

Major Events in 3Q19

- July Issued unsubordinated unsecured debentures with bondholder representative total value of THB 1,005.0mn, interest rate 5.50% p.a., 3 years, quarterly interest payment, and having maturing date on 1 August 2022.
- August Launched “The Lofts Ratchathewi”, a luxury condominium project, style loft, with total of 273 units, total project value of over THB 3,600mn. The official presales started on 6-9 September 2019
- September Opened sales gallery of project “The Estelle Phrom Phong” in Singapore to increase oversea customers.

Management outlook and future projects

In the second half of the year, since August, the Monetary Policy Committee, the Bank of Thailand, had cut the policy rate twice, from 1.75% p.a. down to 1.50% p.a. in August, and cut again to 1.25% p.a. in early November. This is the lowest rate, almost equivalent to the rate in 2009 following the Hamburger crisis. The Committee assessed that the Thai economy would expand at a lower rate than previously assessed and lower than its potential due to a decline in exports which affected employment and domestic demand*. However, the Company sees that the lower interest rate gives a positive impact to overall real estate industry due to a potential lower cost for both, real estate developer and its customers. Although overall economy is soft, the Company’s target group of customers can maintain their purchasing power.

For recurring income business, the Company had adjusted its plan for the project at soi Sukhumvit 19 from developing a condominium to develop a 4 stars hotel. The current progress is on design stage and choosing hotel brand operator. The Company targets to own 1,000 room keys within 2023. On the food and beverage business, the Company had expanded 2 branches of noodle store, “Dink Dink” in Singapore, make a total of 3 branches. The Company is currently considering more expansion of F&B business. The target revenue from food and beverage business is THB1,000mn within 2023.

(* source: Press Release no. 65/2019 from Bank of Thailand, 6 November 2019)

3rd quarter 2019, 3-month and 9-month periods highlight

- Backlog¹ of the Company and its subsidiaries stood at THB 8,115.3mn as of 30 September 2019
- Presales of 3Q19 was THB 787.9mn and 9M19 was THB 2,391.3mn
- Total revenue of 3Q19 was THB 715.1mn while that of 9M19 was THB 3,066.8mn. Of which, THB 484.6mn and THB 2,556.6mn, respectively, were from sales of real estate (transfer ownership to buyers)
- Gross profit from sales of real estate in 3Q19 was THB 112.8mn while that of 9M19 was THB 689.0mn. GPM of 3Q19 and 9M19 were 23.3% and 27.0% respectively
- Total assets as of 30 September 2019 stood at THB 12,192.2mn and total liabilities stood at THB 6,331.9mn
- Debt to Equity ratio² stood at 0.80 times as of 30 September 2019, decreased from 0.94 times as at end of 2018

Changes in accounting policy and reclassification in 3Q19, during the 3-month and 9-month periods

During the three-month and nine-month periods ended 30 September 2019, the Group has 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 adjusts in the period of initial application.

The adjustments are described below:

- 1) Commission paid to obtain a contract - the Group has determined that commission paid to obtain a customer contract should 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 Group immediately recorded commission as selling expenses when the transaction occurred.
- 2) Free transfer fee and common area fee - the Group considers the fees to be considerations payable to customers or expenses paid for the customers and therefore should be treated as a reduction of the revenue under the contract. Under the previous accounting policy, the Company and its subsidiaries immediately recorded such fees as selling expenses when the transaction occurred.

Reclassifications

The effect of changes in accounting policies and those reclassifications to comparative numbers are illustrated as below:

- 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 total shareholders' equity 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.

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

¹ Backlog include only sold units with sales and purchase agreements

² Calculated from interest-bearing debt net of cash and cash equivalents

Operating result 3rd quarter 2019, 3-month and 9-month periods

Source of income	3M19		3M18		Change		9M19		9M18		Change	
	THB mn	%	THB mn	%	THB mn	%	THB mn	%	THB mn	%	THB mn	%
3 rd quarter												
North Point	-	-	-	-	-	-	-	-	100.0	5.5	-100.0	-100.0
The River	-	-	-	-	-	-	42.8	1.4	160.6	8.9	-117.8	-73.3
185 Rajdamri	-	-	30.4	7.0	-30.4	-100.0	58.6	1.9	365.1	20.1	-306.5	-83.9
Zire Wongamat	-	-	13.5	3.1	-13.5	-100.0	-	-	82.3	4.5	-82.3	-100.0
UNIXX South Pattaya	-	-	206.2	47.2	-206.2	-100.0	14.0	0.5	740.5	40.8	-726.5	-98.1
The Lofts Ekkamai	4.5	0.6	17.5	4.0	-13.0	-74.3	4.5	0.1	40.5	2.2	-36.0	-88.9
Mews Yen Akat	-	-	34.0	7.8	-34.0	-100.0	53.8	1.8	89.0	4.9	-35.2	-39.5
The Lofts Asoke	198.4	27.7	-	-	198.4	100.0	1,631.6	53.2	-	-	1,631.6	100.0
The Diplomat 39	281.8	39.4	-	-	281.8	100.0	751.2	24.5	-	-	751.2	100.0
Gain from condominium the Diplomat 39 purchased for sales	-	-	50.1	11.5	-50.1	-100.0	-	-	50.1	2.8	-50.1	-100.0
Food & Beverage	12.9	1.8	9.4	2.2	3.5	36.7	34.4	1.1	20.1	1.1	14.3	71.2
Gain on sales of land and investment properties	50.0	7.0	-	-	50.0	100.0	139.1	4.5	-	-	139.1	100.0
Gain on losing control of investment in a subsidiary	61.6	8.6	33.0	7.5	28.6	86.6	64.4	2.1	33.0	1.8	31.4	95.3
Others ¹	106.1	14.8	42.9	9.8	63.2	147.3	272.3	8.9	131.6	7.3	140.7	106.9
Total revenue	715.1	100.0	437.1	100.0	278.0	63.6	3,066.8	100.0	1,812.8	100.0	1,254.0	69.2

Revenue

In 3Q19, the Company and its subsidiaries (“the Company”) reported a total revenue of THB 715.1mn. This represented an increase of THB 278.1mn or 63.6% YoY. Of which, THB 484.6mn, or 67.8% of the total revenue was from sales of real estate (transfer ownership to buyers) of 4 projects which details are presented as above table, THB 12.9mn was from F&B business and THB 106.1mn was from other businesses¹. In addition, in this quarter, there were one-time revenue recognitions from sale of investment properties THB 50.0mn which was SPACE 48, an office building for rent on Ratchadaphisek Road and gain on sales of investment in a subsidiary THB 61.6mn.

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

In 9M19, the Company has total revenue of THB 3,066.8mn, an increase of THB 1,253.9mn or 69.2% YoY. Of which, THB 2,556.6mn, or 83.4% of the total revenue was from sales of real estate (transfer ownership to buyers) of 6 projects which details are presented as above table, THB 34.4mn was from F&B business¹, THB 272.3mn was from other businesses¹ and extra revenue which occurred in 2Q19 and 3Q19 from gain on sales of land awaiting for development and investment properties THB 139.1mn and gain on sales of investment in a subsidiary THB 64.4mn.

Backlog²

As of 30 September 2019, the Company recorded a total backlog of THB 8,115.3mn, increasing by 1.3% from THB 8,012.4mn as at end of 2Q19. There was a decrease in backlog value of The Lofts Asoke and The Diplomat 39 due to unit transferred and revenue recognition in 3Q19. However, on the other hand, the backlog in this quarter increased by presales value of TAIT 12 and The Estelle Phrom Phong from international roadshow as well as presales value of “The Lofts Ratchathewi”, the newly launched luxury condominium project. Of the total backlog at end of 3Q19, 34.7% was from The Lofts Silom, 32.1% was from TAIT12, 22.7% was from The Estelle Phrom Phong, 6.5% was from The Lofts Asoke, 3.6% was from The Lofts Ratchathewi, 0.3% was from the Diplomat 39 and 0.1% was from UNIXX South Pattaya, totaling of 7 projects.

Cost of Sales

Cost of real estate sold in 3Q19 increased to THB 371.8mn from THB 224.2.5mn in 3Q18, due to the increase in revenue from transferred of real estate. The costs of F&B business decreased to THB 3.8mn from THB 6.3mn in 3Q18 as the Company started F&B business in March 2018, therefore, setting up costs, as one-time expenses, occurred during 2018 period.

In 9M19, cost of real estate sold increased to THB 1,867.5mn from THB 1,182.4mn in the same period of the previous year, in line with rises in the revenue from sales of real estate. The costs of F&B business slightly decreased to THB 10.1mn from THB 12.7mn in 9M18 due to the F&B business setup cost during 2018, as explained above.

Gross Profit and Gross Profit Margin (GPM)

In 3Q19, gross profit from sales of real estate was THB 112.8mn, increased from THB 77.5mn in 3Q18. However, GPM in this quarter decreased to 23.3% from GPM 25.7% in 3Q18 due to 39.4% 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 9.1mn of gross profit, represented a GPM of 70.6%, increased from THB 3.1mn in 3Q18, where GPM was 32.5%, due to the reduction in setup cost as explained in the cost of sales section.

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

² Backlog include only sold units with sales and purchase agreements

For 9M19, the Company had gross profit from sales of real estate of THB 689.0mn, where GPM was 27.0%, increased from THB 395.6mn in 9M18, where GPM was 25.1%. The GPM in this period increased because although 24.5% of the total revenue was from a low profit-margin generating project as explained above, 53.2% 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 24.3mn of gross profit in this period, represented a GPM of 70.7%, increased from THB 7.4mn in 9M18, where GPM was 36.9%, due to the reduction in the setup cost as explained in the cost of sales section.

Distribution costs and Administrative Expenses (SG&A)

In 3Q19, the Company's distribution costs and administrative expenses was THB 216.9mn, increased by THB 49.8mn, or 29.8% YoY from THB 167.1mn in 3Q18. Partly, THB 10.2mn increased was from commission cost and expenses related to unit transferred which in line with the revenue from transferred. The THB 39.6mn increased in administrative expenses was because the Company is in an expansion period.

In 9M19, the Company's distribution costs and administrative expenses was THB 711.1mn, increased by THB 151.9mn, or 27.2% YoY from THB 559.3mn in 9M18. Part of the increases, THB 59.5mn was commission cost and expenses related to unit transferred which in line with the revenue from transferred. The THB 92.4mn 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 3Q19, the Company had financial cost of THB 56.1mn, an increase of THB 12.2mn or 27.8% increase YoY from THB 44.0mn in 3Q18 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 3Q18, in 3Q19, 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 9M19, the Company had financial cost of THB 156.6mn, an increase of THB 54.8mn or 53.9% increase YoY from THB 101.7mn in 9M18 mainly due to the loan interest expenses of the Lofts Asoke project and the KPNL's projects acquisition as explained above.

Net Profit

In 3Q19, the Company had consolidated net profit of THB 38.1mn, an increase of THB 104.6mn or an increase of 157.3% YoY from net loss of THB 66.5mn in 3Q18. Net profit per share in 3Q19 was THB 0.01.

In 9M19, consolidated net profit of the Company was THB 188.9mn, an increase of THB 289.8mn or 287.2% YoY increased from net loss of THB 100.9mn in 9M18. Net profit per share in 9M19 was THB 0.05mn.

Financial Position (as of 30 June 2019)

Assets

Total assets of the Company stood at THB 12,192.2mn, a decrease of THB 2,184.2mn or 15.2% from total assets of THB 14,376.4mn as of 31 December 2018. The decrease was primarily attributed to 1) THB 287.9mn decrease in project development cost after the completion and started of unit transferred of The Lofts Asoke project net of 3 new projects that are under construction; 2) THB 632.8mn decrease in condominium purchased for sales when The Diplomat 39 and The Diplomat Sathorn were gradually transferred and recognized as revenue; 3) THB 534.8mn decrease in land awaiting development and investment properties when the Company sold an empty land plot in 2Q19 and sold SPACE 48 – an office building project on Ratchadapisek road in 3Q19; and 4) THB 199.1mn decreased in current investments.

Liabilities

Total liabilities stood at THB 6,331.9mn, a decrease of THB 2,276.0mn or 26.4% 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 and a decrease in deposits and advance received from customers after the construction completed and began the units transferred. Of which, the short-term loan (including the current portion of long-term loans and debentures which due within 1 year) decreased by THB 726.7mn and the long-term loan (including debenture) decreased by THB 766.0mn.

In addition, in 3Q19, there was a matured debenture amount of THB 1,000mn, on 21 September 2019 which the Company had repaid in full amount. 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 1,005.0mn.

Shareholders' Equity

As of 30 September 2019, total shareholders' equity stood at THB 5,860.3mn, an increase of THB 91.8mn, 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 2Q19.

Net Debt to Equity Ratio¹

As of 30 September 2019, the interest-bearing debt of the Company stood at THB 5,060.1mn while cash and cash equivalents stood at THB 367.4mn. As a result, the D/E ratio at end of this quarter was 0.80 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

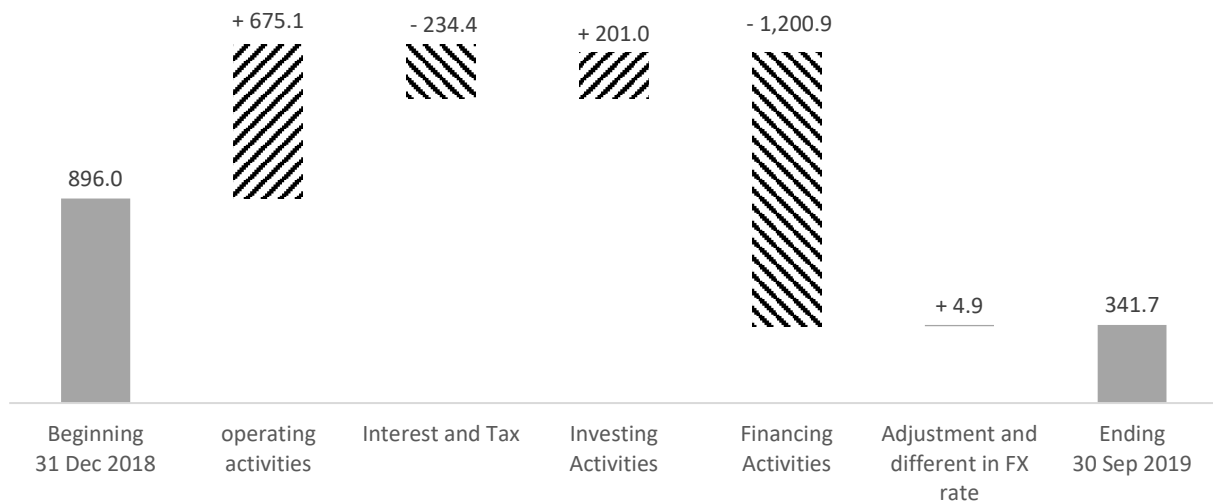
¹ Calculated from interest-bearing debt net of cash and cash equivalents

10,000 -12,000mn per year within 5 years, the Company expects this ratio may continue to increase. However, the debt's policy is maintained by limiting the D/E ratio¹ at below 1.5 times.

Cash Flow

During the first 9 months period of 2019, the Company had net cash received from operating activities of THB 675.1mn. The key components were the net profit from 9 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 234.4mn. Net cash received from investing activities was THB 201.0mn. The key components were 1) THB 593.9mn cash received from selling land awaiting development net of THB 405.2mn cash advance payment for investment in joint ventures. Net cash paid in financing activities was THB 1,200.9mn. The key components were THB 1,696.3mn net cash repayment for long-term borrowings from financial institutions; THB 122.5mn cash repayment for short-term loan from related party; and THB 62.2mn cash dividend paid out net of THB 752.8mn cash received from short-term loan from financial institution. As a result, the Company had ending cash of THB 341.7mn as of 30 September 2019.

Cash flow movement in 9M19



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