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6 August 2021

Subject: Management Discussion and Analysis for the Second 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 (“2Q21”) and six-month period of 2021 (“6M21”) ending 30 June 2021 as follows.

Key Highlights in the Second Quarter of 2021

Following the promising signs of a recovery in Q1, the third wave of COVID-19 outbreak from early April to present (“COVID-19 third wave”), the most critical outbreak compared to prior incidents, has severely dampened the recovery sign. 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. Despite certain businesses, such as supermarket, pharmacies and convenience stores, remain open to accommodate the citizens’ daily needs, further restrictive measures may be put in place should the COVID-19 situation continue to worsen.

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 2Q21 for each business are as follow:

Offices business: the office projects continues to operate as normal throughout the year. 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 with reduced operating hours and closure of some businesses, such as food and beverages (dine-in area) and fitness center, according to government policy during the period. The Company extends its support to certain retail tenants that are affected by the COVID-19 situation during the 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. Despite the closure and restrictions of construction according to government policy, the sales of the initial phase of the project are expected to begin within this year.

Summary of Financial Performance for the Second Quarter of 2021

Revenues

For the three-month period, The Company reported revenue from operation of 344 million Baht, a decrease of 12 million Baht or 3% 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.

For the six-month period, The Company reported revenue from operation of 667 million Baht, a decrease of 141 million Baht or 17% from the previous year. The decrease mainly comes from the lower sales and transfer of real estate project by 81 million Baht. The remaining decrease is mainly from non-recurring items in 1Q20 of 56 million Baht commission fees regarding the transfer of assets from GLAND Office Leasehold REIT (GLANDRT) to CPN Retail Growth Leasehold REIT (CPNREIT).

Costs and administrative expenses

For the three-month period, The Company reported total cost and administrative expenses of 126 million Baht, an increase of 18 million Baht or 17% from the previous year which mainly resulted from the adjustment of property tax cost of 13 million Baht in prior year according to the reduction of land and building tax by 90%. Cost of real estate sales is 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 and slightly changed from the previous year, standing at 84% and 64% respectively in 2Q21 (in the prior year, the gross profit and operating profit margins stood at 83% and 70% respectively).

For the six-month period, The Company reported total cost and administrative expenses of 241 million Baht, a decrease of 37 million Baht or 13% and in-line with the change in revenues from real estate. Nevertheless, the gross profit and operating profit margins improved and slightly changed from the previous year, standing at 84% and 65% respectively in 2Q21 (in the prior year, the gross profit and operating profit margins stood at 80% and 66% respectively).

Net Profit

For the three-month period, The Company reported net profit of 144 million Baht, a decrease of 59 million Baht or 29% from the previous year, which included the change to the fair value of investment properties and other non-recurring items. Excluding the non-recurring items, net profit would increase by 12% 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.

For the six-month period, The Company reported net profit of 309 million Baht, a decrease of 172 million Baht or 36% from the previous year, which included the change to the fair value of investment properties and other non-recurring items. Excluding the non-recurring items, net profit would increase by 17% from the previous year.

Capital structure

As of 30 June 2021, the Company reported net interest-bearing debt of 6,535 million Baht, a slight decrease from the balance as of 31 December 2020 of 6,588 million Baht, mainly due to the repayment of debenture due at

maturity during the year. The weighted average financing cost at the end of 2Q21 stood at 2.86%, a decrease level to that of the end of the previous year.

Net interest-bearing debt to equity ratio at the end of 2Q21 stood at 0.43 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			Change				Change	
	2Q21	1Q20	Amount	%	6M21	6M20	Amount	%
Rental and services revenue	293	376	11	4%	597	657	(60)	(9%)
Real estate sales	51	76	(24)	(31%)	70	151	(81)	(53%)
Revenue from operation	344	452	(12)	(3%)	667	808	(141)	(17%)
Other income	2	1	2	266%	6	2	4	275%
Total revenue	346	453	(11)	(3%)	673	810	(136)	(17%)
Cost of rental and services	51	74	13	35%	104	112	(8)	(7%)
Cost of real estate sales	3	27	(19)	(86%)	5	49	(44)	(89%)
Selling & administrative expenses	72	69	24	50%	132	117	15	13%
Total operating expenses	126	170	18	17%	241	277	(37)	(13%)
Operating profit	220	283	(29)	(12%)	433	532	(100)	(19%)
(Profit) loss from items not related to the business operations	(12)	(134)	79	(87%)	(69)	(225)	156	(69%)
Financing cost	39	59	(11)	(23%)	80	109	(29)	(27%)
Profit before income tax and NCI	193	358	(96)	(33%)	422	648	(226)	(35%)
Income tax expense	36	61	(35)	(49%)	89	132	(43)	(33%)
Non-controlling interest	14	19	(3)	(15%)	24	35	(12)	(33%)
Net profit	144	278	(59)	(29%)	309	481	(172)	(36%)

Table 2: Summary of Financial Position

Unit: million Baht			Change	
	2Q21	YE20	Amount	%
Current assets	1,219	1,164	55	5%
Non-current assets	28,219	28,061	158	1%
Total assets	29,438	29,225	213	1%
Current liabilities	4,830	3,900	930	24%
Non-current liabilities	9,424	10,497	(1,073)	(10%)
Total liabilities	14,254	14,397	(143)	(1%)
Shareholders' equity	15,184	14,828	356	2%
Total liabilities and shareholders' equity	29,438	29,225	213	1%
Net interest-bearing debt	6,535	6,588	(53)	(1%)

Table 3: Key financial ratios

	2Q21	2Q20	6M21	6M20
Profitability Ratio				
Gross profit margin (%)	84%	83%	84%	80%
Operating profit margin (%)	64%	70%	65%	66%
Net profit margin (%)	42%	57%	46%	59%
Return on equity (ROE) (%)	4%	10%	4%	10%
Efficiency Ratio				
Return on asset (ROA) (%)	2%	5%	2%	5%

	2Q21	YE20
Liquidity Ratio		
Current ratio (x)	0.25	0.30
Financial Policy Ratio		
Liabilities to equity ratio (x)	0.94	0.97
Net interest-bearing debt to equity ratio (x)	0.43	0.45