

Management Discussion and Analysis for the First Quarter of Fiscal Year 2021

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 FY2021 ended 31 December 2020 to the Stock Exchange of Thailand (SET).

From 1 October 2020, the Company has initially adopted the new Thai Financial Reporting Standard 9 - Financial Instruments ("TFRS 9") which brought about changes to the classification and measurement of financial instruments that represent the true and fair view of financial position and performance of the entity. In addition, the Company has adopted Thai Financial Reporting Standard 16 - Leases ("TFRS 16") which impacted the Company accounting treatment for operating leases to appropriately reflect the financial risks of the Company. Please refer to the notes to financial statements 3: Changes in accounting policies for further details.

Over the first quarter of 2021, the Company recognized **total revenue** of THB 4,150.8 million, a drop of 10.84% Y-o-Y or THB 504.6 million. The Company's consolidated **net profit** was THB 446.0 million, increasing by 44.84% Y-o-Y or THB 138.1 million. The changes were as follows;

- Revenue from sales of real estate recorded a drop of THB 536.0 million or 14.93% Y-o-Y as homebuyers remained cautious and postponed buying decisions from softened purchasing power after the economic slowdown with higher rejection rate for housing loans. To tackle the situation, the Company has broadened customer base by launching new residential projects to tap new target group with a thorough screening process for quality customers.
- Rental and related service revenue decreased by THB 121.9 million or 17.53% Y-o-Y primarily due to the adoption of TFRS 16 which led to the absence of revenue from unearned leasehold rights associated with land sub-lease contracts amounting to THB 90 million per quarter. While the commercial office and industrial property rental slightly dropped from Goldenland Building and FYI center.
- Hotel business reported a decline in revenue by THB 107.8 million or 74.90% Y-o-Y due to an ongoing impact from COVID-19 which adversely affected hotel occupancy, with the new wave of infections in Bangkok and vicinity poised to subdue the sector further. However, the revenue from hotel business contributed only 0.9% of total revenue in 1Q 2021 and only 3.1% of total revenue in the same quarter of previous year.
- The Company recognized gain on sales of investment properties of THB 262.9 million over this quarter.

The Company recorded total costs and expenses of THB 3,631.4 million, lower by THB 588.0 million or 13.94% Y-o-Y as a result of;

- A decrease in operating cost of THB 316.0 million or 10.63% Y-o-Y following a decrease in revenue. The operating costs include cost of sales of real estate, cost of rental and related services, cost of hotel business and cost of management income.
- A decrease in total distribution costs and administrative expenses of THB 283.6 million, or 28.82% Y-o-Y attributable to lower expenses in line with sales revenues, together with effective control of other costs that are unrelated to income.

- TFRS 16 adoption led to a drop in the Company's profit before tax of around THB 38 million per quarter, mainly caused by the lower rental revenues and associated costs under sub-lease contracts. Such revenue and cost items are no longer recognized on the consolidated income statement, but were recognized as an adjustment to the retained earnings upon the beginning period of this quarter totaling THB 2,322.0 million.

As a result of the abovementioned changes in revenues and expenses, Fraser Property (Thailand) recorded a consolidated **net profit** for the first quarter of 2021 of THB 446.0 million, representing an increase of 44.84% Y-o-Y or THB 138.1 million. The **profit attributable to owner of the Company** increased significantly by THB 166.3 million to THB 448.9 million or an increase of 58.86% Y-o-Y. **Basic earnings per share** attributable to owner of the Company was THB 0.19 per share, increased by 35.71% Y-o-Y or THB 0.05, up from THB 0.14 at the same quarter of previous year.

Financial Performance for 1Q 2021 vs. 1Q 2020

Unit: THB Million	1Q 2020	1Q 2021	% of total revenue	% change (YoY)
Revenue from sales of real estate	3,590	3,054	73.6%	-14.9%
Rental and related service revenue	696	574	13.8%	-17.5%
Revenue from hotel business	144	36	0.9%	-74.9%
Management fee income	180	175	4.2%	-2.5%
Total operating revenue	4,609	3,839	92.5%	-16.7%
Gain on sales of investment properties	0	263	6.3%	-
Others	46	49	1.2%	5.9%
Total revenues	4,655	4,151	100.0%	-10.8%
Total operating costs	2,973	2,657	64.0%	-10.6%
Distribution costs and administrative expenses	984	701	16.9%	-28.8%
Finance costs	262	274	6.6%	4.4%
Total expenses	4,219	3,631	87.5%	-13.9%
Profit for the period	308	446	10.7%	44.8%
Profit attributable to owner of the Company	283	449	10.8%	58.9%
Basic earnings per share (THB)	0.14	0.19		35.7%

Financial Position as at 31 December 2020

Unit: THB Million	30 Sep 2020	31 Dec 2020	% change (YoY)
Cash, cash equivalents and current investments	2,582	1,738	-32.7%
Real estate development for sales	32,878	33,422	1.7%
Investments in associates, joint ventures, and other investment	14,327	14,289	-0.3%
Investment properties	34,364	32,011	-6.8%
Property, plant and equipment	2,546	3,017	18.5%
Total assets	93,186	91,500	-1.8%
Interest-bearing liabilities	47,055	48,851	3.8%
Total liabilities	61,053	57,160	-6.4%
Total equity	32,133	34,340	6.9%

The adoption of new accounting standards caused significant changes to the Company's statement of financial position for the first quarter of 2021, particularly the TFRS 16 which brought about one-off adjustments to the following items over this quarter. Please refer to the notes to financial statements 3 for further details.

- A drop in total assets of THB 1,091 million was mainly from lower investment properties and leasehold rights, netted off against an increase in right-of-use investment properties.
- A decrease in total liabilities of 3,252 million, mainly from a drop in unearned leasehold rights, netted off against an increase in lease liabilities.
- The abovementioned adjustments in assets and liabilities led to an increase in equity of THB 2,161 million

In conclusion, the Company's **total assets** as of 31 December 2020 stood at THB 91,499.7 million, a decrease of THB 1,685.8 million or 1.81%, as compared to 30 September 2020. In addition to the impact of TFRS adoption as mentioned earlier, lower ending cash and cash equivalents balance were attributed to better liquidity management with an appropriate level of cash reserve prompting for higher debt repayment capacity. **Total liabilities** ended at THB 57,160.2 million, decreased by THB 3,892.4 million or 6.38% from 30 September 2020 with a reduction of loans from financial institutions by THB 730.0mn. **Total equity** was THB 34,339.6 million, increased by THB 2,206.7 million or 6.87% from 30 September 2020.

As at 31 December 2020, the Company had total interest-bearing liabilities of THB 48,850.6 million. Interest-bearing debt to equity ratio stood at 1.42 times, decreased from 1.46 times at the end of September 2020.

Yours faithfully,

Fraser's Property (Thailand) Public Company Limited

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Mr. Somboon Wasinchutchawal

Chief Financial Officer