

## **Management Discussion and Analysis for the First Quarter of Fiscal Year 2023**

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Fraser's Property (Thailand) Public Company Limited and its Subsidiaries ("the Company") would like to report the financial results of the Company for the first quarter of FY2023 ended 31 December 2022 to the Stock Exchange of Thailand (SET).

### **Overall operating results**

Throughout the past quarter, the Thai economy has been continually improved by the tourism and private consumption sectors which have been recovering continuously. However, value of exports has decreased in line with the demands from trading partners, affecting the industrial production and private investment sectors. While the global economy remains volatile with a potential slowdown due to inflation and conflict between Russia and Ukraine. Amidst the uncertainties, the Company is moving forward with its business plan, giving priority to the management of funds for financial stability and preservation. 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, to sustainably maintain long-term benefits of shareholders.

Over the first quarter of FY2023 (1Q23), the Company's **total operating revenue** was THB 3,672.7 million, increased by 3.2%, or THB 113.2 million from the same quarter of previous year. The Company reported **total revenue** of THB 3,706.3 million, a drop of 8.3% or THB 336.4 million compared to the same period last year. The Company's consolidated **net profit** was THB 317.1 million, decreased by 57.7% or THB 432.2 million from the same quarter of previous year. The changes were summarized as follows:

- **Revenue from Sales of Real Estate** decreased by THB 28.5 million or 1.0% YoY to THB 2,715.2 million from THB 2,743.6 million in the same quarter of previous year, as the economy continued to recover from COVID-19. However, the Company has been focusing on effective cost management, resulted in higher gross profit margin of 31.0% from 29.6% in the same quarter of previous year. The Company continued to focus on the development of home designs to meet the needs of customers in all segments. With a team that experts in town homes, twin houses, and single detached houses, including projects in provincial areas to diversify income risks and create stability for future. At the end of 1Q23, the Company had a total of 74 active projects.
- **Rental and Related Service Revenue** increased by THB 103.0 million or increased by 18.4% to THB 663.3 million from THB 560.3 million compared to the same period last year, mainly due an increase in rental revenue from tenants in e-commerce and logistics businesses. As well as the acquisition of additional shares in PT SLP Suraya

Ticon Internusa and PT Surya internes Timur 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 the third quarter of 2022. Additionally, the relocation of 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 quarter, the total occupancy rate was at 84%.

Revenue from the commercial office business increased from 1Q22, mainly resulting from the rental revenue from Silom Edge, a new mixed-use building in the heart of the city that was launched in 4Q22. At the end of the first quarter of FY2023, the total occupancy rate of Silom Edge commercial office was over 80%. Overall, the Company is still able to maintain the commercial office occupancy rates at above 90%.

- **Hotel Business** reported an increase in revenue of THB 74.1 million to THB 135.5 million, or rose by 120.7% YoY, from THB 61.4 million in 1Q22, mainly due to the reopening of international borders which lead to an increase in the number of travellers to Thailand. Additionally, the lifting of Zero-COVID policies for China would also contribute to the tourism and hospitality industry sectors in Thailand.
- **Revenue from Management Services** decreased by THB 35.4 million, or 18.3% YoY, to THB 158.7 million, resulted from a decrease in service fees under the service agreement between the Group and Golden Venture Leasehold Real Estate Investment Trust (GVREIT).
- In 1Q23, there was no record of gain on capital redemption of investment in associate and gain on sales of investment properties. In 1Q22, the Company recorded gain on capital redemption of investment in associates of THB 381.1 million from the dissolution of Gold Leasehold Property Fund (GOLDPF) and the repayment of the capital proceeds to unitholders after the liquidation; and gain on sale of investment properties of THB 45.9 million from the compensation for land expropriation. As a result, the extraordinary gain recorded in 1Q22 was THB 427.0 million.

The Company posted total costs and expenses of THB 3,041.3 million, increased by 1.3% or THB 37.7 million from the same quarter of previous year. Total operating costs from core business increased by 1.8% YoY or THB 40.5 million, in line with higher operating revenue. Gross operating margin improved to 36.0% from 35.1% in the same period of last year, due to effective cost management. Distribution costs and administrative expenses decreased by 0.4% or THB 2.8 million, while finance costs increased by 15.5% or THB 37.9 million mainly due to higher borrowings and interest rate compared to the same period last year.

From the aforesaid revenues and expenses, Fraser Property (Thailand) recorded a consolidated **net profit** for the first quarter of FY2023 of THB 317.1 million, representing a decrease of 57.7% YoY or THB 432.2 million, while **the profit attributable to the owner of the Company** stood at THB 314.9 million, dropped by 58.0% YoY or THB 435.2 million. **Basic earnings per share** attributable to the owner of the Company for the first quarter of FY2023 was THB 0.14 per share, decreased from THB 0.32 in the same period of FY2022.

**Financial Performance for 1Q 2023**

Unit: THB Million	1Q 2022	1Q 2023	% to Total Revenue	%Y-o-Y
Revenue from sales of real estate	2,744	2,715	73.3%	-1.0%
Rental and related service revenue	560	663	17.9%	18.4%
Revenue from hotel business	61	135	3.7%	120.7%
Management fee income	194	159	4.3%	-18.3%
<b>Total operating revenue</b>	<b>3,560</b>	<b>3,673</b>	<b>99.1%</b>	<b>3.2%</b>
Gain on capital redemption of investment in associate	381	-	0.0%	-100.0%
Gain on sales of investment properties	46	-	0.0%	-100.0%
Others	56	34	0.9%	-40.1%
<b>Total revenues</b>	<b>4,043</b>	<b>3,706</b>	<b>100.0%</b>	<b>-8.3%</b>
Total operating costs	2,309	2,349	63.4%	1.8%
Distribution costs and administrative expenses	695	692	18.7%	-0.4%
Finance costs	244	282	7.6%	0.0%
<b>Total expenses</b>	<b>3,248</b>	<b>3,323</b>	<b>89.7%</b>	<b>2.3%</b>
<b>Profit for the period</b>	<b>749</b>	<b>317</b>	<b>8.6%</b>	<b>-57.7%</b>
<b>Profit attributable to owner of the Company</b>	<b>750</b>	<b>315</b>	<b>8.5%</b>	<b>-58.0%</b>
<b>Basic earnings per share (THB)</b>	<b>0.32</b>	<b>0.14</b>		<b>-57.7%</b>

**Financial Position as at 31 December 2022**

Unit: THB Million	30 Sep 2022	31 Dec 2022	% YTD
Cash, cash equivalents and fixed deposits	1,084	954	-12.0%
Real estate development for sales	33,658	34,102	1.3%
Investments in associates, joint ventures, and other investment	14,880	14,871	-0.1%
Investment properties	41,115	40,942	-0.4%
Property, plant and equipment	4,421	4,374	-1.1%
<b>Total assets</b>	<b>98,967</b>	<b>99,001</b>	<b>0.0%</b>
Interest-bearing liabilities	53,461	53,599	0.3%
<b>Total liabilities</b>	<b>62,480</b>	<b>62,647</b>	<b>0.3%</b>
<b>Total equity</b>	<b>36,487</b>	<b>36,355</b>	<b>-0.4%</b>

In conclusion, the Company's **total assets** as of 31 December 2022 stood at THB 99,001.5 million, increased by THB 34.1 million or 0.0% compared to 30 September 2022. The total assets remain stable with a decrease in cash and cash equivalents and investment properties, while real estate development for sales increased.

**Total liabilities** stood at THB 62,646.9 million, an increase of 0.3% or THB 166.8 million from 30 September 2022, mainly from loan drawdowns from financial institutions. **Total equity** was THB 36,354.6 million, decreased by 0.4% or THB 132.7 million.

As of 31 December 2022, the Company had total interest-bearing liabilities of THB 53,599.0 million, an increase of THB 138.1 million mainly due to an increase in loan from financial institution. At the end of December 2022, interest-bearing debt to equity ratio was at 1.47 times, equivalent to the end of September 2022.

### **Business Outlook**

The global economy in 2023 will continue to be impacted by high inflation, high energy prices, and a tight monetary policy. Monetary Policy Committee (MPC) projected a continually recovering growth in Thailand's economy, mainly driven by tourism which supports growth of private consumption and new investments in the EEC (Economic and Energy Community). In addition, regards to the concerns over inflation and consumers demands, MPC makes the decision to increase the policy rate by 0.25% to 1.50% on January 25, 2023.

The home business segment has a similar trend as the previous year, with limitations from ongoing high household debt, high interest rates, and increased building material costs which directly impact purchasing power. However, housing projects in the mid to high market can still recover well due to the increasing demands of bigger space for a new form of work and lifestyle. Although export sectors are predicted to slow down in 2023, the industrial property sector is still thriving, driven by the relocation of production base from China and the growth of new industries such as electric vehicles (EV) and related components, resulting in high demand for factories and warehouses, especially Built-to-Suit (BTS) facilities. As the COVID-19 pandemic subsides, the office and retail sectors in commercial properties are making a comeback as people return to work in offices and start going out more frequently. Enhancing services and marketing activities to create differentiation will help increase competitiveness and reduce the risk of oversupply in the future.

Yours faithfully,

Frasers Property (Thailand) Public Company Limited

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Mr. Somboon Wasinchutchawal  
Chief Financial Officer