 that the issuer has right to redeem the debentures before maturity. The issued debentures are unsubordinated, unsecured, and has debenture holders' representative totaling THB 1,050.0mn. The debentures were issued into 3 tranches as follows:

Tranche	Amount (million)	Tenor	Coupon rate	Maturity Date
Tranche 1	486.7	11 months	7.00%	15 June 2023
Tranche 3	356.4	1 year 6 months	7.10%-7.25%	15 January 2024
Tranche 2	206.9	2 year 6 months	7.10%-7.60%	15 January 2025

On 29 April 2022, the Company held the 2022 Annual General Meeting of Shareholders to seek approval for the debenture issuance and offer plan in the amount of not exceeding THB 5,900mn. The objectives for the debenture were to be used as working capital and/or suitable capital for operations and/or business expansion in the future and/or repayment of loans and/or redemption of debentures and/or purchase of land which the shareholders approved in this agenda.

For the updated progress on new projects, in 2Q/2022, the Company and its subsidiaries ("the Company") continued the construction of the two residential condominium projects which are 51:49 joint venture with Tokyo Tatemono Asia Pte Ltd., The Estelle Phrom Phong and TAIT Sathorn 12, which completed 99% and 46% in the construction progress, respectively. For One City Centre ("OCC"), a grade-A office building, a 60:40 joint venture project with Mitsubishi Estate Asia (MEA Commercial Holding PTE Ltd), the project currently completed 82% in the construction progress.

2Q/2022 and 1H/2022 financial highlight

- The backlog of the Company stood at THB 6,119.0mn as of 30 June 2022.
- Presales in 2Q/2022 was THB 434.8mn, and in 1H/2022 was THB 753.1mn.
- Total revenue in 2Q/2022 was THB 75.7mn, while that of 1H/2022 was THB 171.6mn. Of which, THB 10.7mn and THB 30.5mn, respectively, were from sales of real estate.
- As of 30 June 2022, the total assets were THB 7,916.5mn, and the total liabilities were THB 3,616.4mn.
- D/E ratio¹ stood at 0.74 times as of 30 June 2022, decreased from 0.81 times at the end of 2021.

¹ Calculated from interest bearing debt to equity

Management Discussion & Analysis (- translation -)

For operating result of 2Q/2022, ended 30 June 2022



Operating result 2Q/2022 and 1H/2022

Summary of statement of profit and loss

	2Q/2022		2Q/2021		Change		1H/2022		1H/2021		Change	
	THB mn	%	THB mn	%	THB mn	%	THB mn	%	THB mn	%	THB mn	%
Revenues												
Revenues	18.4	24.3	336.3	82.1	(317.9)	(94.5)	45.8	26.7	1,890.4	94.1	(1,844.6)	(97.6)
Other income	42.4	56.1	73.2	17.9	(30.8)	(42.1)	110.9	64.6	118.3	5.9	(7.4)	(6.3)
Unrealized gain on exchange rate	12.6	16.7	-	-	12.6	-	12.7	7.4	-	-	12.7	-
Gain on fair value measurement of financial assets	2.3	3.0	-	-	2.3	-	2.3	1.3	-	-	2.3	-
Total revenues	75.7	100.0	409.5	100.0	(333.9)	(81.5)	171.6	100.0	2,008.7	100.0	(1,837.2)	(91.5)
Expenses												
COGs	12.4	16.4	244.7	59.7	(232.2)	(94.9)	38.3	22.3	1,409.5	70.2	(1,371.2)	(97.3)
Distribution costs	1.9	2.5	66.0	16.1	(64.1)	(97.1)	24.2	14.1	171.8	8.6	(147.7)	(85.9)
Administrative expenses	101.9	134.6	88.1	21.5	13.8	15.6	192.5	112.2	176.3	8.8	16.3	9.2
Expenses related to litigation	82.0	108.3	-	-	82.0	-	90.3	52.6	-	-	90.3	-
Net financial cost	59.8	79.1	39.1	9.5	20.8	53.1	123.8	72.1	76.6	3.8	47.1	61.5
Share of loss in JV	10.8	14.2	7.4	1.8	3.4	46.5	13.5	7.9	13.9	0.7	(0.4)	(2.9)
Tax expense (income)	(0.2)	(0.2)	(1.4)	(0.3)	1.2	(87.3)	0.0	0.0	56.6	2.8	(56.6)	(100.0)
Net profit (loss)	(193.0)	(255.0)	(34.3)	(8.4)	(158.7)	(82.2)	(310.9)	(181.2)	104.0	5.2	(415.0)	(398.8)

Management Discussion & Analysis (- translation -)

For operating result of 2Q/2022, ended 30 June 2022



Revenues

	2Q/2022		2Q/2021		Change		1H/2022		1H/2021		Change	
	THB mn	%	THB mn	%	THB mn	%	THB mn	%	THB mn	%	THB mn	%
Revenues												
The Lofts Silom	-	-	168.5	41.1	(168.5)	(100.0)	19.8	11.5	1,350.8	67.2	(1,331.0)	(98.5)
Northpoint	10.7	14.1	-	-	10.7	-	10.7	6.2	-	-	10.7	-
The River	-	-	96.4	23.5	(96.4)	(100.0)	-	-	420.1	20.9	(420.1)	(100.0)
The LoftsAsoke	-	-	31.5	7.7	(31.5)	(100.0)	-	-	72.9	3.6	(72.9)	(100.0)
Zire Wongamart	-	-	6.5	1.6	(6.5)	(100.0)	-	-	6.5	0.3	(6.5)	(100.0)
The Diplomat 39	-	-	18.2	4.4	(18.2)	(100.0)	-	-	18.2	0.9	(18.2)	(100.0)
The Diplomat Sathorn	-	-	8.7	2.1	(8.7)	(100.0)	-	-	8.7	0.4	(8.7)	(100.0)
Total revenue from sales of real estate	10.7	14.2	329.8	80.5	(319.1)	(96.8)	30.5	17.8	1,877.3	93.5	(1,846.8)	(98.4)
Revenue from rental and services	7.7	10.1	6.5	1.6	1.2	18.3	15.3	8.9	13.1	0.7	2.1	16.4
Other income												
Project management income	23.4	30.9	25.5	6.2	(2.1)	(8.2)	52.6	30.7	43.4	2.2	9.2	21.3
Marketing commission income	3.7	4.8	7.4	1.8	(3.7)	(50.7)	10.6	6.2	9.9	0.5	0.7	7.2
Guarantee fee income	14.3	18.9	12.2	3.0	2.0	16.5	28.0	16.3	23.8	1.2	4.2	17.6
Gain on dissolution of the investment in subsidiaries	-	-	7.0	1.7	(7.0)	(100.0)	-	-	7.2	0.4	(7.2)	(100.0)
Gain on fair value measurement of financial assets and unrealized gain on exchange rate	14.9	19.6	-	-	14.9	-	14.9	8.7	-	-	14.9	-
Other revenues ¹	1.1	1.4	21.1	5.2	(20.0)	(94.9)	19.7	11.5	34.1	1.7	(14.4)	(42.4)
Total revenues	75.7	100.0	409.5	100.0	(333.9)	(81.5)	171.6	100.0	2,008.7	100.0	(1,837.2)	(91.5)

¹Revenue from deposit forfeited and others

Management Discussion & Analysis (- translation -)

For operating result of 2Q/2022, ended 30 June 2022



Presales and Backlog

In 2Q/2022, the Company had Presales of THB 434.8mn, a slight increase from the Presales of THB 432.8mn in 2Q/2022. The presales were mainly contributed from projects under construction which are The Estelle Phrom Phong and Tait Sathorn 12.

In 1H/2022, the Company had Presales of THB 753.1mn, a decrease from the Presales of THB 1,469.1mn mainly from the closure of the existing projects which was sold out in 2021.

As of 30 June 2022, the total backlog was THB 6,119.0mn, an increase of 12.2% from THB 5,451.6mn, at the end of 2021, mostly from to the two projects under construction as mentioned above.

Revenue from sales of real estate

In 2Q/2022, the Company had the revenue from sales of real estate from Northpoint, a value of THB 10.7mn. This revenue was decreased from THB 329.8mn the same period last year. The reason for the decrease in the revenue was from the closure of the existing projects as stated above.

In 1H/2022, the Company recognized the revenue from sales of real estate from Northpoint and The Lofts Silom value at THB 30.5mn, a decrease from THB 1,877.3mn in 1H/2021. The reason for the reduction in revenue was mentioned earlier. The Company expects to start to recognize revenue from the new projects, The Estelle Phrom Phong, in Q3/2022 and Tait Sathorn 12 in Q3/2023.

Revenue from Rental and Services

Revenue from Rental and Services are mainly the revenue from Vue Mall, a community mall located on Charoennakorn Road, and Somerset Riverside Bangkok (formerly Klapsons). In 2Q/2022, the revenue from rental and services slightly increased to THB 7.7mn from THB 6.5mn from the same period last year. In 1H/2022, this revenue also increased THB 2.1mn to THB 15.3mn. The reasons for the increase in revenue were because Thailand relaxed the travel restrictions and opened the country and for tourists at the end of 2021, thus increasing the income of the Somerset Riverside Bangkok.

Project management income

The income came from fees that the Company charges to the joint venture companies for project construction management and managing other residential juristic persons. In 2Q/2022, the income was THB 23.4mn, down from THB 25.5mn, decrease THB 2.1mn or 8.2% compared to last year.

In 1H/2022, the project management income increased from THB 52.6mn to THB 43.4mn compared to the last year due to the project constructions progressed more than that in the same period of the previous year. In addition, the managing income of juristic persons also increase in 2Q/2022.

Marketing commission income and Guarantee fee income

Marketing commission income is the commission fee that the Company charged from the joint venture companies when customers sign the purchase agreement for the units under the joint venture companies. The income also includes the commission fee when the Company provides re-sales and leasing services to the property owners.

Guarantee fee income is the fee charged to the joint venture companies when the Company act as guarantor for the loan of the joint venture companies. At the end of 1H/2022, there are 4 joint venture companies: 1) Raimon Land Twenty Six Co., Ltd., developing The Estelle Phrom Phong project; 2) Raimon Land Sathorn Co., Ltd., developing TAIT Sathorn 12 project; 3) RML 548 Co., Ltd., developing the grade A office building project, One City Centre and 4) Raimon Land Thirty Eight Co., Ltd., developing a pipeline condominium project in soi Sukhumvit 38.

Marketing commission income in this quarter and in 1H/2022 were THB 3.7mn and THB 10.6mn from THB 7.4mn and THB 9.9mn, respectively. The marketing commission income improved from 1H/2021 owing to the commissions that the Company can re-sales and find tenants to unit owners. The guarantee fee income increased in both 2Q/2022 and 1H/2022 as the increase in the loan drawdown amount according to the construction progress of the 3 joint venture projects.

Gain on dissolution of the investment in subsidiaries

In 2022, there was no transaction occurred. However, in 2021, the Company completed the liquidation process of 2 subsidiaries, Raimon Land Digital Pte. Ltd (Singapore) and LIVVZ.com Pte. Ltd. and recognized the gain from the de-consolidation of THB 7.2mn. The revenue under this category was one-time recognition.

Other revenues

In 2Q/2022, other income was THB 1.1mn, down from THB 21.1mn in the same period last year. In 2021, other income was mainly due to the deposit forfeited from The Lofts Silom and The Lofts Asoke customers defaulted on the purchase agreement. In 1H/2022, other income also decreased to THB 19.7mn from 34.1mn and the reason is mentioned above.

Cost of real estate sold, gross loss and gross loss margin of sales of real estate

In 2Q/2022, the cost of real estate sold was THB 12.4mn decreased from THB 244.7mn in 2Q/2022 in line with the decrease in revenue from sales of real estate. The gross loss was THB 1.7mn and the gross loss margin was 16.1%.

In 1H/2022, the Company had the cost of real estate sold equal to THB 38.3mn or the gross loss THB 7.8mn in this period, a decrease from gross profit THB 467.8mn in 1H/2021. The gross loss margin in 1H/2022 was 25.6% while the gross profit margin 24.9% in 1H/2021. The decrease in gross profit margin was from special discounts were offered to customers in order to accelerate closure of the projects, the Lofts Silom and Northpoint.

Distribution costs and Administrative expenses (SG&A)

In 2Q/2022, the Company's total SG&A was THB 103.8mn, decreased by THB 50.3mn or 32.7% from THB 154.1mn in 2Q/2021. The distribution costs which were advertising, marketing, commission and transfer related expenses were totally reduced by THB 64.1mn in parallel with the reduction in revenue from sales of real estate. The Company's administrative expenses was THB 101.9mn or increased THB 13.8mn from 2Q/2021. The increase in administrative expense was from employee benefits.

In 1H/2022, the Company's SG&A was THB 216.7mn which were distribution costs THB 24.2mn and administrative expenses THB 192.5mn, respectively. The total SG&A expenses dropped from THB 348.1mn in 1H/2021 which can be classified as distribution costs THB 171.8mn and administrative expenses THB 176.3mn, respectively. The reduction in distribution costs was from the closure of existing projects. Nonetheless, the increases in administrative expenses were property tax expense from land selling at Phayathai and the expense mentioned earlier.

Expenses related to litigation

On 30 June 2022 and 31 December 2021, the Group has pending litigation cases, relating to allegations of breaches of agreements to purchase and to sell from some customers and torts with total amount of claim at THB 31.0mn and THB 58.0mn, respectively. On 30 June 2022 the Group recorded the expenses in respect of these cases amounting to THB 8.3mn.

On 15 February 2020, the Company and two subsidiaries received a litigation case from the condominium juristic person, relating to allegation of breach of agreement to purchase and to sell and the issues of some particulars of common properties in a condominium project with total amount of claim of THB 1,401.0mn. On 3 September 2020, the court ordered to dispose this case out of the case list because of the abandonment of the plaintiff by the plaintiff. However, the Company and its two subsidiaries filed a separate appeal against the court's order to the court for consideration. The Appeal Court rendered a judgment to reverse the strike's order of the Court of First Instance

and ordered the Court of First Instance to continue the trial. As a result of the judgment of Appeal Court, this case is now under consideration of Court of First Instance. Subsequently, on 22 July 2022, the Company and two subsidiaries entered into Settlement Agreement with such condominium juristic person, subsidiary shall cause the registration of the transfer of ownership of the property and acquire the ownership of the Condominium Unit to The River Condominium Juristic Person total amount of THB 11.9mn and severally compensate to such condominium juristic person for the amount of THB 70.1mn. The Group recorded the provision related to litigation in the amounting to THB 82.0mn in the consolidated statement of profit or loss and other comprehensive income for the three-month and six-month periods ended 30 June 2022.

Net Financial Cost

Most of the financial cost resulted from interest costs on loans borrowed to develop projects, which are recorded as development costs until construction completion. After that, such interest costs will be recorded as financial expenses in the Statement of Income. Loans are repaid in instalments upon unit transfer. At present, the Company raised funds through debentures and loans with financial institutions and incurred interest. Most of the finance costs are from interest on debentures and project loans as discussed above.

In 2Q/2022 and 1H/2022, the Company's net financial cost was THB 59.8 and THB 123.8mn, an increase THB 20.8mn and THB 47.1mn, respectively, from THB 39.1mn and 76.6mn from the same period last year. The rising in net financial cost was stemmed from interest on debentures. In 2Q/2022, the Company's interest-bearing debt stood at THB 3,166.7mn

Net loss

In 2Q/2022, the Company had a consolidated net loss of THB 193.0mn from net loss of THB 34.3mn in 2Q/2021. Net loss per share was THB 0.05 per share.

For the 1H/2022, the Company had a consolidated net loss of THB 310.9mn from the net profit of THB 104.0mn in 1H/2021. Thus, net loss per share was THB 0.07 per share.

Financial Position as of 30 June 2022

	30 June 2022		31 December 2021		Change	
	THB mn	%	THB mn	%	THB mn	%
Assets	7,916.5	100.0	9,451.1	100.0	(1,534.6)	(16.2)
Liabilities	3,616.4	45.7	4,874.5	51.6	(1,258.1)	(25.8)
Interest-bearing debt	3,166.7	40.0	3,689.2	39.0	(522.5)	(14.2)
Other liabilities	449.7	5.7	1,185.3	12.5	(735.6)	(62.1)
Equity	4,300.1	54.3	4,576.5	48.4	(276.5)	(6.0)
Total Liabilities and Equity	7,916.5	100.0	9,451.1	100.0	(1,534.6)	(16.2)

Assets

The Company's total assets stood at THB 7,916.5mn, a decrease of THB 1,534.6mn or 16.2% from THB 9,451.1mn at the end of 2021. The major changes in assets were 1) decreased cash and cash equivalents of THB 1,054.3mn mainly from loan repayment to financial institutions, 2) decreased project development costs THB 1,001.5mn from selling Company's land and the remaining inventories, 3) increased short-term loans to related parties THB 150.0mn, 4) increased investments in joint ventures THB 85.4mn and 5) increased in other non-current financial assets THB 248.2mn from entering into a convertible promissory note purchase agreement with another company which registered and operates in the United State of America.

Liabilities

Total liabilities stood at THB 3,616.4mn, a decrease of THB 1,258.1mn, or 25.8% from THB 4,874.5mn as of 31 December 2021. The interest-bearing debt stood at THB 3,166.7mn, a decrease THB 522.5mn from THB 3,689.2 as of 31 December 2021. The major changes in liabilities were 1) decreased trade and other current payables THB 92.5mn, 2) decreased land deposit THB 555.7mn, 3) decreased advance received from customers THB 65.5mn, and 4) decreased in long-term borrowings from financial institutions THB 618.2mn.

Shareholders' Equity

The Company's total shareholders' equity stood at 4,300.1mn, a decrease of THB 276.5mn or 6.0% from THB 4,576.5mn as of 31 December 2021, mainly from the net loss in 1H/2022.

Debt to Equity Ratio¹

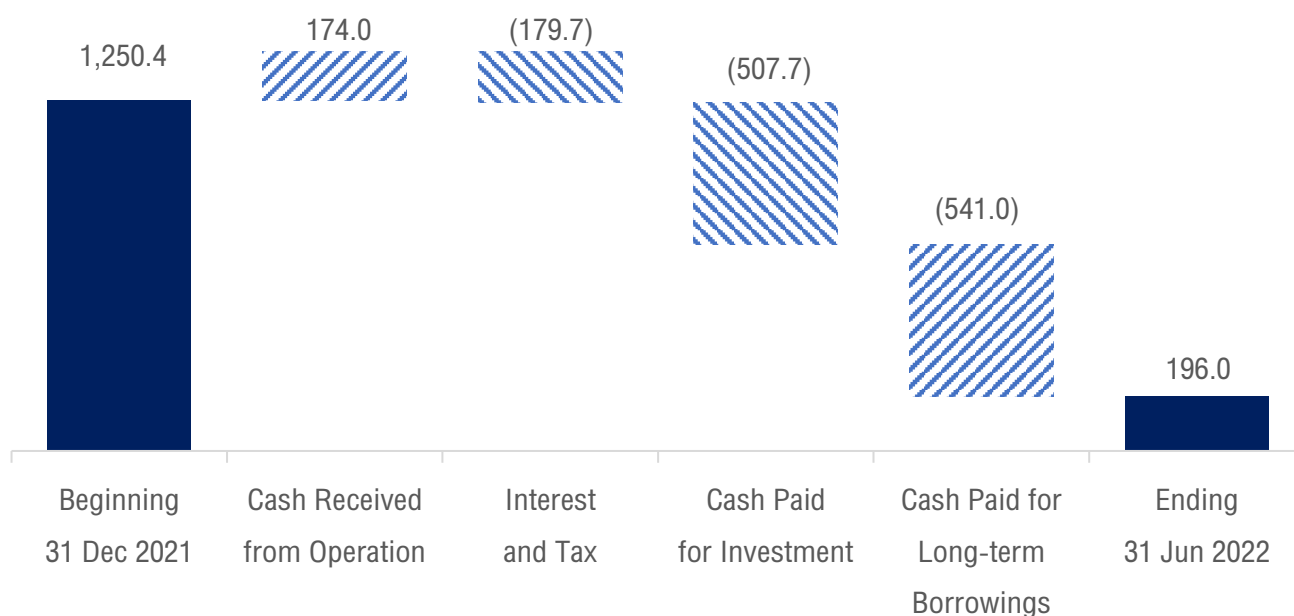
The D/E ratio at the end 1H/2022 was 0.74 times, decreased from 0.81 times as of 31 December 2021.

¹ Calculated from interest-bearing debt to equity

Cash Flow

During 2Q/2022, for the operating activities, the Company had cash received from the operating activities of THB 174.0mn. Of which, THB 179.7mn cash paid for net financial costs and tax resulting in net cash paid from the operating activities of THB 5.6mn. The key changes in operating activities were 1) THB 310.9mn loss before tax in 1H/2022 and, 2) THB 1,004.1mn cash received from selling land and remaining inventories (project development cost), 3) THB 575.2mn decreased in trade and other current payables and 4) THB 65.5mn decreased in advance received from customers. For the investing activities, the Company paid net cash of THB 507.7mn, mainly were 1) THB 150.0mn cash paid for short-term loans to related parties, 2) THB 233.3mn cash paid for long-term loans to other party, 3) THB 68.9mn cash paid for investment in joint ventures and 4) THB 30.0mn cash paid for short-term loans to related parties. For the financing activities, the Company paid net cash of THB 541.0mn. The key component was THB 622.3mn cash paid long-term borrowings from financial institutions. As a result, the Company had an ending cash and cash equivalents of THB 196.0mn as of 30 June 2022.

Cash flow movement in 2Q/2022



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 Janjira Panitpon
 Chief Financial Officer