

Management outlook and future projects

According to the Economic and Monetary Conditions report, June 2021, from the Bank of Thailand, summarised that the Thai economic recovery in 2Q/2021 was disrupted by the third wave of the COVID-19 outbreak. As a result, private consumption indicators softened despite stimulus measures and income support schemes from the government. However, merchandise exports, particularly agro-manufacturing, electrical appliances, and electronics exports, continued to perform well in line with the recovery of trading partners' demand and the upward trend of the global electronics cycle. Private investment in machinery and equipment increased slightly in line with merchandise exports while investment in construction continued to decline due to weak domestic demand as well as the containment measures in construction sites.

In 2Q/2021, the Company and its subsidiaries ("the Company") continue to recognise revenue from condominium unit transfers. The contribution resulted from the promotion campaigns launched, emphasising the online channel and rebranding strategy to reach out to the new customer base of young and affluent group.

During 2Q/2021, the Company was making progress on the construction of two joint venture projects with Tokyo Tatemono Asia Pte Ltd., The Estelle Phrom Phong and TAIT Sathorn 12, which had 45% and 21% constructions completed, respectively. Moreover, the Company continued to construct One City Centre ("OCC"), a grade-A office building, a 60:40 joint venture project with Mitsubishi Estate Asia (official name - MEA Commercial Holding PTE Ltd). The construction had completed approximately 47%. However, with the sharp increased in the COVID-19 case toward the end of June 2021, the Bangkok Metropolitan Administration ("BMA") announced the temporary containment measures of all construction sites in Bangkok.

2Q/2021 financial highlight

- The backlog of the Company stood at THB 5,655.1mn as of 30 June 2021.
- Presales in 2Q/2021 was THB 432.8mn, and in 1H/2021 was THB 1,469.1mn.
- Total revenue in 2Q/2021 was THB 409.5mn, while that of 1H/2021 was THB 2,008.7mn. Of which, THB 329.8mn and THB 1,877.3mn, respectively, were from sales of real estate.
- Gross profit from the sales of real estate in 2Q/2021 was THB 85.1mn, while that of 1H/2021 was THB 467.8mn. The GPM of 2Q/2021 and 1H/2021 were 25.8% and 24.9%, respectively.
- As of 30 June 2021, the total assets was THB 8,793.7mn, and the total liabilities was THB 3,671.4mn.
- D/E ratio¹ stood at 0.62 times as of 30 June 2021, slightly decreased from 0.63 times at the end of 2020.

¹ Calculated from interest bearing debt to equity

Operating result 2Q/2021 and 1H/2021
Presales and Backlog

In 2Q/2021, the Presales was THB 432.8mn, decreased from THB 1,322.6mn in 2Q/2020. It was mainly due to the gradual decrease in ready-to-transfer units in projects such as The River, The Lofts Asoke and other projects. Moreover, the surge in Covid-19 cases during 2Q/2021 also caused buyers to delay their buying decisions.

In 1H/2021, the Company had Presales of THB 1,469.1mn, a decrease from the Presales of THB 1,881.2mn in 1H/2020 mainly due to the decrease in ready-to-transfer units and the surge in Covid-19 cases, as explained above.

As of 30 June 2021, the total backlog comprised of 5 projects was THB 5,655.1mn, a decrease of 13.9% from THB 6,565.2mn, at the end of 2020, mainly due to the transfer of The Lofts Silom project.

Summary of statement of profit and loss

	2Q/2021		2Q/2020		Change		1H/2021		1H/2020		Change	
	THB mn	%	THB mn	%	THB mn	%	THB mn	%	THB mn	%	THB mn	%
Total Revenue	409.5	100.0	625.8	100.0	(216.3)	(34.6)	2,008.7	100.0	1,049.4	100.0	959.3	91.4
Sales of real estate	329.8	80.5	588.9	94.1	(259.1)	(44.0)	1,877.3	93.5	955.3	91.0	922.0	96.5
Others	79.7	19.5	36.9	5.9	42.8	116.1	131.4	6.5	94.1	9.0	37.3	39.6
Total cost	244.6	59.7	543.5	86.8	(298.9)	(55.0)	1,409.5	70.2	869.3	82.8	540.2	62.1
Cost of real estate sold	244.6	59.7	543.2	86.8	(298.6)	(55.0)	1,409.5	70.2	866.6	82.6	542.9	62.6
SG&A	154.1	37.6	155.0	24.8	(0.9)	(0.6)	348.1	17.3	336.7	32.1	11.4	3.4
Net financial cost	39.1	9.5	45.5	7.3	(6.4)	(14.1)	76.6	3.8	105.8	10.1	(29.2)	(27.6)
Share of loss in JV	7.4	1.8	7.4	1.2	-	-	13.9	0.7	9.8	0.9	4.1	41.8
Tax expense (income)	(1.4)	(0.3)	4.8	0.8	(6.2)	(128.2)	56.6	2.8	(2.3)	(0.2)	58.9	2,560.9
Net profit (loss)	(34.3)	(8.4)	(130.4)	(20.8)	96.1	73.7	104.0	5.2	(269.9)	(25.7)	373.9	138.5

Management Discussion & Analysis (- translation -)

For operating result of 2Q/2021, ended 30 June 2021



Revenue

Source of revenue	2Q/2021		2Q/2020		Change		1H/2021		1H/2020		Change	
	THB mn	%	THB mn	%	THB mn	%	THB mn	%	THB mn	%	THB mn	%
The River	96.4	23.5	19.7	3.1	76.7	389.3	420.1	20.9	19.7	1.9	400.4	2,032.5
Zire Wongamart	6.5	1.6	-	-	6.5	100.0	6.5	0.3	-	-	6.5	100.0
UNIXX South Pataya	-	-	-	-	-	-	-	-	1.6	0.2	(1.6)	(100.0)
Mews Yen Akat	-	-	86.0	13.7	(86.0)	(100.0)	-	-	127.0	12.1	(127.0)	(100.0)
The Lofts Asoke	31.5	7.7	6.8	1.1	24.7	363.0	72.9	3.6	192.1	18.3	(119.2)	(62.1)
The Diplomat 39	18.2	4.4	-	-	18.2	100.0	18.2	0.9	23.0	2.2	(4.8)	(20.8)
The Diplomat Sathorn	8.7	2.1	-	-	8.7	100.0	8.7	0.4	-	-	8.7	100.0
The Lofts Silom	168.5	41.1	476.4	76.1	(307.9)	(64.6)	1,350.9	67.2	591.9	56.4	759.0	128.2
Total revenue from sales of real estate	329.8	80.5	588.9	94.1	(259.1)	(44.0)	1,877.3	93.5	955.3	91.0	922.0	96.5
Project management income	25.5	6.2	9.4	1.5	16.1	170.2	43.4	2.2	18.5	1.8	24.9	134.6
Marketing commission income	7.4	1.8	4.8	0.8	2.6	54.4	9.9	0.5	8.2	0.8	1.7	21.3
Guarantee fee income	12.2	3.0	10.4	1.7	1.8	18.3	23.8	1.2	20.3	1.9	3.4	16.9
F&B	-	-	0.5	0.1	(0.5)	(100.0)	-	-	8.5	0.8	(8.5)	(100.0)
Rental and Services	6.5	1.6	6.6	1.1	(0.1)	(2.0)	13.1	0.7	16.0	1.5	(2.9)	(18.0)
Others ¹	28.1	6.9	5.2	0.8	22.9	437.6	41.2	2.1	22.6	2.2	18.7	82.6
Total Revenue	409.5	100.0	625.8	100.0	(216.3)	(34.6)	2,008.7	100.0	1,049.4	100.0	959.3	91.4

In 2Q/2021, the total revenue was THB 409.5mn, a decrease of THB 216.3mn or 34.6% YoY, mainly from the decreasing revenue from sales of real estate.

1H/2021, the Company had total revenue of THB 2,008.7mn, an increase of THB 959.3mn or 91.4% YoY, mainly from the increased revenue in sales of real estate in 1Q/2021.

Revenue from sales of real estate

In 2Q/2021, the Company recorded the revenue from sales of real estate from 6 projects, a total value of THB 329.8mn or 80.5% of the total revenue. The revenue under this category decreased YoY from THB 588.9mn

¹ Including gain on dissolution of the investment in subsidiaries, interest and others

in 2Q/2020 because the Company had already accelerated to transfer most of the units, mainly the Lofts Silom project to customers since 2Q/2020 to 1Q/2021.

In 1H/2021, the Company recorded the revenue from sales of real estate from 6 projects, a total value of THB 1,877.3mn or 93.5% of the total revenue. The revenue under this category increased YoY from THB 955.3mn in 1H/2020 due to the Company's acceleration to transfer units in The Lofts Silom and The River project during 1Q/2021.

Project management income

The income from fees that the Company charges to the joint venture companies for projects construction management and the management of other residential juristic persons. In 2Q/2021 and 1H/2021, the income increased because the constructions progressed more than that in the same period of last year.

Marketing commission income and Guarantee fee income

The income under these categories came from fees that the Company charges the joint venture companies for arranging marketing and sales activities and being the guarantor for loans from financial institutions of the projects under the joint venture companies. The marketing commission income is recognised when customers sign purchase agreement contracts. At the end of 2Q/2021, the joint venture companies comprised of 4 companies, 1) Raimon Land Twenty Six Co., Ltd., develops The Estelle Phrom Phong project; 2) Raimon Land Sathorn Co., Ltd., develops TAIT Sathorn 12 project; 3) RML 548 Co., Ltd., develops grade A office building project, One City Centre ("OCC"); and 4) Raimon Land Thirty Eight Co., Ltd., develops a pipeline condominium project in soi Sukhumvit 38.

Marketing commission income in 2Q/2021 and 1H/2021 increased to THB 7.4mn and THB 9.9mn, respectively, from THB 4.8mn and THB 8.2mn in the same period of the previous year. It was mainly due to the sales strategy during 2Q/2021 to promote the sales of TAIT Sathorn 12 project. The Guarantee fee income in 2Q/2021 and 1H/2021 increased due to the increased loan amount drawn down for construction and operations of the 3 joint venture projects progress.

Revenue from F&B business, Rental and Services and other income

Since 3Q/2020, the Company discontinued its F&B business and no longer recognised revenue from this business.

Revenue from Rental and Services is mainly the rental revenue from Vue Mall, a community mall located on Charernnakhorn Road. Since 2020, the Company has reclaimed retail spaces from the tenants and renovated them into a hotel, namely "Hotel Kitch". The revenue from Rental and Service during 2Q/2021 was almost unchanged YoY due to the reasons explained above. The revenue in 1H/2021 slightly decreased YoY as there was no effect from COVID-19 during 1Q/2020.

Other income in 2Q/2021 and 1H/2021 increased YoY. In addition, the Company also had a Gain on dissolution of the investment in subsidiaries which was a one-time recognition. In 2Q/2021, the Company had completed the liquidation process of 1 subsidiary, Raimon Land Investment (Singapore) Pte. Ltd. Consequently, the Company had gained on liquidation of the investment in the direct subsidiary of THB 7.0mn and recognise it as revenue in this quarter.

Cost of real estate sold, Gross Profit (GP) and Gross Profit Margin (GPM) of sales of real estate

In 2Q/2021, the cost of real estate sold decreased to THB 244.6mn from THB 543.2mn in 2Q/2020 due to the decrease in revenue from sales of real estate. However, in 2Q/2020, the Company offered special promotions to customers to accelerate quick sales in the old projects. Consequently, the GP in 2Q/2020 was THB 45.7mn, or a GPM of 7.8%. While in 2Q/2021, there were no such special promotion, the GP in 2Q/2021 was THB 85.2mn with a GPM of 25.8%.

In 1H/2021, the cost of real estate sold increased to THB 1,409.5mn from THB 866.6mn in 2Q/2020, in line with the increased revenue from sales of real estate in this period. As explained above, in 1H/2020, special promotions were offered to customers for quick sales of the units in the old projects. Consequently, the GP in 1H/2020 was THB 88.7mn or a GPM of 9.3%. While in 1H/2021, there were no such special promotion, the GP was THB 467.8mn or a GPM of 24.9%.

Distribution Costs and Administrative Expenses (SG&A)

In 2Q/2021, the Company's SG&A was THB 154.1mn, almost unchanged from THB 155.0mn in the same period last year. The THB 66.0mn was the distribution costs, including marketing cost, commission and transfer expenses. The cost increased from THB 43.5mn in 2Q/2020, due to the launch of a marketing campaign to increase sales and transfer of the remaining units in The Lofts Silom, The River and The Lofts Asoke project. On the other hand, the administrative expenses in this quarter was THB 88.1mn, down from THB 111.6mn in 2Q/2020 mainly due to the reorganisation and the reduction in business consultant fees.

In 1H/2021, the Company's SG&A was THB 348.1mn, increased from THB 336.7mn in the same period last year. The THB 171.8mn was the distribution costs, which increased from THB 96.5mn in 1H/2020, due to the launch of the marketing campaign, as described above, as well as the transfer expenses, which increase in line with the revenue from sales of real estate. On the other hand, the administrative expenses in 1H/2021 was THB 176.3mn, down from THB 240.2mn in 1H/2020 as mentioned above.

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.

The Company's net financial cost in 2Q/2021 and 1H/2021 were THB 39.1mn and THB 76.6mn, respectively, down THB 6.4mn and THB 29.2mn, from THB 45.5mn and THB 105.8mn, in the same period of the previous year. It was mainly due to the reduction in the interest-bearing debt, which as at the end of 1H/2021 stood at THB 3,188.3mn, while at the end of 1H/2020 stood at THB 5,681.2mn. The decrease resulted from the loan repayment during the year when condominium units are transferred to customers.

Net profit (Loss)

In 2Q/2021, the Company had a consolidated net loss of THB 34.3mn, an improvement from the net loss of THB 130.4mn in 2Q/2020. Net loss per share was THB 0.01 per share.

For the 1H/2021, the Company had a consolidated net profit of THB 104.0mn, an increase of THB 374.0mn from the net loss of THB 269.9mn in 1H/2020. Net profit per share was THB 0.02 per share.

Financial Position (as of 30 June 2021)

	30 June 2021		31 December 2020		Change	
	THB mn	%	THB mn	%	THB mn	%
Assets	8,793.7	100.0	9,371.5	100.0%	(577.8)	(6.2)
Liabilities	3,671.4	41.8	4,347.7	46.4%	(676.3)	(15.6)
Interest-bearing debt	3,188.3	36.3	3,177.1	33.9%	11.2	0.4
Other liabilities	483.1	5.5	1,170.6	12.5%	(687.5)	(58.7)
Equity	5,122.3	58.2	5,023.8	53.6%	98.5	2.0
Total Liabilities and Shareholders' Equity	8,793.7	100.0	9,371.5	100.0%	(577.8)	(6.2)

Assets

The Company's total assets stood at THB 8,793.7mn, a decrease of THB 577.8mn, or a 6.2% decrease from THB 9,371.5mn at the end of 2020. It was mainly due to decreased project development costs (condominium unit inventories), which gradually decreased when transferring condominium units to customers and recognised revenue during 1H/2021 and more investment in the joint venture companies in 2Q/2021.

Liabilities

Total liabilities stood at THB 3,671.4mn, a decrease of THB 676.3mn, or 15.6% decreased from THB 4,347.7mn as of 31 December 2020. It was mainly due to the decrease in the deposits and advances received from customers upon the condominium units transfer. However, the interest-bearing debt slightly increases by THB 11.2mn to THB 3,188.3mn as of 30 June 2021, from THB 3,177.1mn as of 31 December 2020. The increase was mainly from the new debenture issuance value of THB 900mn, on 30 March 2021, offset by the loan repayment to financial institutions when transfer units to customers. Of the total interest-bearing debt, 6.7% was short-term debt, and 93.3% was long-term debt, which is suitable for the funding turnover of 2-3 years of project construction.

Shareholders' Equity

The Company's total shareholders' equity stood at 5,122.3mn, an increase of THB 98.5mn, or 2.0% from THB 5,023.8mn as of 31 December 2020, mainly from the increase in unappropriated retained earnings, which resulted from the net profit in 1H/2021.

Debt to Equity Ratio ¹

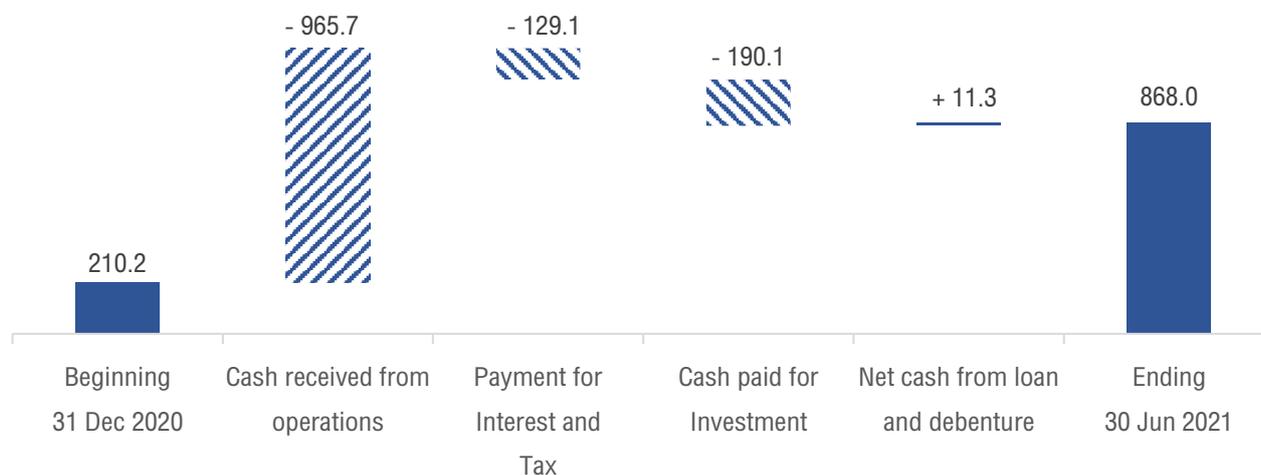
The D/E ratio at the end of this quarter was 0.62 times, slightly decreased from 0.63 times as of 31 December 2020, resulted from the increase in the shareholders' equity was higher than the increase in the interest-bearing debt as details described above.

¹ Calculated from interest-bearing debt to equity

Cash Flow

During 1H/2021, for the operating activities, the Company had net cash received from the operating activities of THB 836.6mn. Of the amount, THB 965.7mn was from cash inflow from operations, offset by THB 129.1mn cash paid for net financial costs and tax. Out of the cash inflow from the operations, the key components were 1) THB 160.6mn from net profit in 1H/2021 before tax and; 2) THB 1,367.1mn cash received from the unit transfers; deducted by 3) THB 645.5mn net reduction of the deposits and advance received from customers; and 4) other items such as cash repaid to trade and other payables and retention payables. For the investing activities, the Company paid net cash of THB 190.1mn, mainly were cash paid for additional investment in joint venture THB 150.0mn in 2Q/2021 and paid for the deposit of land THB 40.0mn in 1Q/2021. For the financing activities, the Company received net cash of THB 11.3mn. The key components were THB 900.0mn cash received from the debenture issuance net of THB 886.1mn cash paid for fees and repay the loan from financial institutions. As a result, the Company had ending cash of THB 868.0mn as of 30 June 2021.

Cash flow movement in 1H/2021



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 Janjira Panitpon
 Chief Financial Officer