

TTC Land- Income Statement Quarter 01 of 2018

Ho Chi Minh city, April 27th, 2018

Following the growth of real estate market in 2017, TTC Land's income statement has some recognizable points:

- ❖ Net revenue reached VND 809 billion, up 193% from a year ago, which was mainly from projects such as Jamona City, Jamona Golden Silk (District 7) - Project complex from social housing to high-end segment and some other projects under handing over stage and being recorded revenue.
- ❖ Profit after tax reached VND 9.5 billion, up 50% from VND 6.3 billion same period last year. Although net income grew strongly, profit after tax did not increase proportionately due to lower margins of social housing than the commercial housing projects belonging to Jamona products line.
- ❖ TTC Land still has had good control of the capital structure's criteria while the Debt/Equity (D/E) ratio and Debt/Total Assets ratio are only 0.57 and 0.2, much lower than other real estate companies.

Income statement of Quarter 1 in 2018 records improvement and growth compared to same period last year

In Quarter 1 of 2018, TTC Land continued to hand over 108 products, up 192% over the same period in 2017 with 37 products. Thanks to the increase in the number of handed over products this quarter, TTC Land's consolidated net income increased to over VND 809 billion, almost three times higher than the same period. The projects recorded revenue this quarter belong to Jamona products line.

With strong growing revenue, gross profit in Quarter 1 of 2018 increased by 96% from a year ago up to VND138 billion. Although this quarter, financial income has fallen by nearly 46% compared to Quarter 1 of 2017, it is still considered a good signal in this year showing that TTC Land has reduced loans and focused core businesses of the company including strengthening the resources of the project development to ensure the timely handing over and committed quality with customers and to affirm the prestige of TTC Land brand. Remarkably, in Quarter 01 of 2018, there was no loss from liquidation of investments, therefore, financial expenses were down 37% compared to one year ago. Catching up with new investment opportunities of new projects to increase land fund for sustainable development strategy caused interest expenses to increase slightly about VND 16 billion. TTC Land still has had good control of the capital structure's criteria while the Debt/Equity (D/E) Ratio and Debt/Total Assets ratio are only around 0.57 and 0.2 respectively, much lower than other real estate companies. In 2018, TTC Land will execute two large-scale capital mobilization to implement the M&A strategy; Particularly, the first capital mobilization of 30% is expected to complete in Quarter 2 of 2018, with the expectation of gaining VND 732 billion; The second capital mobilization of 67% is expected to start in Quarter 3 of 2018 with the expectation of gaining VND 732 billion in early 2019. Therefore, if the two times of capital mobilization were successful, the Debt/Equity (D/E) ratio will be reduced by 0,3 times. The good management of the loan structure will reduce the financial risk for the company and increase access to new source of capital in the future.

Although revenue has been growing significantly over the same period, TTC Land is making efforts to manage efficiently its expenses. Accordingly, the ratio of Sale expenses and General and administrative expenses/Net income has decreased compared to the same period. Earnings before interest and tax (EBIT) and profit after tax increased by 44% and 50% respectively over the same period with the value up to VND 57 billion and VND 10 billion respectively.

Assets and Resources in Quarter 1 of 2018 increase slightly over the beginning of the year.

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Until March 31st, 2018, TTC Land's total asset increased slightly by 2% compared to the beginning of the year, reaching VND 9,743 billion. In the period 2017-2018, the company has been executing first steps in accumulating land fund but still maintaining cash and cash equivalents by 72% compared to the beginning of the year, reaching VND 180 billion. It is expected that after the M&A activities entering the new phase, this article will have significant growth in the next quarters.

Inventory only increased slightly by 2% compared to the beginning of the year, which is remaining stable at VND 4,116 billion and accounting for 42% of the company's total assets; Mostly are capital work in progress in TTC Plaza Ung Van Khiem project (Binh Thanh District), Jamona Home Resort (Thu Duc District); Jamona City, Jamona Golden Silk, Jamona Heights (District 7); Charmington La Pointe (District 10), Carillon 5 (Tan Phu District). In 2018, it is expected that there will be 4 projects including 825 apartments to be handed over, contributing to the strong growth of revenue and the decrease in number of respective inventory.

As of March 31st, 2018, TTC Land had about VND 2,722 billion short-term advances from customers, accounting for about 28% of the total asset, reflecting the ability of the sales team as well as the trust from customers in TTC Land's products on the market. These are prepaid amount or deposits of customers under real estate transfer contracts for sales from the company's projects. This item is a significant source of support for TTC Land to continue to build and develop current projects and to reduce the burden on Interest expense on borrowings for the company. These amounts will be recorded as revenue when TTC Land completes and hand over final products to customers. In Quarter 1 of 2018, 294 products were sold to the market, growing 348% over the same period last year.

M&A plan in large scale

According to the capital increase plan approved by the Annual General Meeting of Shareholders (AGM) on April 24th, TTC Land will offer 67% of the shares to public, in equivalent to 212.4 million shares. Estimated mobilization amount of VND 2,124 billion will be used mainly to buy equity capital of Toan Hai Van Joint Stock Company, Thanh Thanh Cong Industrial Park Joint Stock Company (TTCIZ) and Dang Huynh Industrial Zones Exploitation and Management Joint Stock Company.

Among that, TTCIZ owns an area of 1,020 hectares in Tay Ninh province, Dang Huynh owns Tan Kim Expansion Industrial Park in Long An province with more than 50 hectares and hundred thousands square meters of warehouses; Toan Van Joint Stock Company is the owner Vinh Dam Complex project (Phu Quoc), which appears in a lotus shape. When the M&A plan is completed, TTC Land will expect to own nearly 1,500 hectares stretching from Hai Phong, Da Nang to Ho Chi Minh City, Long An, Dong Nai, Tay Ninh including Phu Quoc (Kien Giang) in order to secure for sustainable development in the next 10 years.

Prospects for 2018

The 2018 Annual General Meeting of Shareholders did approve the consolidated revenue plan reaching over VND 2,075 billion with an increase of 14% compared to that of 2017; profit after tax is estimated to reach VND 249 billion, up 14%. This will be recorded from the handing over 825 apartments from 04 implemented projects, up 48% compared with 2017, including Jamona Home Resort (Thu Duc District) - Jamona City – high- rise area, Jamona City – low- rise area, Jamona Golden Silks (District 7); Carrillon 5 (Tan Phu District). It is expected in 2018 that TTC Land will sell more than 3,000 products from 08 new projects, with an increase of 86% compared to 2017, including Sky Villas, Jamona Heights (District 7); Charmington Tan Son Nhat (Phu Nhuan District), Carillon 6, 7 (Tan Phu District); Grounds in Tan Van island project (Dong Nai province); Tan Phuoc Resettlement Area (Long An province) and Development Cooperation Project - Charmington Iris (District 4).

SCR stock is relatively good in liquidity showing in crowded trading session with volume and value matched nearly 5.2 million shares and reached VND 50 billion in one trading session.

Change the brand from Sacomreal to TTC Land, open the new phase of development.

After 14 years of establishment and development with the main segment of residential real estate, on March 29th, 2018, Sacomreal officially changed its name to TTC Land. This is the next step in the restructuring process of TTC Group to promote TTC Land to become one of the biggest real estate companies in Vietnam. After changing name to TTC Land, in addition to ongoing residential real estate projects, the company will expand its activities to new segments such as tourism real estate, commercial real estate for leasing, industrial parks, logistics and other real estate services in accordance with the M&A roadmap approved by the General Meeting of Shareholders.

Annex of TTC Land’s Consolidated Financial Statements- Quarter I of 2018 (summary)

SUMMARY OF BALANCE SHEET

Unit: VND Billion

Criteria	2015	2016	2017	Quarter 1 of 2018	Evolution vs same period last year (%)
TOTAL ASSETS	5.007	7.498	9.554	9.744	2,0%
1. Current assets	3.962	6.317	7.848	7.968	1,5%
- Cash and cash equivalents	147	451	104	180	72,1%
- Short-term financial investments	53	80	157	128	-18,4%
- Accounts receivable – short-term	1.004	2.155	3.503	3.513	0,3%
- Inventories	2.735	3.606	4.036	4.116	2,0%
- Other current assets	23	24	47	32	-33,1%
2. Long-term assets	1.045	1.182	1.706	1.776	4,1%
- Accounts receivable – long-term	231	255	357	359	0,7%
- Fixed assets	6	128	133	131	-1,1%
- Investment property	114	95	135	134	-0,6%
- Long-term work in progress	-	9	15	105	602,0%
- Long-term financial investments	611	656	888	887	-0,2%
- Other non-current assets	82	39	179	159	-10,8%
TOTAL RESOURCES	5.007	7.498	9.554	9.743	2,0%
1. Liabilities	1.964	4.236	6.070	6.256	3,1%
- Current liabilities	1.525	3.533	5.457	5.744	5,3%
- Long-term liabilities	439	703	613	512	-16,4%
2. Owner’s equity	3.043	3.262	3.484	3.487	0,1%

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SUMMARY INCOME STATEMENT

Criteria	2015	2016	2017	Quarter 1 of 2017	Quarter 1 of 2018	Evolution vs same period last year (%)
Net revenue	159	775	1.825	276,0	809,4	193,3%
Revenue from sales of goods and provision of services	18	288	549	70,8	138,5	95,7%
Net operating profit	(99)	205	276	15,2	25,8	69,4%
Other profit	295	19	(0)	1,2	(7,8)	-733,5%
Profit before tax	195	224	275	16,4	17,9	9,1%
Profit after after tax	198	180	219	6,3	9,5	50,0%

Source: Consolidated Financial Statements Quarter 01 of 2018

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