

## **Management Discussion and Analysis for the First Quarter of Fiscal Year 2024**

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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 FY2024 ended 31 December 2023 to the Stock Exchange of Thailand (SET).

### **Business Performance Overview:**

In the past quarter, the Thai economy continued to recover, mainly driven by an expansion in private consumption. However, the recovery of tourism sector has been slower than anticipated, due to the impact of a shooting incident in October 2023, which has led to numerous trip cancellations and postponements by Chinese tourists. Additionally, Thai exports are expected to recover supported by the expansion of trading partner's growth and an upturn in the global electronic cycle. The continued recovery in the exports and tourism sector will support the expansion of Thai economy. Given the rising interest rates and household debt that still pressure the growth of Thai economy, the Company's strategy is to focus on prudent capital management for financial stability with debt headroom 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 first quarter of FY2024 (1Q24), the Company reported **total operating revenue** of THB 2,791.8 million, a decrease of 24.0% or THB 880.9 million compared to the previous year. The **total revenue** was THB 3,066.3 million, a decrease of 17.3% or THB 640.0 million. The Company recorded a **net profit** of THB 322.1 million, an increase of 1.6% or THB 5.0 million, with a **profit attributable to the owners of the Company** of THB 316.5 million, an increase of 0.5% or THB 1.6 million. The details are as follows:

- **Revenue from sales of real estate** decreased by THB 984.1 million or 36.2% to THB 1,731.1 million, compared to THB 2,715.2 million in the previous year. The intense competition, rising interest rates, and high household debt have exerted pressure on customers' purchasing power, which consequently affected the slowdown in residential business. Given the intense competition, the gross profit margin from the residential business decreased from 31.0% to 20.3%. At the end of 1Q24, the Company had a total of 76 active projects with a total project value of over THB 109,100 million. The Company plans to launch seven new projects in FY2024 in the luxury single-detached house and the first condominium project to capture selective demand, while also focusing on inventory management strategy. Furthermore, the Company aims to elevate the brand to be a top-of-mind position among the residential developers.

- **Rental and related service revenue** increased by THB 70.6 million or 10.6% to THB 733.9 million from THB 663.3 million in the previous year, primarily driven by the China plus One relocation which helped stimulate demand for factory and warehouse. In 1Q24, the total occupancy rate was at 87%.

Revenue from the commercial office and retail business increased from the previous year, mainly from higher rental income recognition. Overall, occupancy of all office and retail buildings under management by Fraser's Property Commercial remains high at 92%.

- **Revenue from hotel business** increased by THB 12.8 million or 9.5% to THB 148.3 million from THB 135.5 million in the previous year, due to an increase in foreign tourists which helped to boost the hotel business. However, the improvement in hotel business performance was below expectations due to a slower-than-anticipated growth in tourist numbers following the shooting incident in October 2023.

- **Revenue from management services** increased by THB 19.8 million or 12.5% to THB 178.5 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 34.3 million to THB 120.1 million, from THB 85.8 million in 1Q23. The increase was mainly due to the recovery of associates and joint ventures operations, in line with the improving economy.

- In this quarter, the Company recorded a gain on sales of investment properties of THB 38.0 million from the sale of investment properties. Moreover, the Company recorded a gain from investment in joint venture of THB 179.3 million from a restructuring of its investment in JustCo (Thailand) Company Limited, a joint venture company operating as a co-working space provider. This investment restructuring was in accordance with the Company's strategy to focus future investments in core real estate business.

- The Company's total operating costs decreased by 19.9% or THB 466.7 million to THB 1,882.4 million, mainly due to a decrease in the cost of sales of real estate. However, overall gross profit margin was lower from 36.0% in the previous year to 32.6% in the first quarter of 2024. The Company's distribution costs and administrative expenses decreased by 5.0% or THB 34.6 million to THB 657.6 million in line with a decrease in revenue from sale of real estate. As a result, the Company recorded total costs and expenses of THB 2,539.9 million, a decrease of 16.5% or THB 501.3 million from the previous year.

- The Company's finance costs increased by 1.2% or THB 3.5 million due to higher interest rates compared to the same period of the previous year. The Company's average cost of fund increased by 7.85% from the previous year because of a gradual increase in interest rates in 2023.

Based on the aforementioned revenues and expenses, the Company reported a **net profit** of THB 322.1 million, an increase of THB 5.0 million or 1.6%, with a **profit attributable to the owners of the Company** of THB 316.5 million, an increase of THB 1.6 million or 0.5%. Earnings per share for 1Q24 were THB 0.14 per share, remaining at the same level as the previous year.

### Financial Performance for 1Q 2024

Unit: THB Million	1Q 2023	1Q 2024	% to Total Revenue	%Y-o-Y
Revenue from sales of real estate	2,715.2	1,731.1	56.5%	(36.2%)
Rental and related service revenue	663.3	733.9	23.9%	10.6%
Revenue from hotel business	135.5	148.3	4.8%	9.5%
Management fee income	158.7	178.5	5.8%	12.5%
<b>Total operating revenue</b>	<b>3,672.7</b>	<b>2,791.8</b>	<b>91.0%</b>	<b>(24.0%)</b>
Gain on sales of investment in joint ventures	-	179.3	5.8%	N/A
Gain on sales of investment properties	-	38.0	1.2%	N/A
Others	33.7	57.3	1.9%	70.3%
<b>Total revenues</b>	<b>3,706.3</b>	<b>3,066.3</b>	<b>100.0%</b>	<b>(17.3%)</b>
Total operating costs	2,349.1	1,882.4	61.4%	(19.9%)
Distribution costs and administrative expenses	692.1	657.6	21.4%	(5.0%)
<b>Total expenses</b>	<b>3,041.3</b>	<b>2,539.9</b>	<b>82.8%</b>	<b>(16.5%)</b>
Finance costs	281.9	285.4	9.3%	1.2%
Share of profits (losses) of associates and joint ventures net of unrealised gains on sales of properties to associates and joint ventures	85.8	120.1	3.9%	39.9%
<b>Profit for the period</b>	<b>317.1</b>	<b>322.1</b>	<b>10.5%</b>	<b>1.6%</b>
<b>Profit attributable to owner of the Company</b>	<b>314.9</b>	<b>316.5</b>	<b>10.3%</b>	<b>0.5%</b>
<b>Basic earnings per share (THB)</b>	<b>0.14</b>	<b>0.14</b>		<b>1.6%</b>

### Financial Position as at 31 December 2023

Unit: THB Million	30 Sep 2023	31 Dec 2023	% YTD
Cash, cash equivalents and fixed deposits	1,080.9	924.8	-14.4%
Real estate development for sales	33,813.1	33,882.2	0.2%
Investments in associates, joint ventures, and other investments	13,316.1	13,686.2	2.8%
Investment properties	40,029.3	40,464.3	1.1%
Property, plant and equipment	3,741.0	3,691.7	-1.3%
<b>Total assets</b>	<b>95,870.6</b>	<b>96,496.5</b>	<b>0.7%</b>
Interest-bearing liabilities	46,802.7	47,275.6	1.0%
<b>Total liabilities</b>	<b>58,788.3</b>	<b>59,398.4</b>	<b>1.0%</b>
<b>Total equity</b>	<b>37,082.3</b>	<b>37,098.1</b>	<b>0.04%</b>

As of 31 December 2023, the Company's total assets amounted to THB 96,496.5 million, an increase of THB 625.9 million or 0.7% compared to 30 September 2023. This was attributed to an increase in investment properties from new industrial project development and an increase in investment in associations, joint ventures and other investments.

As of 31 December 2023, the Company's total liabilities amounted to THB 59,398.4 million, an increase by THB 610.1 million or 1.0% from 30 September 2023. Interest-bearing debt was THB 47,275.6 million, an increase of THB 472.9 million mainly from an increase in short-term loans from financial institutions. Meanwhile, total equity was THB 37,098.1 million, which increased THB 15.8 million or 0.04% compared to the previous year. As a result, the Company's interest-bearing debt to equity ratio was at 1.27 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 3.2% in 2024, primarily driven by private consumption and the turnaround in exports, and a gradual improvement in tourism sector. The number of foreign tourists is anticipated at 34.5 million in 2024, an increase from 28.3 million in 2023. In addition, the Monetary Policy Committee (MPC) is of the view that the current policy interest rate at 2.50% is at an appropriate level given the current contexts where the economy is gradually recovering. The current policy rate would also help to sustain inflation within the target range.

The residential business continues to face challenges from high household debt, high interest rates, and rising costs. However, the outlook of residential business may improve if there are government stimulus measures.

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 industrial demand. There is also higher demand for hi-tech buildings with ESG facilities.

For commercial business, the demand for offices spaces has improved 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,

Frasers Property (Thailand) Public Company Limited

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Mr. Somboon Wasinchutchawal  
Chief Financial Officer