

Management Discussion and Analysis for the Second Quarter of Fiscal Year 2024

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 FY2024 ended 31 March 2024 to the Stock Exchange of Thailand (SET).

Business Performance Overview:

In the previous quarter, Thailand's economy sustained its growth momentum. The growth was mainly driven by flourishing tourism sector in both revenue and number of tourists, particularly from China, owing to the government's visa-free policy. Private consumption received a boost from the Easy E-Receipt project, contributing further to economic expansion. Private sector investment and industrial production have improved, while exports remained gradual due to uncertainties arising from market saturation and structural factors in Thailand's production. In addition, Thai economy has also been pressured by continuous contraction in government spending as a result of the delayed FY2024 Budget Bill. 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 for all stakeholders in the long term.

For the second quarter of FY2024, the Company reported **total operating revenue** of THB 3,418.7 million, an increase of 4.8% or THB 157.4 million compared to the previous year. The **total revenue** was THB 3,524.3 million, an increase of 2.9% or THB 100.1 million. The Company recorded a **net profit** of THB 165.2 million, a decrease of 48.1% or THB 153.2 million, with a **profit attributable to the owners of the Company** of THB 158.5 million, a decrease of 50.0% or THB 158.5 million. The details are as follows:

- **Revenue from sales of real estate** increased by THB 102.3 million or 4.5% to THB 2,370.5 million, compared to THB 2,268.2 million in the previous year. The growth was attributed to customer-centric marketing campaigns and strategic adjustments in inventory liquidation. However, the residential business still encountered challenges stemming from high interest rates and household debt, resulting in rising loan rejection rates. Given the intense competition along with the retrospective cost adjustments on the back of rising construction materials and labor costs, the gross profit margin for the residential business consequently dropped from 30.0% to 21.0%. At the end of 2Q24, the Company had a total of 76 active projects with a total project value of over THB 103,300 million. The Company plans to launch four projects in the latter half of the year, including the luxury single-detached house projects and the first condominium project to capture pockets of 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 84.1 million or 12.2% to THB 771.6 million from THB 687.5 million in the previous year due to the continuously rising demand in factories and warehouses, which was primarily driven by the China plus One relocation. In 2Q24, the total occupancy rate was at 86%.

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

- **Revenue from hotel business** decreased by THB 44.9 million or 32.7% to THB 92.6 million from THB 137.5 million in the previous year, mainly due to the cessation of operations of Mayfair Marriott Executive Apartment, which will be redeveloped into a 'Super Luxury Condominium' in the future. Without the project cessation, the revenue would have rose by approximately 20.0% on the back of the free visa policy for Chinese tourists and a continuous increase in the number of international tourists visiting Thailand.

- **Revenue from management services** increased by THB 15.9 million or 9.4% to THB 184.0 million from higher property management fees from FTREIT.

- Share of profits of associates and joint ventures, net of unrealized gains on sales of properties to associates and joint ventures, decreased by THB 10.9 million to THB 117.2 million, from THB 128.1 million in 2Q23 due to the absence of special accounting profits recognition compared to the previous year.

- In this quarter, the Company recorded a gain on sales of investment properties of THB 71.0 million from the sale of industrial land plot in Thailand.

- The Company recorded total costs and expenses of THB 3,132.8 million, an increase of 9.5% or THB 272.6 million from the previous year. The details are as follows:

- The Company's total operating costs increased by 14.4% or THB 300.5 million to THB 2,390.8 million, in accordance with the growth in the revenue from sales of real estate. With a rise in operating costs, the overall gross profit margin decreased from 35.9% in the previous year to 30.1%.

- Meanwhile, distribution costs and administrative expenses declined by 3.6% or THB 27.8 million to THB 742.0 million due to the absence of Silom Edge's grand opening expenses.

- The Company's finance costs decreased slightly by 0.3% or THB 0.9 million from a decline in loans compared to the previous year despite an increase in interest rates.

Based on the aforementioned revenues and expenses, the Company reported a **net profit** of THB 165.2 million, a decrease of THB 153.2 million or 48.1%, with a **profit attributable to the owners of the Company** of THB 158.5 million, a decrease of THB 158.5 million or 50.0%. Earnings per share for 2Q24 were THB 0.06 per share, a decrease from THB 0.14 per share in the previous year.

Financial Performance for 2Q 2024

Unit: THB Million	2Q 2023	2Q 2024	% to Total Revenue	%Y-o-Y
Revenue from sales of real estate	2,268.2	2,370.5	67.3%	4.5%
Rental and related service revenue	687.5	771.6	21.9%	12.2%
Revenue from hotel business	137.5	92.6	2.6%	(32.7%)
Management fee income	168.1	184.0	5.2%	9.4%
Total operating revenue	3,261.3	3,418.7	97.0%	4.8%
Gain on sales of investment properties	79.0	71.0	2.0%	(10.1%)
Others	83.9	34.6	1.0%	(58.8%)
Total revenues	3,424.2	3,524.3	100.0%	2.9%
Total operating costs	2,090.3	2,390.8	67.8%	14.4%
Distribution costs and administrative expenses	769.9	742.0	21.1%	(3.6%)
Total expenses	2,860.2	3,132.8	88.9%	9.5%
Finance costs	295.9	295.0	8.4%	(0.3%)
Share of profits (losses) of associates and joint ventures net of unrealised gains on sales of properties to associates and joint ventures	128.1	117.2	3.3%	(8.5%)
Profit for the period	318.4	165.2	4.7%	(48.1%)
Profit attributable to owner of the Company	317.0	158.5	4.5%	(50.0%)
Basic earnings per share (THB)	0.14	0.06		(57.1%)

Financial Position as at 31 March 2024

Unit: THB Million	30 Sep 2023	31 Mar 2024	% YTD
Cash, cash equivalents and fixed deposits	1,080.9	967.7	(10.5%)
Real estate development for sales	33,813.1	33,652.2	(0.5%)
Investments in associates, joint ventures, and other investments	13,316.1	13,656.8	2.6%
Investment properties	40,029.3	40,892.5	2.2%
Property, plant and equipment	3,741.0	3,650.4	(2.4%)
Total assets	95,870.6	96,767.6	0.9%
Interest-bearing liabilities	46,802.7	48,596.9	3.8%
Total liabilities	58,788.3	60,314.7	2.6%
Total equity	37,082.3	36,452.9	(1.7%)

As of 31 March 2024, the Company's total assets amounted to THB 96,767.6 million, an increase of THB 897.0 million or 0.9% compared to 30 September 2023. This was attributed to an increase in investment in associates, joint ventures and other investments and an increase in development of warehouses for rent.

As of 31 March 2024, the Company's total liabilities amounted to THB 60,314.7 million, an increase of THB 1,526.4 million or 2.6% from 30 September 2023. Interest-bearing debt was THB 48,596.9 million, an increase of THB 1,794.2 million or 3.8% from the end of FY2023 mainly from an increase in short-term loans from financial institutions. Meanwhile, total equity was THB 36,452.9 million, which decreased by THB 629.4 million or 1.7% compared to the previous year. As a result, the Company's interest-bearing debt to equity ratio was at 1.33 times.

Business Outlook

The global economic outlook for the year 2024 is expected to grow on the back of improved global trade and stable inflation rates. However, high interest rates and geopolitical tensions are still persistent challenges. In terms of Thailand's economic outlook, the Bank of Thailand (BoT) has adjusted its growth forecast to 2.6% for the year. The growth is supported by the rebounding tourism in both the number of tourists and spending per head, a continuous increase in private consumption, along with a rise in government spending in the remaining of Y2024. Exports are anticipated to gradually recover in the latter half of the year, but risks of a slower global economic recovery remain. The Monetary Policy Committee is of the view that the current policy interest rate of 2.50% is conducive to Thailand's economic growth and financial stability. Further, the economic trends will be closely monitored for the policies to be properly adjusted in accordance with the economic outlook and the inflation rates in the future.

The residential business continues to face challenges from high household debt, high interest rates, and rising costs. However, the government has approved the property stimulus measures, which include the reduction of transfer and mortgage fees for residences valued under THB 7 million, tax incentives, and low-interest loans from government banks. The measures are expected to help stimulate the demand for the residential sector for the year.

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, government investment promotion policies continue to stimulate industrial demand. There is also a higher demand for hi-tech buildings with ESG facilities.

For commercial business, the demand for office 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