

Management Discussion and Analysis for the Second Quarter of Fiscal Year 2023

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

Overall operating results

Throughout the past quarter, the Thai economy has experienced constant improvement due to the continuous recovery of the tourism and private consumption sectors. Notwithstanding the decrease in the value of exports in line with the slowdown in the global economy, the industrial production and private investment sectors have continually improved along with increasing industrial confidence. Amidst the uncertainties, the Company is progressing with its business plan, prioritizing the effective management of funds for financial stability and preservation. Moreover, the Company has strengthened its readiness to invest in potential businesses that will further enrich its portfolio, as well as enhancing operational excellence by increasing productivity and efficiency to accomplish the Company's objectives. The Company holds the safety and well-being of all stakeholders in high regard, while practices good corporate governance by being responsible to communities and the environment, to maintain long-term benefits for shareholders in a sustainable manner.

Over the second quarter of FY2023 (2Q23), the Company's **total operating revenue** was THB 3,261.3 million, decreased by 3.4%, or THB 113.2 million from the same quarter of previous year. The Company reported **total revenue** of THB 3,424.2 million, increased by 0.3% or THB 10.6 million compared to the same period last year. The Company's consolidated **net profit** was THB 318.4 million, increased by 2.4% or THB 7.5 million from the same quarter of previous year. The changes were summarized as follows:

- **Revenue from Sales of Real Estate** decreased by THB 290.4 million or 11.4% YoY to THB 2,268.2 million from THB 2,558.6 million in the same quarter of previous year, as the economy continued to recover from COVID-19. In this quarter, the Company launched 5 new projects, whereas in the same period last year 8 projects were launched. However, the Company has been focusing on effective cost management to maintain the gross profit margin of above 30%. 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 2Q23, the Company had a total of 78 active projects.
- **Rental and Related Service Revenue** increased by THB 116.8 million or increased by 20.5% to THB 687.5 million from THB 570.7 million compared to the same period last year, mainly due to a consolidation of rental revenue

after acquisition of additional shares in PT SLP Suraya Ticon Internusa (“SLP”) and PT Surya Internusa Timur (“SIT”) in Indonesia. Since the third quarter of 2022, SLP and SIT have been classified as subsidiaries of the Company, and their performance has been consolidated into the Company's financial statement. Other positive drivers include relocation of production base from China which resulted in higher demand for factory and warehouse. This quarter, the total occupancy rate was at 86%.

Revenue from the commercial office business increased from 2Q22, mainly resulting from the rental revenue recognition of Silom Edge, a new mixed-use development in the heart of the city that was launched in 4Q22. At the end of 2Q23, the total occupancy rate of Silom Edge's office segment was over 90%. Overall, the Company can still maintain occupancy of overall commercial office portfolio at 92%.

- **Hotel Business** reported an increase in revenue of THB 68.5 million to THB 137.5 million, or an increase by 99.2% YoY from THB 69.0 million in 2Q22, mainly due to the reopening of international borders and the relaxation of Zero-COVID policies for China. This led to an increase in the number of travellers into Thailand, contributing to growth of the tourism and hospitality industry in Thailand.
- **Revenue from Management Services** decreased by THB 8.0 million, or 4.6% YoY, to THB 168.1 million, from a drop in service fees under the service agreement between the Group and Golden Venture Leasehold Real Estate Investment Trust (GVREIT).
- Share of profits of associates and joint ventures net of unrealised gains on sales of properties to associates and joint ventures increased by THB 122.1 million to THB 128.1 million, from THB 6.0 million in 2Q22, mainly due to the increase in profit from operation of associates and joint ventures.
- In 2Q23, the Company recorded gain on sales of investment properties of THB 79.0 million from land sales. The Company posted total costs and expenses of THB 2,860.2 million, increased by 2.7% or THB 75.8 million from the same quarter of previous year. Total operating costs from core business decreased by 1.8% YoY or THB 38.2 million. Gross operating margin dropped to 35.9% from 36.9% in the same period of last year. Distribution costs and administrative expenses increased by 17.4% or THB 114.0 million, mainly due to expenses related to opening of new projects and marketing cost to enhance the competitive capabilities of the Company. Additionally, finance costs increased by 24.9% or THB 59.0 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 second quarter of FY2023 of THB 318.4 million, representing an increase of 2.4% YoY or THB 7.5 million, while **the profit attributable to the owner of the Company** stood at THB 317.0 million, increased by 1.4% YoY or THB 4.3 million. **Basic earnings per share** attributable to the owner of the Company for the second quarter of FY2023 was THB 0.13 per share, equaled to the same period of FY2022.

Financial Performance for 2Q 2023

Unit: THB Million	2Q 2022	2Q 2023	% to Total Revenue	%Y-o-Y
Revenue from sales of real estate	2,559	2,268	66.24%	-11.35%
Rental and related service revenue	571	687	20.08%	20.47%
Revenue from hotel business	69	138	4.02%	99.17%
Management fee income	176	168	4.91%	-4.57%
Total operating revenue	3,374	3,261	95.24%	-3.35%
Gain on sales of investment properties	-	79	2.31%	N/A
Others	39	84	2.45%	114.58%
Total revenues	3,414	3,424	100.00%	0.31%
Total operating costs	2,128	2,090	61.05%	-1.79%
Distribution costs and administrative expenses	656	770	22.48%	17.38%
Finance costs	237	296	8.64%	24.90%
Total expenses	3,021	3,156	92.17%	4.46%
Profit for the period	311	318	9.30%	2.40%
Profit attributable to owner of the Company	313	317	9.26%	1.38%
Basic earnings per share (THB)	0.13	0.13		N/A

Financial Position as at 31 March 2023

Unit: THB Million	30 Sep 2022	31 Mar 2023	% YTD
Cash, cash equivalents and fixed deposits	1,084	1,870	72.6%
Real estate development for sales	33,658	34,642	2.9%
Investments in associates, joint ventures, and other investment	14,880	14,809	-0.5%
Investment properties	41,115	40,813	-0.7%
Property, plant and equipment	4,421	4,327	-2.1%
Total assets	98,967	100,291	1.3%
Interest-bearing liabilities	53,461	56,303	5.3%
Total liabilities	62,480	64,637	3.5%
Total equity	36,487	35,654	-2.3%

In conclusion, the Company's **total assets** as of 31 March 2023 stood at THB 100,291.3 million, increased by THB 1,324.0 million or 1.3% compared to 30 September 2022, with an increase in cash and cash equivalents and real estate development for sales, while investment properties and property, plant and equipment decreased.

Total liabilities stood at THB 64,637.0 million, increased by 3.5% or THB 2,156.9 million from 30 September 2022, mainly from loan drawdowns from financial institutions. **Total equity** was THB 35,654.3 million, decreased by 2.3% or THB 832.9 million.

As of 31 March 2023, the Company had total interest-bearing liabilities of THB 56,302.8 million, an increase of THB 2,841.8 million mainly due to an increase in loan from financial institution. At the end of March 2023, interest-bearing debt to equity ratio was at 1.58 times.

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 and private consumption. In addition, regards to the concerns over inflation and consumers demands, MPC makes the decision to increase the policy rate by 0.25% to 1.75% on March 29, 2023.

The home business segment has a similar trend as the previous year, with positive factors coming from foreign purchases. The purchasing power are impacted by ongoing high household debt in mid to low market, high interest rates, increased building material costs, and competitive intensity in SDH market. However, housing projects in the mid to high market can still recover well due to the ongoing demands. Although export sectors have slowed down in the first half of 2023, it is predicted to recover in the second half of 2023. The industrial property sector is still thriving, driven by positive sign from growing demands in factories and warehouses, especially in Eastern Economic Corridor (EEC), due to the relocation of production base from China and the growth of new industries such as electric vehicles (EV) and related components, also positive trends of Built-to-Suit (BTS) facilities and Green Buildings. As the COVID-19 pandemic subsides, the office and retail sectors in commercial properties are making a comeback as businesses increase the hiring. This has made newly completed office buildings in CBD and Grade A areas in non-CBD still in demand by the business sector. 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