

Management Discussion and Analysis for the Fiscal Year Ended 30 September 2023

Fraser's Property (Thailand) Public Company Limited and its Subsidiaries ("the Company") would like to report the financial results of the Company for fiscal year ended 30 September 2023 to the Stock Exchange of Thailand (SET).

Business Performance Overview:

In 2023, the Thai economy has been mainly driven by the recovery of tourism sector and private consumption, along with an expansion in private sector investments. On the other hand, declining export, global economic slowdown, and high household still pressure the growth of Thai economy. Given the foregoing, the Company continues to focus on prudent capital management and financial stability with potential balance sheet for future value-added investment. The Company remains agile to cope with any economic uncertainties and strengthen readiness for future investments whilst maintaining a commitment to sustainability and long-term benefits of all stakeholders in the long term.

For the fiscal year ended 30 September 2023, the Company reported **total operating revenue** of THB 15,084.3 million, an increase of 1.6% or THB 231.1 million compared to the previous year. The **total revenue** for the year was THB 16,809.5 million, an increase of 2.8% or THB 462.9 million. In FY2023, the Company recorded a **net profit** of THB 1,860.6 million, a decrease of 24.5% or THB 603.9 million, with **a profit attributable to the owners of the Company** of THB 1,851.6 million, a decrease of 24.9% or THB 612.9 million. The details are as follows:

- **Revenue from sales of real estate** decreased by THB 416.7 million or 3.6% to THB 11,003.7 million, compared to THB 11,420.4 million in 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. Hence, only 8 new residential projects were launched during the year. Gross profit margin from the residential business decreased from 32.1% to 28.2% due to intense competition. The Company continues to focus on single-detached house projects due to high demand and purchasing power of the segment. At the end of the fiscal year, the Company had a total of 78 active projects with a total project value of over THB 115,800 million.
- **Rental and related service revenue** increased by THB 407.1 million or 17.0% to THB 2,799.0 million from THB 2,391.9 million in the previous 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. In FY2023, the total occupancy rate was at 86%.

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. At the end of the fiscal year, the occupancy rate of Silom Edge office building was at 92%. Overall, occupancy of all office buildings under management by Fraser's Property Commercial remains high at 92%.

- **Revenue from hotel business** increased by THB 237.7 million or 72.2% to THB 566.9 million from THB 329.2 million in the previous year. The ease of COVID-19 restrictions led to an increase in foreign tourists, which helped to boost the hotel business and generated higher-than-expected occupancy rate and average daily room rates.

- **Revenue from management services** increased by THB 2.9 million or 0.4% to THB 714.7 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 313.9 million to THB 286.2 million, from a loss of THB 27.7 million in FY22. The increase was mainly due to the recovery of associates and joint ventures operations, in line with the improving economy.

- In 2023, the Company recorded a gain on sales of investment properties of THB 1,028.8 million from the sale of investment properties to FTREIT and an additional gain from the sale of industrial land plots in Thailand and Vietnam. Moreover, the Company recorded a gain from investment in subsidiary of THB 482.3 million from divesting of shares in Fraser's Property Technology (Thailand) Company Limited, a subsidiary operating in a data center business. The divestment was due to the Company's strategy to focus on investment in the core real estate business.

- The Company's total operating costs increased by THB 627.5 million or 6.7% to THB 9,986.6 million, resulting in a gross profit margin of 33.8%, down from 37.0% in the previous year. In FY2023, the Company's distribution cost and administrative expense increased by 17.5% or THB 542.1 million to THB 3,648.0 million mainly due to the impairment of Mayfair Marriott Executive Apartment and an increase in marketing and promotional expenses. The impairment was due to the plan to re-develop Mayfair Marriott Executive Apartment into a super luxury condominium for value creation and maximizing return to the Company. As a result, the Company recorded the total cost and expenses of THB 13,634.6 million, an increase of 9.4% or THB 1,169.6 million from the previous year.

- The Company's finance costs increased by THB 199.2 million or 20.7% due to higher interest rates compared to the same period of the previous year. The Company's average cost of fund increased by 0.35%, while the policy interest rate increased by 1.5% during the fiscal year 2023.

Based on the aforementioned revenues and expenses, the Company reported a **net profit** of THB 1,860.6 million, a decrease of 24.5% or THB 603.9 million, with a **profit attributable to the owners of the Company** of THB 1,851.6 million, a decrease of 24.9% or THB 612.9 million. Earnings per share for the fiscal year 2023 were THB 0.80 per share, down from THB 1.06 per share in the previous year.

Financial Performance for FY 2023

Unit: THB Million	FY2022	FY2023	% to Total Revenue	%Y-o-Y
Revenue from sales of real estate	11,420.4	11,003.7	65.5%	(3.6%)
Rental and related service revenue	2,391.9	2,799.0	16.7%	17.0%
Revenue from hotel business	329.2	566.9	3.4%	72.2%
Management fee income	711.7	714.7	4.3%	0.4%
Total operating revenue	14,853.2	15,084.3	89.7%	1.6%
Gain on sales of investment in associates	381.1	-	0.0%	(100.0%)
Gain on sales of investment in subsidiary	-	482.3	2.9%	N/A
Gain on sales of investment properties	869.1	1,028.8	6.1%	18.4%
Others	243.2	214.1	1.3%	(11.9%)
Total revenues	16,346.6	16,809.5	100.0%	2.8%
Total operating costs	9,359.1	9,986.6	59.4%	6.7%
Distribution costs and administrative expenses	3,106.0	3,648.0	21.7%	17.5%
Total expenses	12,465.1	13,634.6	81.1%	9.4%
Finance costs	964.1	1,163.3	6.9%	20.7%
Share of profits (losses) of associates and joint ventures net of unrealised gains on sales of properties to associates and joint ventures	(27.7)	286.2	1.7%	(1,134.2%)
Profit for the period	2,464.5	1,860.6	11.1%	(24.5%)
Profit attributable to owner of the Company	2,464.5	1,851.6	11.0%	(24.9%)
Basic earnings per share (THB)	1.06	0.80		(24.9%)

Financial Position as at 30 September 2023

Unit: THB Million	30 Sep 2022	30 Sep 2023	% YTD
Cash, cash equivalents and fixed deposits	1,083.7	1,080.9	(0.3%)
Real estate development for sales	33,658.4	33,813.1	0.5%
Investments in associates, joint ventures, and other investments	14,880.4	13,316.1	(10.5%)
Investment properties	41,114.7	40,029.3	(2.6%)
Property, plant and equipment	4,421.0	3,741.0	(15.4%)
Total assets	98,967.3	95,870.6	(3.1%)
Interest-bearing liabilities	49,838.8	46,802.7	(6.1%)
Total liabilities	62,480.1	58,788.3	(5.9%)
Total equity	36,487.3	37,082.3	1.6%

As of September 30, 2023, the Company's total assets amounted to THB 95,870.6 million, a decrease of THB 3,096.7 million or 3.1% compared to September 30, 2022. This was attributed to the decline in property, plant and equipment, investments in associates, joint ventures, and other investments, including investment properties. The decrease in investment properties resulted from the impairment of hotel building, sale of investments, and sale of land plots, factories, and warehouses. On the other hand, real estate development for sale showed an increase slightly from new project development.

As of September 30, 2023, the Company's total liabilities amounted to THB 58,788.3 million, a decrease by THB 3,691.7 million or 5.9% from September 30, 2022. Interest-bearing debt was THB 46,802.7 million, a decrease of THB 3,036.1 million mainly from repayment of the matured debentures. The amount of newly issued debentures was less than the matured amount as the Company paid down debt as a result of efficient capital management. Meanwhile, total equity was THB 37,082.3 million, which increased by THB 595.0 million or 1.6% compared to the previous year. As a result, the Company's interest-bearing debt to equity ratio was at 1.26 times.

Business Outlook

The global economic outlook for the year 2024 is still pressured by inflation, high interest rates, energy price crisis, tightening monetary policies, and potentially escalating geopolitical tensions. In terms of Thailand's economic outlook, the Bank of Thailand (BoT) estimated a GDP growth rate of 4.4% in 2024, primarily driven by private consumption and rebounding tourism sector, and gradual improvement in exports and private sector investments. The number of tourists is anticipated at the 35.0 million in 2024, an increase from 28.5 million in the previous year.

The Monetary Policy Committee (MPC) is of the view that the current policy interest rate at 2.50% is at an appropriate level for supporting long-term sustainable growth, which may be reviewed subject to economic and inflation impact as a result of government policies.

The residential business is showing signs of a recovery in line with the economic situation. Factors to monitor include the implementation of government economic stimulus measures, as well as specific policies that support the recovery of the housing market. However, the housing market still faces challenges from household debt issues, persistently high interest rates, and rising construction material costs.

The industrial business outlook continues to improve, especially in the Eastern Economic Corridor (EEC) region due to the relocation of manufacturing bases from China, alongside the growth of e-commerce and logistics businesses. Additionally, the government investment promotion policies continue to stimulate demand of industrial areas. From tenants' perspective, there is also higher demand for hi-tech buildings with ESG facilities.

For commercial business, the demand for offices spaces has been improving in line with the recovery in the business sector. Newly completed office buildings and Grade A buildings in the central business district areas (CBD) remain in high demand. Differentiation and improved service levels will enhance competitiveness and mitigate oversupply risks.

Yours faithfully,

Fraser's Property (Thailand) Public Company Limited

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Mr. Somboon Wasinchutchawal

Chief Financial Officer