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10 May 2021

Subject: Management Discussion and Analysis for the First Quarter of 2021

To: President

The Stock Exchange of Thailand

Grand Canal Land Public Company Limited and its subsidiaries (“the Company”) would like to inform the financial performance for the three-month period of 2021 (“1Q21”) ending 31 March 2021 as follows.

Key Highlights in the First Quarter of 2021

Following the second round of COVID-19 outbreak in Thailand during the end of 2020 to January 2021 (“COVID-19 second wave”), which had limited impact in certain areas that affected business activities and the livelihood of citizens for a short period of time, the situation swiftly recovered in February and March 2021 following the gradually declining number of new cases from COVID-19 second wave and lifestyle activities resumed to near-normal level by the end of the first quarter. Subsequently, Thailand is faced with the greatest COVID-19 pandemic challenge yet with a fresh round of outbreak from early April to present (“COVID-19 third wave”), the most critical outbreak compared to prior incidents. As the number of new cases reach new heights with no sign of slowing down and the slow development of the country’s vaccination roll-out plan, the lives of citizens are put on utmost vigilance, limiting the frequency of outdoor activities and commute, as well as the resumption of work-from-home (WFH) arrangements.

The Company continues to manage its businesses with utmost prudence without easing its safety and hygiene practices to accommodate the visitors and customers for its projects, as well as employ effective cost control measures to be in-line with the current situation, which has not completely returned to normal. Most importantly, the Company continues to look after the best interest of its stakeholders, including tenants, shops, customers, business partners and shareholders. Key events in 1Q21 for each business are as follow:

Offices business: the office projects continues to operate as normal throughout the year. Prior to the COVID-19 third wave, more than 80% of the employees for office tenants have returned to the offices. During the third outbreak, although there are more employees opting WFH program, the Company continues to deploy stringent measures to ensure the safety and well-being of on-site employees and visitors at its office projects.

Retail area leases business: the area continues to operate as normal during the period as the Company extends its support to certain retail tenants that are affected by the COVID-19 situation during the second and third waves, such as providing appropriate levels of rental discounts and support for marketing activities.

Real estate business: the Company continues to promote the sales of existing project, Belle Grand Rama 9, which garnered good interest from prospective customers and accumulated bookings and transfers during the year. Hence, it expects sales and transfers of the remaining units going forward. Furthermore, the Company is in the process of developing a new residential project in Don Muang area. The sales of the initial phase of the project is expected to begin within this year.

Summary of Financial Performance for the First Quarter of 2021

Revenues

The Company reported total revenue of 328 million Baht, a decrease of 125 million Baht or 28% from the previous year. The decrease mainly comes from the lower sales and transfer of real estate project shaped by the COVID-19 situation that resulted in stagnant consumer demand and purchasing power. Meanwhile, rental and services revenue from office projects, which is the Company's primary business, is not as heavily impacted and continues to be managed accordingly with the changing business environment.

Costs and administrative expenses

The Company reported total cost and administrative expenses of 115 million Baht, a decrease of 55 million Baht or 32% from the previous year and in-line with the change in revenues. Nevertheless, the Company continues to demonstrate solid cost reduction efforts for all businesses, as well as adapt more efficient work processes. As a result, the gross profit and operating profit margins improved slightly from the previous year, standing at 83% and 65% respectively in 1Q21 (in the prior year, the gross profit and operating profit margins stood at 78% and 62% respectively).

Net Profit

The Company reported net profit of 165 million Baht, a decrease of 113 million Baht or 41% from the previous year, which included the change to the fair value of investment properties and other non-recurring items, such as gain on disposal of units invested in GLAND Office Leasehold REIT (GLANDRT) in 2020. Excluding the non-recurring items, net profit would increase by 32% from the previous year. Although revenues declined, the Company manages to improve its profitability performance compared to the previous year and has also benefited from lower financing costs, which resulted from robust capital structure management throughout the course of the year.

Capital structure

As of 31 March 2021, the Company reported net interest-bearing debt of 6,550 million Baht, a slight decrease from the balance as of 31 December 2020 of 6,588 million Baht, mainly due to the repayment of debt due at maturity during the year. The weighted average financing cost at the end of 1Q21 stood at 3.35%, the same level to that of the end of the previous year.

Net interest-bearing debt to equity ratio at the end of 1Q21 stood at 0.44 times, slightly lower than that of the end of the previous year. The ratio remains well in-line with the Company's policy of not exceed 1 time and debt covenant of not exceeding 3 times.

Although the Company recognizes net profit during the year, it still has considerable debt obligations to fulfill in the near-term and must prepare adequate sources of funds to support the investment in new projects to accommodate the Company's long-term growth.

Please be informed accordingly.

Sincerely,

-Surakit Thantananont-

(Mr. Surakit Thantananont)

Senior Assistant Managing Director of Business Support Workgroup

Authorized Persons to Disclose Information

Table 1: Summary of Profit and Loss Statement

Unit: million Baht	1Q21	1Q20	Change	
			Amount	%
Rental and services revenue	305	376	(71)	(19%)
Real estate sales	19	76	(57)	(75%)
Other income	4	1	3	300%
Total revenue	328	453	(125)	(28%)
Cost of rental and services	53	74	(21)	(28%)
Cost of real estate sales	2	27	(25)	(93%)
Selling & administrative expenses	60	69	(9)	(13%)
Total operating expenses	115	170	(55)	(32%)
Operating profit	213	283	(70)	(25%)
(Profit) loss from items not related to the business operations	(56)	(134)	78	(58%)
Financing cost	41	59	(18)	(31%)
Profit before income tax and NCI	228	358	(130)	(36%)
Income tax expense	53	61	(8)	(13%)
Non-controlling interest	10	19	(9)	(47%)
Net profit	165	278	(113)	(41%)

Table 2: Summary of Financial Position

Unit: million Baht	1Q21	YE20	Change	
			Amount	%
Current assets	1,175	1,164	11	1%
Non-current assets	28,161	28,061	100	0%
Total assets	29,336	29,225	111	0%
Current liabilities	3,819	3,900	(81)	(2%)
Non-current liabilities	10,499	10,497	2	0%
Total liabilities	14,318	14,397	(79)	(1%)
Shareholders' equity	15,018	14,828	190	1%
Total liabilities and shareholders' equity	29,336	29,225	111	0%
Net interest-bearing debt	6,550	6,588	(38)	(1%)

Table 3: Key financial ratios

	1Q21	1Q20
Profitability Ratio		
Gross profit margin (%)	83%	78%
Operating profit margin (%)	65%	62%
Net profit margin (%)	50%	61%
Return on equity (ROE) (%)	1%	2%
Efficiency Ratio		
Return on asset (ROA) (%)	1%	1%

	1Q21	YE20
Liquidity Ratio		
Current ratio (x)	0.31	0.30
Financial Policy Ratio		
Liabilities to equity ratio (x)	0.95	0.97
Net interest-bearing debt to equity ratio (x)	0.44	0.45