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11 August 2020

Subject: Clarification of Quarter 2/2020 Operating Results

To: President

The Stock Exchange of Thailand

Ananda Development Public Company Limited (ANAN) would like to clarify the company and its subsidiaries' operating results for the year of Quarter 2/2020 as follows:

Industry Overview

Thai real estate industry in the second quarter of 2020 faces ongoing challenges due to the COVID-19 epidemic situation. The lockdown occurred in the second quarter caused the overall economic activity to slowdown. Residential developers adapted their business plan to reflect the situation. In general, developers are postponing the launch of new projects and focusing on selling ready to move projects, managing costs and expenses efficiently including the use of technology such as virtual reality or social media to support sales in order to make the business run more smoothly.

Business Overview

For the period of the second quarter of 2020, the Company and its subsidiaries' Core EBITDA* was Baht 253 million, an increase 14 percent from the previous quarter, due to the improvement in core business performance from operational efficiency improvements and business plans revision to reflect the situation, but slightly decreased at 9 percent from the same period last year. It is a result of the situation of the COVID-19 epidemic affecting the entire industry.

Million Baht	1Q19	2Q19	6M19	1Q20	2Q20	%QoQ	%YoY	6M20	%YoY
EBITDA excluding construction services	369	276	636	577	253	-56%	-9%	781	23%
Core EBITDA	265	276	532	221	253	14%	-9%	424	-20%

The second quarter of 2020 share of profit from investment in joint ventures accounted for Baht 1,321 million, a decrease of 29 percent from previous quarter and 35 percent from the same period last year due mainly to a decrease in revenue from the sale of real estate that the Company is the entire property developer. At present, the company has developed most of its condominium projects through joint ventures. This is recognized as the share of profit (loss) from investments in joint ventures, which is reflected in the statement of comprehensive income (loss), and a reduction in revenue from construction services. In the second quarter of 2020, revenue from construction services amounted to Baht 227 million, a decrease of 32% from the previous quarter and 58 percent from the same period last year.

Million Baht	1Q19	2Q19	6M19	1Q20	2Q20	%QoQ	%YoY	6M20	%YoY
Total Revenues	1,822	2,037	3,859	1,858	1,321	-29%	-35%	3,179	-18%
Revenues from sales of real estate	775	871	1,646	600	591	-2%	-32%	1,191	-28%
Revenues from project management services	377	353	730	329	256	-22%	-27%	585	-20%
Construction service income	313	541	854	335	227	-32%	-58%	562	-34%
Other income	253	272	525	237	247	4%	-9%	484	-8%
Gain from sale of subsidiaries/Revenue from land sourcing	104	0	104	357	0	N/A	N/A	357	244%

In 2020, the company has a policy to focus on efficient cost management. In the second quarter of 2020, selling and administrative expenses amounted to Baht 503 million, a decrease of 8 percent from the same period of the previous year as the company manages sales expenses more efficiently.

Real estate sales costs in the second quarter of 2020 amounted to Baht 467 million, an increase of 1% from the previous quarter but decreased 30 percent from the same period last year. Construction services costs recorded 787 million baht, a 59-percent increase from the previous quarter and an increase of 57 percent from the same period last year mainly from work improvements, additional construction including repair work.

Million Baht	1Q19	2Q19	6M19	1Q20	2Q20	%QoQ	%YoY	6M20	%YoY
Total Expenses	1,830	2,004	3,834	1,650	1,902	15%	-5%	3,552	-7%
Cost of real estate sold	607	664	1,271	463	467	1%	-30%	930	-27%
Cost of project management services	115	152	267	122	85	-31%	-44%	207	-22%
cost of constructin services	287	502	789	496	787	59%	57%	1,283	62%
Other costs	123	137	260	66	60	-9%	-56%	126	-52%
Selling and administration expenses	698	549	1,247	503	503	0%	-8%	1,006	-19%

Share of Profit (Loss) from Investments in Joint Ventures

The Company had a share of profit (loss) from investments in joint ventures in the second quarter of 2020 amounting to Baht 228 million, an increase of 43% from the previous quarter. This was in line with the increase in the transfer of joint venture projects and the decrease in expenses of projects under construction, but a 10% decrease from the second quarter of 2019 was mainly due to a decrease in profit sharing from investments in joint ventures. This is due to the amount of transfers of joint venture projects that have been transferred continuously during the second quarter of 2019 such as Ashton Chula-Silom Project, Ideo Sukhumvit 93 Project, and Ideo Mobi Asoke Project which is a large project and has a relatively high margin while the second quarter of 2020 is in the end of the transfer of the joint venture project and Ideo Sukhumvit 93 project has completed the transfer at the end of last year.

Financial Cost

In the second quarter of 2020, the Company and its subsidiaries had financial expenses of 150 million baht, a 13-percent decrease from the previous quarter, but a slight increase from the same period of last year at 6 percent.

As of 30 June 2020, the Company and its subsidiaries had a Debt to Equity Ratio of 1.62 times and a Net Interest-Bearing Debt to Equity Ratio Equals to 1.12 times, where the company has a long-term goal of maintaining the financial ratio at approximately 1 time.

In the second quarter of 2020, the Company and its subsidiaries had a net loss attributable to the Company's shareholders amounting to Baht 575 million, mainly due to the cost of construction services higher than that of the construction service income. Affiliated companies doing construction services have no plans to undertake any additional new construction work. This allows Ananda to fully focus on operating the Company's core business and able to manage in the long term more efficiently.

Remark:

* Core EBITDA is EBITDA excluding construction services due to a non-core business, and exclude profits from sale of investments in subsidiaries / income from land sourcing.

Statement of Financial Position

Assets

As of 30 June 2020, total assets of the Company and its subsidiaries were Baht 46,334 million, decreasing Baht 2,461 million from 31 December 2019. Total current assets as of 30 June 2020 accounted for Baht 29,812 million, dropping Baht 1,591 million from 31 December 2019. Total non-current assets as of 30 June 2020 accounted for Baht 16,522 million, decreasing Baht 870 million from 31 December 2019. Details of major changes in assets are as follows;

- Current Investments

As of 30 June 2020, the Company and its subsidiaries' current investment accounted for Baht 0.271 million, decreasing from 31 December 2019 which was Baht 2,288 million due to repayment of debentures due in 2Q/2020

- Trade and Other Receivables

The Company has a policy to recognize revenue from the sale of real estate upon the ownership transferred to customers. For advance payment, deposits and contractual payments, they shall not be recognized as revenue and shall be recorded as advance payments received from customers. Therefore, the Company does not have trade receivables from the sale of real estate. In this regard, the Company's trade receivables are the pending collection of project management fees, which are mainly connected transactions.

As of 30 June 2020, trade and other receivables were Baht 514 million, equivalent to 1.1 percent of total assets, a decrease of Baht 401 million in 31 December 2019.

- Real Estate Development Costs

Costs associated with real estate development incurred prior to the transfer of ownership shall be recorded as real estate development costs in the Company's and subsidiaries' statement of financial position, and subsequently recognized as real estate development costs in the statement of comprehensive income upon the transfer of ownership to customers.

As of 30 June 2020, real estate development costs accounted for Baht 20,058 million, or equivalent to 43 percent of the consolidated total assets, decreasing by Baht 353 million from Baht 20,411 million in 31 December 2019.

▪ Investments in Joint Venture

Since 2013, the Company has entered into joint venture agreements on mutual development of condominium projects with SEAI5 and Mitsui Fudosan Asia Development (Thailand) Co., Ltd., subsidiaries of Mitsui Fudosan Co., Ltd. which is one of major real estate developers in Japan, to mutually develop condominium projects.

As of 30 June 2020, the Company had investments in joint venture projects. Details are as follows;

Company	Project	Book value according to Equity method (Million Baht)
Ananda MF Asia Ratchathewi Co., Ltd.	Ideo Q Siam-Ratchathewi	319.3
Ananda MF Asia Asoke Co., Ltd.	Ashton Asoke	609.2
Ananda MF Asia Chidlom Co., Ltd.	Ideo Q Chidlom-Phetchaburi	237.6
Ananda MF Asia Bangna Co., Ltd.	Ideo O2	377.1
Ananda MF Asia Chongnonsri Co., Ltd.	Ashton Silom	411.7
Ananda MF Asia Taopoon Co., Ltd.	Ideo Mobi Bangsue-Grand Interchange	243.9
Ananda MF Asia Thaphra Co., Ltd.	Ideo Thaphra Interchange	266.5
Ananda MF Asia Petchaburi Co., Ltd.	Ideo Mobi Asoke	319.2
Ananda MF Asia Udomsuk Co., Ltd.	Ideo Mobi Sukhumvit 66	284.3
Ananda MF Asia Saphankhwai Co., Ltd.	Ideo Phaholyothin-Chatuchak	256.8
Ananda MF Asia Pharam 9 Co., Ltd.	Ashton Asoke-Rama 9	302.6
Ananda MF Asia Victory Monument Co., Ltd.	Ideo Q Victory	324.4
Ananda MF Asia Udomsuk Two Co., Ltd.	Elio Del Nest	364.1
Ananda MF Asia Thonglor Co., Ltd.	Ideo Q Sukhumvit 36	230.4

Company	Project	Book value according to Equity method (Million Baht)
Ananda MF Asia Ramkamhaeng Co., Ltd.	Ideo New Rama 9	356.5
Ananda MF Asia Sena Ni-khom Co., Ltd.	Elio Del Moss Phaholyothin 34	538.6
Ananda MF Asia Ratchaprarop Co., Ltd.	Ideo Mobi Rangnam	368.6
Ananda MF Asia Pharam 9 Two Co., Ltd.	Ideo Rama 9-Asoke	512.7
Ananda MF Asia Wongwian Yai Co., Ltd.	Ideo Sathorn-Wongwian Yai	329.2
Ananda APAC1 Co., Ltd.	Ideo Mobi Sukhumvit Eastpoint	133.4
Ananda MF Asia Wutthakat Co., Ltd.	Elio Sathorn-Wutthakat	220.9
Ananda MF Asia Sutthisan Co., Ltd.	Ideo Ratchada-Sutthisan	104.8
Ananda and Partners Saphankhwai One Co., Ltd.	Future project	329.1
AMH Ratchada Co., Ltd.	Somerset Rama 9	126.1
AMH Sathorn Co., Ltd.	Ascott Embassy Sathorn	207.9
AMH Sukhumvit 59 Co., Ltd.	Ascott Thonglor	175.6
AMH Sukhumvit 8 Co., Ltd.	Lyf Sukhumvit 8	50.7
AMF Asia Bangphlat Co., Ltd.	Ideo Charan 70-Riverview	383.5
AMF Asia Phra Khanong Co., Ltd.	Ideo Sukhumvit-Rama 4	418.5
AMF Asia Samyan Co., Ltd.	Ideo Chula-Samyan	465.8
AMH Pattaya Co., Ltd.	Somerset Pattaya	178.1
Ananda SU LTD	Invest in other businesses	1.1
รวม		9,448.3

- Long-term Loans to and Accrued Interest Receivables from Related Parties-Net of Current Portion

As of 30 June 2020, the Company had long-term loans to and accrued interest receivables from related parties-Net of Current Portion of Baht 3,463 million, decreasing by Baht 507 million from Baht 3,970 million in 31 December 2019. The long-term loans and accrued interest receivables were executed by the joint venture companies according to the joint venture agreement that the shareholders of joint venture shall provide financial supports for project development.

Liabilities

As of 30 June 2020, total liabilities of the Company and subsidiaries amounted to Baht 28,691 million, decreasing by 5.4% or Baht 1,630 million from Baht 30,321 million in 31 December 2019. Details of major changes in liabilities are as follows;

- Short-term Loans from Financial Institutions

As of 30 June 2020, the Company had short-term loans from financial institutions of Baht 7,421 million, increasing by 18.5% or Baht 1,158 million from Baht 6,263 million in 31 December 2019. These short-term loans were mainly drawn to support acquisition of land for real estate project development.

- Debentures

As of 30 June 2020, the Company had a current portion of long-term debentures of Baht 3,404 million, decreasing by Baht 2,593 million from 31 December 2019. Long-term debentures – net of current portion accounted for Baht 11,528 million, dropping by Baht 233 million from 31 December 2019. During 31 December 2019 and 30 June 2020, the Company issued unsubordinated and unsecured debentures in a total amount of Baht 1,169.9 million, consisting of unsecured debentures in an amount of Baht 423.3 million with a maturity term of 2 years 6 months and a fixed interest rate of 4.00 percent, and Baht 746.6 million with a maturity term of 3 years 6 months and a fixed interest rate of 4.50 percent. The aforementioned unsubordinated and unsecured debentures were issued to redeem the unsubordinated and unsecured debentures in an amount of Baht 4,000 million which will be due in 2Q/2020.

- Long-term Borrowings

As of 30 June 2020, Long-term loans – net of current portion accounted for Baht 482.7 million, decreasing Baht 650.3 million from 31 December 2019. The long-term borrowings were mainly used for development of condominium projects and detached house projects of the Company and its subsidiaries.

Shareholders' Equity

As of 30 June 2020, shareholders' equity was Baht 17,643 million, accounting for 38.1% of total liabilities and shareholders' equity. The shareholders' equity as of 30 June 2020 decreased from 31 December 2019 by Baht 831 million or 4.5%.

Please be informed accordingly.

Sincerely yours,

(Mr. Chanond Ruangkritya)

President and Chief Executive Officer