

Major Events in Q1/2020

January 1) Begin to adopt the Thai Financial Reporting Standards No. 16 re: Lease Agreement for the first time adoption (“TFRS 16”) starting from 1 January 2020, using the cumulative catch-up approach without retroactively adjusting comparative information.

2) The Board of Directors’ meeting on the 15th of January 2020 approved the appointment of Mr. Vichet Kasemthongsri as Independent Director and Audit Committee member, effective from the 16th of January 2020 onwards.

March The Thai Government declared an Emergency Situation in all areas of the Kingdom of Thailand due to the outbreak of the COVID-19.

Management outlook and future plan

Due to the worldwide outbreak spread of Covid-19, from the beginning of 2020 onwards, various countries started to use measures to control the spread of the disease in the countries. There were declarations of the state of emergency including gradually closing the international inbound and outbound travels to stop the spread of the disease. In Thailand, the state of emergency was declared as well and most businesses were severely impacted in broad scope especially tourism business, which is one of Thailand’s primary incomes, accounting for approximately 17 percent of the country’s GDP *. The residential real estate market, especially condominiums which are popular amongst foreign customers who invest in real estate in Thailand, is also affected. As the company focus on developing projects with international-level quality and services, the Company’s foreign customers, on average, during the past five years, account for 40 - 45 percent of the entire project. These are customers from Asian countries and China of approximately 13%, from USA and Europe around 16%, nevertheless, the Lofts Silom Project which is ready for transfer and income realization this year has Chinese customers of 37%.

The Covid-19 situation, which began to spread in China since the end of December 2019, prevents foreign customers from traveling into Thailand to complete the unit transfer process, especially Chinese customers who are one of the major customer groups of the Lofts Silom project. Nonetheless, the Company keeps close contact with those customers and receives good responses from them and they are ready to accept the unit transfer when the COVID-19 situation gets better.

For recurring income business, in Q1/2020, the Company continues the construction of “Hotel Kitch” - a 72-room hotel, as planned. However, the launch date is postponed to Q4/2020. For the F&B business abroad, the COVID-19 situation causes the Government of the country where the Company operates businesses to post restrictions on the restaurant’s operation, similar to Thailand. Therefore, the Company’s management decided to close all branches of restaurants abroad and waits to see the situation in the future.

The Company has debenture and bills of exchange (BE) which will become mature in June and July 2020, having the total value of THB 1,211.7mn. The debenture of THB 711.7mn will become mature on 20 June 2020 and the short term BE of THB 500.0mn will become mature in July 2020. The Company has already prepared cash flow for the repayment.

(* source: article "Tourism as the driving vehicle for Thailand's economy", the Bank of Thailand)

Q1/2020 financial highlight

- Backlog¹ of the Company and its subsidiaries stood at THB 7,881.0mn as of 31 March 2020.
- Presales of Q1/2020 equals THB 558.6mn, a reduction of 59% from the same period of the previous year.
- Total revenue of 1Q/2020 equals THB 423.6mn. Of which, THB 366.4mn was revenue from real estate transfer.
- Gross profit from real estate business in 1Q/2020 equals THB 43.0mn, having GPM of 11.7%.
- Total assets as of 31 March 2020 equals THB 12,301.3mn and total liabilities stood at THB 6,714.9mn.
- Debt to Equity ratio² equals 1.00 times as of 31 March 2020, decreased from 1.04 times as at end of 2019.

Operating result 1Q/2020

Revenue

Source of revenue	1Q/2020		1Q/2019		Change	
	THB mn	%	THB mn	%	THB mn	%
The River	-	-	42.8	2.9	(42.8)	(100.0)
UNIXX South Pattaya	1.6	0.4	7.1	0.5	(5.5)	(77.5)
Mews Yen Akat	41.0	9.7	53.8	3.7	(12.8)	(23.8)
The Lofts Asoke	185.3	43.7	1,011.3	69.1	(826.0)	(81.7)
The Diplomat 39	23.0	5.4	271.3	18.5	(248.3)	(91.5)
The Lofts Silom	115.5	27.3	-	-	115.5	100.0
Total Revenues from sales of real estate	366.4	86.5	1,386.3	94.8	(1,019.9)	(73.6)
Revenue from sales of F&B	8.1	1.9	10.3	0.7	(2.2)	(21.4)
Rental and service incomes	9.4	2.2	15.9	1.1	(6.5)	(40.9)
Project management fee income	9.0	2.1	2.7	0.2	6.3	233.3
Others	30.7	7.3	47.4	3.2	(16.7)	(35.2)
Total Revenue	423.6	100.0	1,462.6	100.0	(1,039.0)	(71.0)

¹ Backlog include only sale with sales and purchase agreements

² Calculated from interest bearing debt to equity

In Q1/2020, the Company and its subsidiaries (“Company”) reported total revenue of THB 423.6mn. This represented a decrease of THB 1,039.0mn or 71.0% YoY. Of which, THB 366.4mn or 86.5% of the total revenue was revenue realization from sales of real estate (transfer ownership to buyers) of 5 projects, as per details in the above table. The reduction in revenue was mainly from the effect of COVID-19, which prevents foreign customers from traveling into Thailand to complete the unit transfer process, especially the Lofts Silom project, which is the potential significant revenue in 2020 with 37% of foreign customers. Apart from that, there are revenue of THB 8.1mn from F&B business, THB 9.4mn from rental and services business, THB 9.0mn from project management fee, and THB 30.7mn from others¹.

Presales and Backlog²

In Q1/2020, the Company has total presales of THB 558.6mn, decreased from presales THB 1,361.6mn in the same period of the previous year due to COVID-19 situation and the Company launched only one project - The Lofts Ratchathewi - in the last year. The presales in this quarter were from Mews Yen Akat, The Lofts Silom, The Lofts Ratchathewi, The Estelle Phrom Phong, and The Lofts Asoke.

As of 31 March 2020, the Company recorded a total backlog of THB 7,881.0mn, reducing by 1.6% from THB 8,010.5mn as at the end of 2019. Of the total backlog, 33.0% was from TAIT 12, 29.5% was from The Lofts Silom, 26.3% was from The Estelle Phrom Phong, 7.4% was from The Lofts Ratchathewi, 1.6% was from The Lofts Asoke, 1.1% was from The River, 1.0% was from Mews Yen Akat, and 0.1% was from UNIXX South Pattaya, totaling 8 projects.

Cost of Sales

The cost of sales for real estate for sale business in Q1/2020, decreased to THB 323.4mn from THB 989.3mn in Q1/2019, in line with the decrease in sales. The costs of sales for F&B business decreased to THB 2.5mn, from THB 3.0mn in Q1/2019, corresponding to the decrease in sales.

Gross Profit and Gross Profit Margin (GPM)

In Q1/2020, the Company has gross profit from real estate for sale business of THB 43.0mn, decreased from THB 397.1mn in Q1/2019. GPM in this quarter also decreased to 11.7% from 28.6% in Q1/2019. The pressure on the GPM in this quarter was because the economic downturn which started since late 2019 had caused the Company to offer more sales promotion for old projects to close sales of those projects sooner than normal conditions. Without the said special promotions, GPM in this quarter would have been at 24.1%. For F&B business, the Company gained THB 5.6mn of gross profit, represented a GPM of 69.3%, decreased from THB 7.3mn, represented a GPM of 70.5% in Q1/2019, in line with the decreasing in sales.

¹ Including marketing commission income, guarantee fee income, interest, and others

² Backlog include only sale with sales and purchase agreements

Distribution Costs and Administrative Expenses (SG&A)

In Q1/2020, the Company's distribution costs, and administrative expenses were THB 181.7mn, decreased by THB 74.4mn, or 29.0% YoY, from THB 256.1mn in the same period of the previous year. The decrease was in line with the decreasing in sales in this quarter and this quarter does not have administrative expenses and expenses related to feasibility study research on new domestic and international projects for the business expansion of the Company like in the previous year.

Financial Cost

Most of financial cost resulted from loan interest on loans borrowed to develop projects, which are capitalized as development costs for the projects until 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 Q1/2020, the Company had the net financial cost of THB 60.3mn, an increase of THB 9.3mn, or 18.2% YoY from THB 51.0mn in Q1/2019. It was mainly due to the loan interest expense for the Lofts Silom project was recognized as financial cost after the construction completed in December 2019. Moreover, the average interest rate of debentures during Q1/2020 was higher than that during Q1/2019.

Net Profit

In Q1/2020 the Company had consolidated net loss of THB 139.5mn, a decrease of THB 235.6mn, or 245.2% YoY decrease from net profit of THB 96.1mn in Q1/2019. Net loss per share was THB 0.03.

Financial Position (as of 31 March 2020)

Assets

The total assets of the Company stood at THB 12,301.3mn, a decrease of THB 599.3mn, or 4.6% decreased from total assets of THB 12,900.6mn as of 31 December 2019. The decrease was primarily attributed to the decrease of THB 753.5mn in the current assets net of the increase of THB 154.2mn in non-current assets. The major items were 1) the decrease in cash and cash equivalents of THB 529.6 mn from the net loan repayments for both short-term and long-term loans ; 2) the real estate project development cost (which are complete and ready-to-transfer projects) and condominium units available for sales decreased THB 183.5mn when condominium units transferred and gradually recognized as revenue; and 3) the increase in non-current assets to be assets with right-of-use , of THB 67.9mn. This was the new item from the beginning to use the Thai Financial Reporting Standards No. 16 re: "Lease Agreement" ("TFRS 16").

Liabilities

The Company's total liabilities stood at THB 6,714.9mn, a decrease of THB 455.9mn, or 6.4% decreased from THB 7,170.8mn of those as of 31 December 2019. It was mainly due to the net decrease in loan from financial institutions, loan from related parties and the Company's debentures of THB 342.8mn after the Company gradually payback loans

for The Lofts Asoke and The Lofts Silom projects as well as the decrease in advance deposits received from customers after the construction of the project completed and the units transfer began.

Shareholders' Equity

As of 31 March 2020, the Company's shareholders' equity stood at THB 5,586.4mn, a decrease of THB 143.4mn or 2.5% from THB 5,729.8mn as at end of 2019. The main cause was a decrease in unappropriated retained earnings which resulted from the net loss in this quarter.

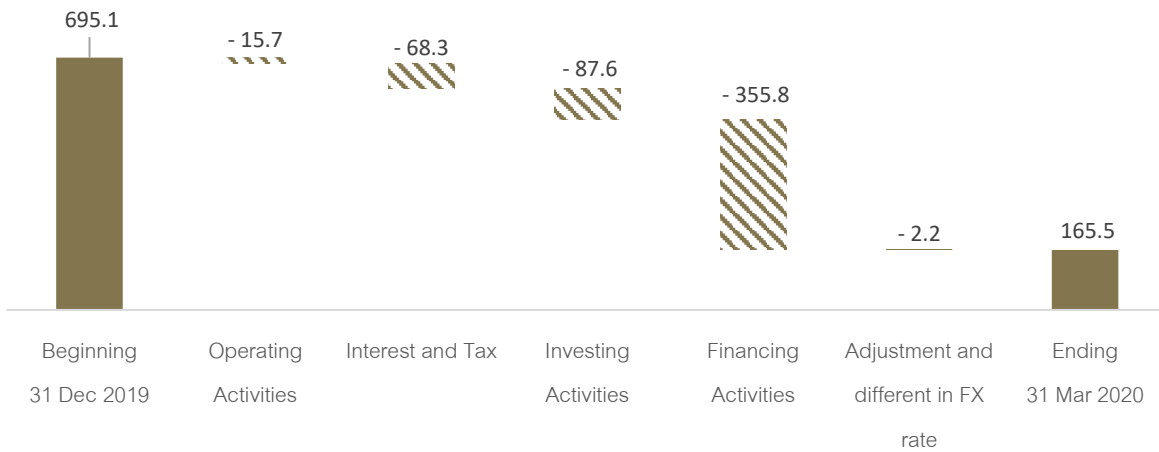
Debt to Equity Ratio

As of 31 March 2020, the Company's interest-bearing debt stood at THB 5,604.9mn, as a result, the Company's D/E ratio was 1.00 times, decreased from 1.04 times as of 31 December 2019. With the Company's target revenue from residential real estate projects of THB 10,000 -12,000mn per year within the next 5 years, the Company expects this ratio may increase. However, the Company's policy is to maintain this D/E ratio at not exceeding 1.5 times.

Cash Flow

In Q1/2020, the Company had net cash flow used in operating activities of THB 84.0mn. The key transactions were the net loss in this quarter; cash received from the transfers of The Lofts Asoke, The Lofts Silom, The Diplomat 39 and Mews Yen Akat Projects; and the net cash flow paid for interest payment and tax of THB 68.3mn. The Company's net cash flow used in investing activities was THB 87.6mn. The key transactions were 1) THB 41.8mn cash paid to purchase land, building and equipment; and 2) THB 44.4mn cash paid for investments in joint ventures. Net cash flow used in financing activities was THB 355.8mn. The key transactions were paying back long-term loan from financial institutions of THB 31.9mn and payback short-term loan from financial institutions of THB 321.0mn. As a result, the Company had remaining cash flow of THB 165.5mn as of 31 March 2020.

Cash flow movement in Q1/2020



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 Director and Company Secretary