



- Translation -

No. GL/2024/012

8 November 2024

Subject: Management Discussion and Analysis for the Third Quarter of 2024

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 third quarter and nine months of 2024 ending 30 September 2024 as follows.

#### **Key Highlights in the Third Quarter of 2024**

During the third quarter of 2024, the Thai economy continues to expand from the previous quarter and mainly driven by exports of cyclical-bound products related to the technology sector, such as electronic parts, and expansion of public spending and investments following the resolution of 2024 government budget. Meanwhile, tourism and private consumption have slowed down following amendments to the digital wallet scheme to focus on fragile groups of recipients. The manufacturing sector is also showing signs of slowdown, particularly in automotive parts that have been disrupted by the emerging popularity of electric vehicles (EV) (source: The Bank of Thailand). Despite continuous recovery to the Thai economy, uncertainties and near-term volatility remains, such as staggering global economic growth amidst geopolitical concerns in the Middle East, downward interest rate trajectory by the US Fed, and the potential outcome of US presidential election that may impact international trade policies. More importantly, the offices market faces challenging outlook from changing workplace behavior and competition of upcoming office supply (source: Knight Frank Thailand).

The Company continues to manage its businesses with utmost consideration to climate and environmental changes. Various initiatives are planned and enacted to address temperature fluctuations and weather hazards, such as deploying climate control management in all buildings and managing traffic, safety and hygiene standards in surrounding areas during the monsoon season. 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 the third quarter of 2024 for each business are as follow:

**Offices business:** Influx of new supplies, around 1.5 million square meters of which will enter the Bangkok office market in the next 3-4 years, continued to put pressure on the overall office market situation especially in the central business district (CBD). Combined with slow demand recovery, the overall occupancy rate in Bangkok offices extends its downward trend as the CBD-centric new supplies are expected to indirectly impact the performance of office projects in the non-CBD areas. Despite the challenging outlook, the Company's office projects at Grand Rama 9: the New CBD continues to outperform those in the nearby locations, thanks to their superior location and consistent interest from local and international businesses. Moreover, the Company continues to deploy stringent measures to ensure the safety and well-being of on-site employees and visitors at its office projects. Furthermore, the company continues to engage prospective tenants and explore services enhancement opportunities in existing projects in response to industry competition and anticipated demand recovery.

**Retail area leases business:** The area benefited from the recovery of not only office employees traffic, but also from those of local residents, visitors from nearby communities, and tourists. Moreover, the Company continues to carry out sales and marketing activities to support retail tenants, which resulted in commendable recovery of their sales performance. Hence, the Company is able to step back on rental discounts near pre COVID-19 levels.

**Real estate business:** Comprises one project, namely Nirati Donmuang. During the period, project visitations and pre-sales continue to grow as the project accelerates its pace to complete the construction and furnishing of booked units such that they can be transferred to the customers as planned.

**Sustainable Business Development:** The Company recognizes the importance of community, social and environmental development along with its business growth aspiration and are committed to maintain its excellence in sustainable development. During the third quarter of 2024, the Company, in collaboration with business partners, launched the "ESG Bonding Hub" project to foster innovations and cooperation to bring positive changes to environmental, social and governance aspects within the community. Furthermore, the Company continued to promote the waste management campaign "From Trash to Treasure" in continuation from the previous quarter, as well as collaborated with the Thai Red Cross to organize the Blood Drive activity within the premises.

## Summary of Financial Performance in the Third Quarter of 2024

### Revenues

The Company reported total revenue of 479 million Baht, an increase of 16% from the previous year (for the nine-month period revenue stood at 1,317 million Baht, an increase of 8% from the previous year). The increase mainly comes from higher contribution from increased units transferred at Nirati Donmuang, as well as from higher rental and services revenue driven by rental rate increases and sustained occupancy levels despite facing the impact of lower occupancy rate amidst challenging industry situation. Other sources of revenue, such as from retail area and marketing events, have also grown from the previous year.

### Operating expenses

The Company reported total operating expenses of 202 million Baht, an increase of 17% from the previous year (for the nine-month period total operating expenses stood at 550 million Baht, an increase of 4% from the previous year). The increase mainly comes from higher costs and expenditures associated with the completion, sales and transfers of Nirati Donmuang, as well as higher cost of services in-line with rising inflation and energy cost. Despite having lower gross profit margin, the Company managed its administrative expenditures with increased efficiencies, resulting in comparable operating profit margins compared to the previous year and according to plan.

### Net Profit

The Company reported net profit of 133 million Baht, an increase of 25% from the previous year (for the nine-month period net profit stood at 305 million Baht, an increase of 15% from the previous year). Excluding the impact of fair value adjustment and other non-recurring items, net profit would increase approximately 18% from the previous year (an increase of 9% from the previous year for the nine-month period) primarily from higher operating profits from all its businesses and slightly lower financing costs, thanks to effective management of capital structure in anticipation of a downward interest rate trend. Moreover, the Company's core business performance demonstrates prudent cost control and resiliency towards operating profits, as well as maintain robust debt and capital structure to ensure cost of capital are kept at efficient levels.

### Capital structure

The Company reported total interest-bearing debt as of 30 September 2024 of 6,524 million Baht, an increase from the balance as of 31 December 2023 of 6,308 million Baht. The weighted average financing cost at the end of the period stood at 4.16%, which was slightly lower than that of the end of the previous year at 4.23%.

Net interest-bearing debt to equity ratio at the end of the period stood at 0.38 times, unchanged from 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,

*-Ponpinit Upathamp-*

(Mr. Ponpinit Upathamp)

Chief Financial Officer

Authorized Persons to Disclose Information

Table 1: Summary of Profit and Loss Statement

	3Q23	3Q24	% Chg		9M23	9M24	% Chg
<i>Unit: million Baht</i>							
Rental and services revenue	307	326	6%	0	924	966	5%
Revenue from sales	78	116	48%	0	223	252	13%
Revenue from operations	385	442	15%	0	1,147	1,218	6%
Other income	29	37	30%	0	77	100	29%
<b>Total revenue</b>	<b>414</b>	<b>479</b>	<b>16%</b>	<b>0</b>	<b>1,224</b>	<b>1,317</b>	<b>8%</b>
Cost of rental and services	56	60	7%	0	177	185	4%
Cost of sales	42	62	47%	0	119	134	12%
Selling & administrative expenses	75	80	7%	0	235	232	-2%
Total operating expenses	173	202	17%	0	532	550	4%
(Profit) Loss from items not related to the business operations	52	51	-2%	0	161	157	-2%
Financing cost	55	59	6%	0	151	176	17%
<b>Profit before income tax and NCI</b>	<b>134</b>	<b>168</b>	<b>25%</b>	<b>0</b>	<b>381</b>	<b>434</b>	<b>14%</b>
Income tax expense	20	26	29%	0	96	104	8%
Non-controlling interest	8	9	13%	0	21	25	18%
<b>Net profit</b>	<b>106</b>	<b>133</b>	<b>25%</b>	<b>0</b>	<b>264</b>	<b>305</b>	<b>15%</b>

Table 2: Summary of Financial Position

	YE23	9M24	% Chg
<i>Unit: million Baht</i>			
Current assets	1,173	1,058	-10%
Non-current assets	28,962	29,307	1%
<b>Total assets</b>	<b>30,135</b>	<b>30,365</b>	<b>1%</b>
Current liabilities	4,556	2,076	-54%
Non-current liabilities	8,842	11,361	28%
Total liabilities	13,398	13,437	0%
Shareholders' equity	16,737	16,928	1%
<b>Total liabilities and equity</b>	<b>30,135</b>	<b>30,365</b>	<b>1%</b>
Net interest-bearing debt	6,198	6,483	5%

Table 3: Key Financial Ratios

	3Q23	3Q24	Chg.
<b><u>Profitability Ratio</u></b>			
Gross profit margin (%)	75%	72%	-2%
Operating profit margin (%)	58%	58%	0%
Net profit margin (%)	26%	28%	2%

	9M23	9M24	Chg.
	74%	74%	0%
	57%	58%	2%
	22%	23%	2%

	YE23	9M24	Chg.
<b><u>Liquidity Ratio</u></b>			
Current ratio (x)	0.26	0.51	0.25
<b><u>Financial Policy Ratio</u></b>			
Liabilities to Equity (x)	0.80	0.79	(0.01)
Net Debt to Equity (x)	0.37	0.38	0.01