

## **Management Discussion and Analysis for the Fiscal Year Ended 30 September 2022**

---

Fraser's Property (Thailand) Public Company Limited and its Subsidiaries ("the Company") would like to report the financial results of the Company for the accounting period starting from 1 October 2021 to 30 September 2022 to the Stock Exchange of Thailand (SET).

### **Overall operating results**

In 2022, following the easing of COVID-19 restriction measures, the Thai economy began to experience levels of recovery, enabling international travel and fully opening borders in June 2022. As a result, the tourism sector was the first to reap the benefits due to the continuous increase in foreign tourist arrivals and improvements in private domestic consumption. Meanwhile, the global economic slowdown and increasing inflation has had a negative impact in Thailand's export sector; however, it has only marginally affected the country's overall economic recovery.

The Company has placed significant emphasis on efficient capital management to maintain financial stability and to support its objectives by implementing business resilience strategies to tackle current economic conditions, including potential risks and uncertain factors that may arise. Moreover, it has enhanced its readiness to invest in potential businesses that will add greater value to the Company, as well as improving operational excellence such as increasing and optimising work efficiencies to achieve its goals. The Company considers the safety and well-being of all stakeholders and practices good corporate governance by being responsible to communities and the environment, in order to sustainably maintain long-term benefits of shareholders.

For a 12-month period ending 30 September 2022, the Company reported **Total revenue** of THB 16,346.6 million, an increase of 4.0% or THB 625.6 million compared to previous year. The Company's Consolidated **Net profit** was THB 2,564.5 million, increasing by 57.3% or THB 897.6 million from 2021. The changes were summarized as follows:

- **Revenue from Sales of Real Estate** slightly declined by THB 6.3 million or 0.1% to THB 11,420.4 million from THB 11,426.7 million in 2021, as the economy continued to recover from the COVID-19 outbreak especially in the first quarter of the year. However, the Company has been strategically refocused to tap medium-high income customers who have higher purchasing power, by expanding its portfolio into more single detached houses in prime locations with innovative amenities. Coupled with efficient cost management measures, resulted in higher gross profit margin to 32.1% from 24.8% in previous year. The Company continued to focus on the development of home designs that meet the needs of all segments of customers. With a team that specializes in town homes, twin houses, and single detached houses, including projects in provincial areas to diversify income risks and create stability for future projects. In 2022, 18 new housing projects were launched, resulting in a total of 75 active projects.

- **Rental and Related Service Revenue** increased by THB 200.0 million or increased by 9.1% to THB 2,391.9 million from THB 2,191.9 million compared to previous year, mainly due to higher rental revenue as a result of the Company's acquisition of additional shares in PT SLP Suraya Ticon Internusa ("SLP") and PT Surya internusa Timur ("SIT") in Indonesia to strengthen the Company's business. These entities became subsidiaries of the Company, and the performance has been consolidated in the Company's financial statement since June 2022 (3Q22). The growth of the e-commerce and logistics businesses, and the shortage of export containers resulted in greater demand for warehouse space. Additionally, relocating the production base from China allowed for increased flexibility in the supply chain. The demand for the Company's factories and warehouses both domestically and internationally remains high. This year, the total occupancy rate was at 84%.

Revenue from the commercial office business slightly increased from the previous year. This year, there is no consideration of the measures to reduce the rent during the Covid-19 period, along with the early renewal of tenants' contracts to reduce operating risks. In the last quarter of the year, the Company's Silom Edge Building, a new mixed-use building in the heart of the city situated in the corner of Silom-Rama 4 Road, was opened. It will replace the rental income from the Golden Land Building that expired in the same quarter. Overall, the Company is still able to maintain the commercial property occupancy rates at a level higher than 90%.

- **Hotel Business** reported an increase in revenue of THB 166.5 million to THB 329.2 million, or rose by 102.4%, from THB 162.6 million in 2021 due to the easing of international travel restrictions since the end of 2021 until June 2022 when the borders were fully opened. Tourism became more active, we saw a significant increase in the number of international arrivals, respectively, the hotel business improved.
- **Revenue from Management Services** decreased by THB 4.6 million, or 0.6%, to THB 711.7 million, resulted from a decrease in service fees under the service agreement between the Group and Golden Venture Leasehold Real Estate Investment Trust.
- In 2022, the Company recorded gain on sales of investment properties of THB 869.1 million or rose by 1.0% compared to the previous year, from the recycling of industrial assets to Fraser's Property Thailand Industrial Freehold & Leasehold REIT.
- The Company reported THB 381.1 million gain on capital redemption of investment in associate, mainly from the dissolution of Gold Leasehold Property Fund and the repayment of the capital proceeds to unitholders after the liquidation.

The Company posted total costs and expenses of THB 12,465.1 million, decreased by 3.0% or THB 388.7 million from the previous year, while operating costs from core business reduced by 7.3% YoY or THB 734.0 million. Consequently, the gross operating margin improved to 37.0% from 30.4% in the previous year. The distribution costs and administrative expenses increased by 12.5% or equivalent to THB 345.3 million, mainly due to higher marketing and selling expenses. However, the finance costs reduced by 9.4% or THB 100.3 million from efficient capital management.

From the aforesaid revenues and expenses, Fraser Property (Thailand) recorded a consolidated **net profit** for the fiscal year 2022 of THB 2,464.5 million, representing an increase of 57.3% YoY or THB 897.6 million, while **the profit attributable to the owner of the Company** stood at THB 2,465.5 million, rose by 55.4% YoY or THB 878.2 million. **Basic earnings per share** attributable to the owner of the Company for the fiscal year 2022 was THB 1.06 per share, increased from THB 0.68 in the fiscal year 2021.

### Fiscal Year 2022 Financial Performance

Unit: THB Million	2021	2022	% to Total Revenue	%Y-o-Y
Revenue from sales of real estate	11,427	11,420	69.9%	-0.1%
Rental and related service revenue	2,192	2,392	14.6%	9.1%
Revenue from hotel business	163	329	2.0%	102.4%
Management fee income	716	712	4.4%	-0.6%
<b>Total operating revenue</b>	<b>14,498</b>	<b>14,853</b>	<b>90.9%</b>	<b>2.5%</b>
Gain on sales of investment properties	861	869	5.3%	1.0%
Gain on capital redemption of investment in associate	-	381	2.3%	N/A
Gain on sales of investment in associates	20	-	0.0%	-100.0%
Others	342	243	1.5%	-29.0%
<b>Total revenues</b>	<b>15,721</b>	<b>16,347</b>	<b>100.0%</b>	<b>4.0%</b>
Total operating costs	10,093	9,359	57.3%	-7.3%
Distribution costs and administrative expenses	2,761	3,106	19.0%	12.5%
Finance costs	1,064	964	5.9%	-9.4%
<b>Total expenses</b>	<b>13,918</b>	<b>13,429</b>	<b>82.2%</b>	<b>-3.5%</b>
<b>Profit for the period</b>	<b>1,567</b>	<b>2,465</b>	<b>15.1%</b>	<b>57.3%</b>
<b>Profit attributable to owner of the Company</b>	<b>1,586</b>	<b>2,464</b>	<b>15.1%</b>	<b>55.4%</b>
<b>Basic earnings per share (THB)</b>	<b>0.68</b>	<b>1.06</b>		<b>55.4%</b>

**Financial Position as at 30 September 2022**

<b>Unit: THB Million</b>	<b>30 Sep 2021</b>	<b>30 Sep 2022</b>	<b>% YTD</b>
Cash, cash equivalents and fixed deposits	975	1,084	11.1%
Real estate development for sales	32,356	33,658	4.0%
Investments in associates, joint ventures, and other investment	16,310	14,880	-8.8%
Investment properties	36,311	41,115	13.2%
Property, plant and equipment	2,856	4,421	54.8%
<b>Total assets</b>	<b>92,637</b>	<b>98,967</b>	<b>6.8%</b>
Interest-bearing liabilities	50,352	53,461	6.2%
<b>Total liabilities</b>	<b>58,384</b>	<b>62,480</b>	<b>7.0%</b>
<b>Total equity</b>	<b>34,253</b>	<b>36,487</b>	<b>6.5%</b>

In conclusion, the Company's **total assets** as of 30 September 2022 closed at THB 98,967.3 million, increasing by THB 6,330.3 million or 6.8% compared to 30 September 2021. This is mainly due to an increase in property, plant and equipment, from the acquisition of Mayfair Marriott Executive Apartment; an increase in investment property, from the acquisition of SLP and SIT in Indonesia; and an increase in real estate development for sales, from the acquisition of Nawamin Residence (Royal Residence). **Total liabilities** stood at THB 62,480.1 million, an increase of 7.0% or THB 4,096.2 million from 30 September 2021, coming from loan drawdowns from financial institutions. **Total equity** was THB 36,487.3 million, increasing by 6.5% or THB 2,234.2 million, from the operating profit during the period.

As of 30 September 2022, the Company had total interest-bearing liabilities of THB 53,461.0 million, an increase of THB 3,108.8 million, mainly due to an increase in loan from financial institution. At the end of September 2022, interest-bearing debt to equity ratio was at 1.46 times, marginally decreased from 1.47 times as at the end of September 2021.

**Business Outlook**

The outlook for the global economy in 2023 will continue to be affected by high inflation, and the ongoing geopolitical concerns that could still escalate and affect the production chain. In addition, slowing global demand and protracted global supply chain restrictions may cause international trade to slow down, particularly while the energy crisis in the eurozone intensifies. For Thailand's economic outlook, the Bank of Thailand (BoT) projected the Thai economy to continue growing at 3.3% and 3.8% in 2022 and 2023, respectively, mainly driven by the resumption of tourism activities and private consumption. The number of foreign tourists is expected to rise to 21 million in 2023 from the increasing demand and the easing of international travel restrictions. Moreover, the recovery of economic activities is expected to be more thorough, especially in the service sector. However, the global economic slowdown which is currently affecting the export sector could potentially impact Thailand's economic rebound, despite the upturn in the tourism and service sectors, and improved domestic consumption.

The home business segment is moving in the right direction, supported by the economic recovery. Meanwhile, the industrial property business has introduced important factors, from relocating the production base from China to managing the supply chain. With the growth of the e-commerce and logistics businesses, the demand for warehouse leasing expected to increase. For the commercial property, the retail business is also expected to continue to recover, emphasising marketing promotion activities in high foot-flow areas. The Company is focusing on strategies that are highly flexible, by creating maximum efficiencies under the "Fluid Approach" that will enable adapting to trends more quickly. Meanwhile, the hotel business benefited from opening the country to a recovery level, and there will be a continuous increase in the number of foreign tourists coming to Thailand. It is expected that in 2023 there will be a more apparent recovery.

Yours faithfully,

Frasers Property (Thailand) Public Company Limited

.....  
Mr. Somboon Wasinchutchawal  
Chief Financial Officer