

Major Events in Q2/2020 and July 2020

- May Launched "The Big Sale" campaign to close the sale of the completed and ready to transfer projects. The campaign had good responses.
- July Organized the 2020 AGM, on Wednesday, 29 July 2020 (which postponed from its previously scheduled on 30 April 2020). Whereby the meeting considered and approved an important agenda of not paying dividend because the Company needs to maintain cash flows to support various operations, investments and situations which may happen as a result of the COVID-19 pandemic.

Management outlook and future projects

From the latest meeting of the Monetary Policy Committee (MPC) of the Bank of Thailand*, it was assessed that the Thai economy tends to gradually recover, in line with the relaxation of COVID-19 containment measures in Thailand and the gradual recovery of the global economic activities. It was estimated that it would take at least two years before the overall economic activities resume its pre-pandemic level. The number of foreign tourists tends to recover slower than assessed while the number of domestic tourists recovers better partly due to the domestic tourism promotion measures. Domestic demand, both private consumption and private investment would contract as previously assessed. On the financial condition, commercial bank lending rates and government bond yields remained at low levels, whereas the gap between private sector debt instrument and the government bond yields remained high. Commercial bank loans expanded from the large scale business credit to substitute for debt instrument issuance.

The Bank of Thailand's summary assessment was in line with the Company's expectation at the beginning of 2nd quarter, which we foresee that the COVID-19 situation around the world has not recovered to the level that the Company can generate sales as targeted in this year. Besides the Company wants to maintain its cash flow at a safe level, in the past May, the Company then adjusted its strategy by launching "The Big Sale" campaign, offering competitive prices of unsold units in the completed, ready to move in condominium projects such as The River, The Diplomat 39, The Diplomat Sathorn and The Lofts Asoke, to the repeated-customers who reside in Thailand. The campaign was well-received and sold out within a week. The sales and transfer volumes will well support the Company's cash flow. For foreign customers, the main group of The Lofts Silom project, who have problems with the units transfers, the Company had sorted out the assistance to those customers, and that resulted in some transfers. For those who have not yet accepted the transfers, the Company contacts those customers continually, and they confirmed their transfer acceptances after the COVID-19 situation unwinds.

For financial support in the time that corporate bond does not have a good response, a commercial bank gave good projects-loan support for the projects under construction to the Company. However, launching new projects is under consideration which the Company will inform later.

For the Company's debt instruments matured in the 2nd quarter, in June, an amount of THB 711.7mn of the matured debenture was repaid, and in July, an amount of THB 500.0mn of the short term BE was repaid in full by the Company.

(* source: the Bank of Thailand's Press Release no. 47 / 2020 - Monetary Policy Committee's Decision 5 / 2020, 5 August 2020)

2Q/2020 and 1H/2020 financial highlight

- Backlog¹ of the Company and its subsidiaries stood at THB 8,379.1mn as of 30 June 2020.
- Presales of 2Q/2020 was THB 1,322.6mn and 1H/2020 was THB 1,881.2mn.
- Total revenue of 2Q/2020 was THB 625.8mn while that of 1H/2020 was THB 1,049.4mn. Of which, THB 588.9mn and THB 955.3mn, respectively, were from sales of real estate.
- Gross profit from the sales of real estate business in 2Q/2020 was THB 45.7mn while that of 1H/2020 was THB 88.7mn. GPM of 2Q/2020 and 1H/2020 were 7.8% and 9.3% respectively
- Total assets as of 30 June 2020 stood at THB 12,339.1mn and total liabilities stood at THB 6,879.6mn
- Debt to Equity² ratio stood at 1.03 times as of 30 June 2020, decreased from 1.04 times as the end of 2019

Operating result 2Q/2020 and 1H/2020

Revenue

Source of income	2Q/2020		2Q/2019		Change		1H/2020		1H/2019		Change	
	THB mn	%	THB mn	%	THB mn	%	THB mn	%	THB mn	%	THB mn	%
The River	19.7	3.1	-	-	+ 19.70	+ 100.0	19.7	1.9	42.8	1.8	- 23.1	- 54.0
185 Rajdamri	-	-	58.6	6.6	- 58.6	- 100.0	-	-	58.6	2.5	- 58.6	- 100.0
UNIXX South Pataya	-	-	6.9	0.8	- 6.9	- 100.0	1.6	0.2	14.0	0.6	- 12.4	- 88.6
Mews Yen Akat	86.0	13.7	-	-	+ 86.00	+ 100.0	127.0	12.1	53.8	2.3	+ 73.2	+ 136.1
The Lofts Asoke	6.8	1.1	421.9	47.5	- 415.1	- 98.4	192.1	18.3	1,433.3	60.9	- 1,241.2	- 86.6
The Diplomat 39	-	-	198.1	22.3	- 198.1	- 100.0	23.0	2.2	469.5	20.0	- 446.5	- 95.1
The Lofts Silom	476.4	76.1	-	-	+ 476.4	+ 100.0	591.9	56.4	-	-	+ 591.9	+ 100.0
Total revenue from projects	588.9	94.1	685.5	77.3	- 96.6	- 14.1	955.3	91.0	2,072.0	88.2	- 1,116.7	- 53.9
F&B	0.5	0.1	11.3	1.3	- 10.8	- 95.9	8.5	0.8	21.6	0.9	- 13.1	- 60.6
Rental and Services	6.6	1.1	10.2	1.2	- 3.6	- 35.2	16.0	1.5	26.1	1.1	- 10.1	- 38.6
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 ³	29.8	4.8	88.0	9.9	- 58.2	- 66.1	69.6	6.6	137.9	5.9	- 68.3	- 49.5
Total Revenue	625.8	100.0	887.0	100.0	- 261.2	- 29.4	1,049.4	100.0	2,349.6	100.0	- 1,300.2	- 55.3

¹ Backlog include only sold units with sales and purchase agreements

² Calculated from interest bearing debt to equity

³ Including project management fee, marketing commission income, guarantee fee, interest, and others

In 2Q/2020, the Company and its subsidiaries (“the Company”) had the total revenue of 625.8mn, representing a decreased of THB 261.2mn or 29.4% YoY. The reduced total revenue in this quarter was from the high-special revenue in the same period of the previous year in which the Company had income from the gain on sale of land awaiting for development and gain on loss control of investment in a subsidiary for the total of THB 92.0mn and other incomes¹ of THB 88.0mn which are higher than other incomes in this quarter. The core revenue in this quarter was from sales of real estate of 4 projects (details in the above table), a total of THB 588.9mn, reduced from THB 685.5mn or 14.1% reduction because The Lofts Silom project which is expected to realize majority income this year has foreigner customers of 49% of total project value, and there is units transfer postponement due to COVID-19 situation with regard to financial unreadiness of some customers affected by economic condition and inconvenience of oversea transaction processes.

In 1H/2020, the Company has total revenue of THB 1,049.4mn, a decrease of THB 1,300.2mn or 55.3% YoY. Of which, THB 955.3mn, or 91.0% of the total revenue was from sales of real estate of 6 projects details of which are presented in the above table. Apart from that, there was other revenue total of THB 69.6mn.

Presales and Backlog²

In Q2/2020, the Company has total presales of THB 1,322.6mn, an increase from the presales of THB 241.8mn in the same period of the previous year due to the sales promotion campaign "The Big Sale" as said above. The major contributors to the presales in this quarter were The Lofts Asoke, The River and The Estelle Phrom Phong project. Apart from those, the Company has closed sales of ready-to-transfer projects in this quarter such as The Diplomat Sathorn, Mews Yen Akat and UNIXX South Pattaya project. Also, there was a presales contribution from The Lofts Silom, TAIT 12 and The Lofts Ratchathewi projects in this quarter.

In 1H/2020, the Company has total presales of THB 1,881.2mn, an increase from the presales THB 1,603.4mn in 1H/2020 due to the sales promotion campaign "The Big Sale" as mentioned above.

As of 30 June 2020, the Company recorded a total backlog² of THB 8,379.1mn, an increase of 4.6% from THB 8,010.5mn as at the end of 2019. Of the total backlog at the end of 2Q/2020, 30.8% was from TAIT 12, 26.6% was from the Estelle Phrom Phong, 21.7% was from The Lofts Silom, 8.0% was from The Lofts Ratchathewi, 7.1% was from The Lofts Asoke, 3.7% was from The River, and 2.2% was from other projects, a total of 11 projects.

Cost of real estate sold

Cost of real estate sold in 2Q/2020 was THB 543.2mn, an increase of THB 36.7mn or 7.3% increase YoY from THB 506.5mn in the same period of the previous year because of the accounting standard which requires to recognize the effect of sales

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

² Backlog include only sold units with sales and purchase agreements

discount given to customers during The Big sale as cost immediately even though the revenue from the transfer is recognized in 3Q/2020.

For the 1H/2020, the cost of sale was THB 866.6mn, a decrease of THB 629.2mn or a decrease of 42.1% from THB 1,495.8mn in the same period of the previous year from the decrease in sales.

Gross Profit and Gross Profit Margin (GPM) of sales of real estate

In 2Q/2020, the Company has the gross profit of THB 45.7mn, where GPM was 7.8%, declined from THB 179.1mn, where GPM was 26.1% in 2Q/2019. The GPM that was under pressure in this quarter due to the campaign “The Big Sale” which the Company gave promotion for units in some old projects that need to close sales quickly. Consequently, the effect of sales discount needs to be recorded as cost immediately, as explained in section cost of real estate sold above. Without the special discount, GPM in this quarter would have been 26.7%.

1H/2020, the Company has the gross profit of THB 88.7mn, calculated as GPM of 9.3%, a decrease from THB 576.2mn, calculated as GPM of 27.8% in 1H/2019. The reduction in GPM was due to the reduction in sales as well as the extra cost from the effect of sales discount as explained in the section cost of real estate sold above. Without the said special discount, GPM in this 1H/2020 quarter would have been 25.4%.

Distribution Costs and Administrative Expenses (SG&A)

In 2Q/2020, the Company's SG&A was THB 155.0mn, a decrease of THB 83.1mn or 34.9% decrease YoY from THB 238.2mn in 2Q/2019, due to the decrease in sales expenses corresponding to the sales coupled with the corporation from the management level, staff and employees to accept their salary cuts during the unusual economic situation.

In 1H/2020, the Company's SG&A was THB 336.7mn, a decrease of THB 157.5mn or 31.9% decrease YoY from THB 494.2mn due to the same reasons as explained above.

Financial Cost

Most of the financial cost resulted from loan interest on loans borrowed to develop projects, which are recorded as development costs for the projects until construction completion. Thereafter, such interest costs will be recorded as financial expenses in the Statement of Income. Loans are repaid in instalments upon unit transfer.

In 2Q/2020, the Company had the net financial cost of THB 45.5mn, a decrease of THB 1.8mn or 3.9% decrease YoY from THB 47.3mn in 2Q/2019. The decrease in the cost was because of the reduction in the average loan interest rate in this quarter.

In 1H/2020, the Company had the net financial cost of THB 105.8mn, an increase of THB 7.4mn or 7.6% increase YoY from THB 98.4mn mainly due to the loan interest of the Lofts Silom project was recorded as financial cost since the construction completed in December 2019.

Net Profit

In 2Q/2020, the Company had consolidated net loss of THB 130.4mn, a decrease of THB 185.2mn or 338.3% YoY from the net profit of THB 54.7mn in 2Q/2019. Net loss per share in 2Q/2020 was THB 0.03.

In 1H/2020, the Company had consolidated net loss of THB 269.9mn, a decrease of THB 420.7mn or 279.0% decrease YoY from the net profit of THB 150.8mn in 1H/2019. Net loss per share in 1H/2020 was THB 0.06.

Financial Position (as of 30 June 2020)

Assets

Total assets of the Company stood at THB 12,339.1mn, a decrease of THB 561.4mn or 4.4% decrease from THB 12,900.6mn as of 31 December 2019. The decrease was mainly attributed to a THB 664.7mn decrease in project development cost (completely constructed and ready to transfer condominium projects) and the condominium units for sales after units transfer and revenue recognition net of the THB 92.5mn value increase in land awaiting development, property, plant and equipment and investments in joint ventures.

Liabilities

Total liabilities stood at THB 6,879.6mn, a decrease of THB 291.2mn or 4.1% decreased from THB 7,170.8mn as of 31 December 2019. It was mainly due to a net decrease of THB 333.2mn of loan from financial institutions, loan from related-party and debenture when the Company started to payback loan for The Lofts Asoke project and The Lofts Silom project after their construction completions and the units transfer has started to recognize income . Of the total interest-bearing debt of the Company, 66.5% is short-term debt and 33.5% is long-term debt.

Shareholders' Equity

Total shareholders' equity of the Company stood at THB 5,459.5mn, a decrease of THB 270.2mn or 4.7% decrease from THB 5,729.8mn as at the end of 2019 mainly from the decrease in unappropriated retained earnings which resulted from the loss in the operating result of 1H/2020.

Debt to Equity Ratio¹

As of 30 June 2020, the interest-bearing debt of the Company stood at THB 5,614.5mn. As a result, the D/E ratio at the end of this quarter was 1.03 times, slightly decreased from 1.04 times as of 31 December 2019. Regarding the Company's

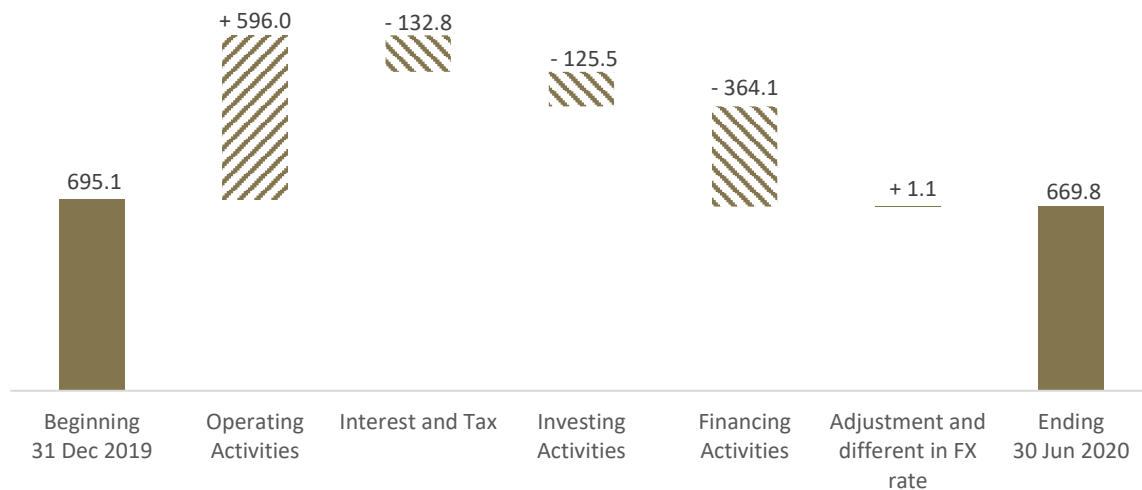
¹ Calculated from interest-bearing debt to equity

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 continue to increase. However, the Company's policy is to maintain this D/E ratio at not exceeding 1.5 times.

Cash Flow

In 1H/2020, the Company had net cash flow received from operating activities of THB 596.0mn. The key transactions were the net loss in this period; cash received from the transfers of the completely-constructed t project (Project development cost) such as The Lofts Silom, The Lofts Asoke, Mews Yen Akat and The Diplomat 39 projects. The Company had net cash paid for interest and tax payments of THB 132.8mn. For investing activities, the Company had net cash paid in investing activities of THB 125.5mn. The key components were 1) THB 72.2mn cash paid for acquisition of property, plant and equipment; 2) cash paid for the investment in joint venture THB 44.4mn; and 3) THB 10.4mn cash paid for acquisition of land awaiting development. Net cash paid in financing activities was THB 364.1mn. The key components were 1) THB 687.4mn net cash received from long-term borrowings from financial institutions; 2) THB 696.7mn net cash paid for repayment of debenture; 3) THB 321.0mn net cash paid for repayment of short-term borrowing from financial institutions. As a result, the Company had ending cash of THB 669.8mn as of 30 June 2020.

Cash flow movement in 1H/2020



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 Director and Company Secretary