

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

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 FY2023 ended 30 June 2022 to the Stock Exchange of Thailand (SET).

Business Performance Overview:

In the past quarter, the Thai economy has been supported mainly by the tourism sector's recovery and private consumption, along with an expansion in private sector investments due to increased confidence in the business sectors' adaptation. However, the Thai economy still faces pressure from declining export, global economic slowdown, high household debt, and political uncertainties that may affect both consumption and public sector investments. Nevertheless, the Company continues to be proactive in pursuing its business plan, with a focus on capital management to maintain financial stability and liquidity for business opportunities in case of market recovery. The Company remains agile to cope with any economic uncertainties and strengthens readiness for future investments whilst maintaining a commitment to sustainability and long-term benefits of all stakeholders in the long term.

For the third quarter of 2023, the Company reported **total operating revenue** of THB 3,768.7 million, a decrease of 6.0% or THB 239.2 million compared to the same quarter of the previous year. The **total revenue** for the year was THB 4,467.5 million, an increase of 2.1% or THB 93.6 million. In this quarter, the Company recorded a **net profit** of THB 396.0 million, a decrease of 41.8% or THB 284.2 million, with **a profit attributable to the owners of the Company** of THB 388.9 million, a decrease of 42.8% or THB 291.5 million. The details are as follows:

- **Revenue from sales of real estate** decreased by THB 447.0 million or 14.2% to THB 2,708.2 million, compared to THB 3,155.2 million during the same quarter of the previous year. The residential business was impacted by inflation, rising interest rates, high household debt, and the expiration of government support measures (LTV) at the end of 2022. As a result of competition, gross profit margin from the residential business decreased from 32.0% to 27.3%. During the past quarter, the Company launched one single-detached house project, the "Alpina Rama II". The Company continues to diversify towards single-detached house projects, as the sector is less impacted by negative economic condition. At the end of this quarter, the Company had a total of 78 active projects with a total project value of over THB 108,700 million.

- **Rental and related service revenue** increased by THB 113.3 million or 19.0% to THB 710.1 million from THB 596.9 million during the same period of the previous year. The growth was due to production base relocation from China, resulting in demand for warehouse and storage space which boosted rental income for industrial

properties in Thailand. The overall occupancy rate for all portfolio (Thailand, Indonesia and Vietnam) reached 85%.

Revenue from the commercial office business increased from the previous year, mainly due to rental income recognition from Silom Edge, a new mixed-use development in the heart of Bangkok launched in the fourth quarter of 2022. The occupancy rate of Silom Edge office building exceeded 92%. Overall, occupancy of all office building under management by Frasers Property Commercial remains high, reaching 93%.

- **Revenue from hotel business** increased by THB 51.8 million or 60.7% to THB 137.1 million from THB 85.3 million during the same period of the previous year. This was driven by an increase in foreign tourists visiting Thailand post COVID-19 situation. The higher than expected average hotel occupancy rate and rising average daily room rates boosted the hotel business.

- **Revenue from management services** increased by THB 42.8 million or 25.1% to THB 213.4 million from higher property management fee from FTREIT.

- Share of profits of associates and joint ventures, net of unrealised gains on sales of properties to associates and joint ventures, increased by THB 115.6 million to THB 83.4 million, from a loss of THB 32.2 million in 3Q22. The increase was mainly due to a higher profit from the operation from associates and joint ventures.

- In 3Q23, the Company recorded gain on sales of investment in a subsidiary of THB 482.3 million from divesting of shares in Frasers Property Technology (Thailand) Company Limited, a subsidiary operating in a data center business. The divestment was due to Company's strategy to focus on investment in the core real estate business and hence has reallocate the capital accordingly. The Company plans to use divestment proceeds to fund investment in core business. Moreover, the Company also recorded gain on sales of land of THB 178.9 million.

- The Company's total operating costs from the core business decreased by THB 51.1 million or 2.0% to THB 2,497.9 million, resulting in a gross profit margin of 33.7%, down from 36.4% in the same quarter of the previous year. In this quarter, the Company incurred distribution costs of THB 255.5 million, a decrease of 12.2% or THB 35.6 million, in line with lower number of residential project launch and residential sales. Meanwhile, the administrative expenses increased by 97.8% or THB 524.7 million to THB 1,061.4 million. This was due to impairment expense of Mayfair Marriott Executive Apartments project as the Company plans to re-develop the project into a super luxury condominium for value creation and maximizing return to the Company. As a result, the Company's total costs and expenses were THB 3,814.8 million, an increase of 13.0% or THB 438.1 million from the same period of the previous year.

- The Company's finance costs increased by THB 66.1 million or 29.0% due to higher interest rates compared to the same period of the previous year.

Based on the aforementioned revenues and expenses, the Company reported a **net profit** of THB 396.0 million, a decrease of 41.8% or THB 284.2 million, with a **profit attributable to the owners of the Company** of THB 388.9 million, a decrease of 42.8% or THB 291.5 million. Earnings per share for the third quarter of 2023 were THB 0.17 per share, down from THB 0.29 per share in the same quarter of the previous year.

Financial Performance for 3Q 2023

Unit: THB Million	3Q2023	3Q2022	% to Total Revenue	%Y-o-Y
Revenue from sales of real estate	2,708.2	3,155.2	60.6%	-14.2%
Rental and related service revenue	710.1	596.9	15.9%	19.0%
Revenue from hotel business	137.0	85.3	3.1%	60.6%
Management fee income	213.4	170.6	4.8%	25.1%
Total operating revenue	3,768.7	4,008.0	84.4%	-6.0%
Gain on sales of investment in associates	482.3	-	10.8%	N/A
Gain on sales of investment properties	178.9	309.2	4.0%	-42.1%
Others	37.6	56.7	0.8%	-33.7%
Total revenues	4,467.5	4,373.9	100.0%	2.1%
Total operating costs	2,497.9	2,549.0	55.9%	-2.0%
Distribution costs and administrative expenses	1,316.9	827.7	29.5%	59.1%
Total expenses	3,814.8	3,376.8	85.4%	13.0%
Finance costs	293.5	227.5	6.6%	29.0%
Profit for the period	396.0	680.2	8.9%	-41.8%
Profit attributable to owner of the Company	388.9	680.4	8.7%	-42.8%
Basic earnings per share (THB)	0.17	0.29		-42.8%

Financial Position as at 30 June 2023

Unit: THB Million	30 Jun 2023	30 Sep 2022	% YTD
Cash, cash equivalents and fixed deposits	1,107.9	1,083.7	2.2%
Real estate development for sales	34,493.9	33,658.4	2.5%
Investments in associates, joint ventures, and other investments	13,528.6	14,880.4	-9.1%
Investment properties	40,585.6	41,114.7	-1.3%
Property, plant and equipment	3,751.1	4,421.0	-15.2%
Total assets	97,402.5	98,967.3	-1.6%
Interest-bearing liabilities	49,566.9	49,838.8	-0.5%
Total liabilities	61,184.9	62,480.0	-2.1%
Total equity	36,217.6	36,487.3	-0.7%

As of June 30, 2023, the Company's total assets amounted to THB 97,402.5 million, a decrease of THB 1,564.9 million or 1.6% compared to September 30, 2022. This was attributed to the decline in investments in associates, joint ventures, and other investments, including property, plant and equipment, and investment properties, while real estate development for sale showed an increase.

As of June 30, 2023, the Company's total liabilities amounted to THB 61,184.9 million, reduced by THB 1,295.2 million or 2.1% from September 30, 2022. Interest-bearing debt was THB 49,566.9 million, a decrease of THB 271.9 million from debenture repayment. Meanwhile, total equity amounted to THB 36,217.6 million, which decreased by THB 269.7 million or 0.7% from dividend payments during the period. The Company's interest-bearing debt to equity ratio was at 1.37 times.

Business Outlook

The global economic outlook for the year 2023 shows a sign of business slowdown from inflation, energy price crisis, and tightening monetary policies. However, the Thai economy was still supported by tourism and private consumption sectors. In line with recent economic development and inflation rates, the Monetary Policy Committee (MPC) has decided to increase the policy interest rate by 0.25% to 2.00% in the meeting held on May 31, 2023.

Regarding residential business, domestic purchasing power is still impacted by household debt issues and persistently high interest rates. Higher cost of construction materials and intense competition in the single detached house market also affected the sector. However, the demand for landed residential properties in medium to luxury segments is still hold up and less affected.

In terms of industrial business, there was a 5.9% decline in export activities in May compared to the same period last year. Nevertheless, the industrial business continues to show positive trends, especially in the Eastern Economic Corridor (EEC), where there is a higher tendency for investments due to the relocation of production bases to mitigate risks from trade tensions between China and the United States, as well as geopolitical tensions. State-led investment projects continue to promote the modernization of industrial real estate and emphasize environmental, social, and good governance aspects (ESG) to meet changing customer demands.

For commercial business, there has been an improvement in trends compared to the previous year due to the relaxation of COVID-19 pandemic restrictions, leading to increased job opportunities and sustained demand for office space. Newly completed office buildings in the central business district (CBD) and Grade A buildings in CBD areas remain in demand for businesses. Differentiation and improved service levels will enhance competitiveness and mitigate oversupply risks.

Yours faithfully,

Frasers Property (Thailand) Public Company Limited

.....

Mr. Somboon Wasinchutchawal
Chief Financial Officer