

Management Discussion and Analysis for the Third Quarter of Fiscal Year 2021

Frasers Property (Thailand) Public Company Limited and its Subsidiaries (“the Company”) would like to report the financial results of the Company for the third quarter of FY2021 ended 30 Jun 2021 to the Stock Exchange of Thailand (SET).

Over the third quarter of FY2021, the Company reported **total revenue** of THB 3,844.7 million, a drop of 22.1% or THB 1,092.3 million compared to the same period last year. The Company’s consolidated **net profit** was THB 459.5 million, increasing by 15.0% or THB 59.9 million from the third quarter of FY2020. The changes were summarized as follows:

- **Revenue from sales of real estate** declined by THB 984.8 million or 25.0% compared to the same period last year mainly from a surge in the third wave of COVID-19 infections in the country since the beginning of April 2021 led to subdued economic activities and moderately softened residential presales compared to the previous quarter. The market competition in low rise housing segment has become more intense with aggressive pricing to stimulate sales and tap the affluent demand for mid-range homes in prime locations. The tighten rules on mortgage lending by financial institutions and weakened purchasing power of household caused a drop in residential transfer. The Company remains focused on the right product-market fit to serve targeted customers and optimizes cash flow management through inventory releasing and postponing land purchase to maintain financial flexibility over the prolonged crisis situation.
- **Rental and related service revenue** decreased by THB 132.0 million or 19.5% compared to the same period last year, primarily due to the adoption of Thai Financial Reporting Standard 16 - Leases (“TFRS 16”) which led to the absence of revenue from unearned leasehold rights associated with land sub-lease contracts amounting to THB 90 million per quarter. By excluding the effect of TFRS 16 adoption, rental from commercial office business remained stable with high occupancy rate continued, while the Golden Land Building was slightly impacted from some tenants opting to terminate lease contract as the expiration date of land lease agreement is approaching. For industrial property, factory and warehouse rental posted a dip following assets recycled to Frasers Property Thailand Industrial Freehold & Leasehold REIT (“FTREIT”) during September 2020 to February 2021, coupled with customer pending site inspection and delayed pipeline leases due to border restriction. Industrial property demand remains strong on the back of rising country exports in line with trading partner’s economic recovery, as well as the manufacturing relocation for greater supply chain resilience.
- **Hotel business** reported an increase in revenue of THB 11.3 million or 33.9% up from the same period last year owing to the adoption of tactical operational plan to cope with the Covid-19 situation alongside prudent cost management given the path of the pandemic remains under high uncertainty. However, the revenue from hotel business contributed only 1.2% of total revenue this quarter, compared to 0.7% in the same period of previous year.
- **Revenue from management services** increased THB 36.4 million or 24.6% compared to the same period last year mainly driven by growing total assets under management and income from shared services provided to the Group Company.
- Moreover, the Company recorded THB 19.6 million gain on sales of investment properties over this quarter as the Company sold a plot of land to third parties on an opportunistic basis.

The Company incurred total costs and expenses of THB 3,430.6 million, decreased by 23.3% or THB 1,044.3 million compared to the same period last year in accordance with lower revenue. Operating costs from core businesses narrowed down 22.7% or THB 741.9 million with a corresponding gross profit margin well-maintained at 32.1%. Moreover, the company successfully implemented a control measure over its distribution costs and administrative expenses with a 29.6% drop YoY equivalent to THB 271.0 million, together with decreasing finance cost from efficient source of fund management. Additionally, during the period, the Company recognized one-off termination charge from a tenant cancellation of lease which was accounted for in share of profits from associates, leading to higher records this quarter.

As a result of the stated changes in revenues and expenses, Fraser Property (Thailand) recorded a consolidated **net profit** for the third quarter of 2021 at THB 459.5 million, representing an increase of 15.0% YoY or THB 59.9 million, while **the profit attributable to owner of the Company** stood at THB 463.4 million, increasing 20.5% YoY or THB 78.8 million. **Basic earnings per share** attributable to owner of the Company for the third quarter of 2021 was THB 0.20 per share, increased by 5.1% from THB 0.19 in the third quarter of FY2020.

3Q 2021 Financial Performance

Unit: THB Million	3Q/2020	3Q/2021	% to Total Revenue	%Y-o-Y
Revenue from sales of real estate	3,932	2,947	76.6%	-25.0%
Rental and related service revenue	677	545	14.2%	-19.5%
Revenue from hotel business	33	45	1.2%	33.9%
Management fee income	148	185	4.8%	24.6%
Total operating revenue	4,790	3,721	96.8%	-22.3%
Gain on sales of investment properties	10	20	0.5%	96.6%
Gain on sales of investment in associates	-	4	0.1%	n/a
Others	137	100	2.6%	-26.9%
Total revenues	4,937	3,845	100.0%	-22.1%
Total operating costs	3,270	2,528	65.7%	-22.7%
Distribution costs and administrative expenses	916	645	16.8%	-29.6%
Finance costs	289	258	6.7%	-10.9%
Total expenses	4,475	3,431	89.2%	-23.3%
Profit for the period	400	459	12.0%	15.0%
Profit attributable to owner of the Company	385	463	12.1%	20.5%
Basic earnings per share (THB)	0.19	0.20		5.2%

Financial Position as at 30 Jun 2021

Unit: THB Million	30 Sep 2020	30 Jun 2021	%Y-o-Y
Cash, cash equivalents and fixed deposits	2,582	1,129	-56.3%
Real estate development for sales	32,878	32,567	-0.9%
Investments in associates, joint ventures, and other investment	14,327	16,700	16.6%
Investment properties	34,364	36,309	5.7%
Property, plant and equipment	2,546	2,895	13.7%
Total assets	93,186	93,978	0.9%
Interest-bearing liabilities	47,055	51,928	10.4%
Total liabilities	61,053	59,916	-1.9%
Total equity	32,133	34,062	6.0%

From 1 October 2020, the Company has initially adopted the new Thai Financial Reporting Standard 9 - Financial Instruments (TFRS 9) which brought about changes to the classification and measurement of financial instruments that represent the true and fair view of financial position and performance of the entity. In addition, the Company has adopted Thai Financial Reporting Standard 16 - Leases (TFRS 16) which impacted the Company accounting treatment for operating leases to appropriately reflect the financial risks of the Company. The adoption of new accounting standards caused significant changes to the Company's statement of financial position for the first quarter of 2021. Please refer to the notes to financial statements 3: Changes in accounting policies for further details.

As of 30 Jun 2021, the Company's statement of financial position has already reflected the adoption of such reporting standards. Furthermore, over the past nine months, the Company engaged in various investment activities such as the subscription to a capital increase of FTREIT by THB 2,248 million, the incremental joint investment in STT GDC (Thailand) Company Limited by THB 433 million, the incorporation of New Motion Industrial Company Limited for development of industrial estate business in Vietnam, and the incorporation of Baan Mae Phim Company Limited as a joint venture with investment value at THB 182 million. In the third quarter FY2021, the Company acquired the ordinary shares in the aggregate amount of 5 million shares or equivalent to 100% of the total ordinary share in Silom Corporation Company Limited with the total value of THB 1,090 million. Altogether, these transactions resulted in lower cash and cash equivalent while investments in associates and joint ventures increased significantly.

In conclusion, the Company's **total assets** as of 30 Jun 2021 stood at THB 93,978.2 million, an increase of 0.9% or THB 792.6 million compared to 30 September 2020. **Total liabilities** ended at THB 59,916.2 million, decreased 1.9% or THB 1,136.4 million from 30 September 2020. **Total equity** was THB 34,062.0 million, increased 6.0% or THB 1,929.1 million.

As at 30 Jun 2021, the Company had total interest-bearing liabilities of THB 51,927.6 million. Interest-bearing debt to equity ratio stood at 1.52 times, rose from 1.47 times at the end of September 2020.



Yours faithfully,

Frasers Property (Thailand) Public Company Limited

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Mr. Somboon Wasinchutchawal

Chief Financial Officer