
No.: .../2025/BC-HĐQT-FIR

Da Nang, March 21, 2025

DRAFT

**REPORT OF THE BOARD OF DIRECTORS
AT THE ANNUAL GENERAL MEETING OF SHAREHOLDERS 2025**

To: Shareholders of First Real Joint stock company

1. Evaluation of business performance

The Vietnamese real estate market in the first nine (9) months of 2024 exhibited positive recovery after a challenging period, driven by economic stability and supportive government policies. All real estate segments, from residential and commercial to industrial properties, showed positive growth signs, with numerous new projects initiated.

The residential real estate market began showing signs of “heating up”, reflected in highly competitive land auctions. These auctions, often conducted “overnight”, saw hundreds or even thousands of participants waiting in line for their chance to bid. Winning bids reached record-high prices comparable to fully developed project lands. The market's dynamism was also fueled by the condominium segment, which consistently established new high price benchmarks in both primary and secondary markets. Despite escalating prices, new condominium projects achieved excellent absorption rates.

In the 3rd quarter of 2024, the residential real estate market recorded a supply of 22,412 units available for sale, with approximately 14,750 newly launched units—a 25% decrease compared to the previous quarter but a 60% increase compared to the 3rd quarter of 2023. Although there was a decline in quantity, the 3rd quarter supply marked a growth trend with the emergence of some new projects, including large-scale developments that contributed to a more “vibrant” market.

In the first nine (9) months of 2024, 38,797 new units were introduced to the market, reflecting a significant divergence in supply. Notably, 70% of the new supply came from condominiums, with units priced above VND 50 million per square meter dominating the market. Affordable commercial condominiums were nearly absent. Regionally, the northern region led with 46% of the new supply, followed by the central region with 29%, and the southern region with 25%.

Although the supply predominantly consisted of high-end and luxury segments, around 10,400 successful transactions were recorded in the 3rd quarter, equivalent to an absorption rate of 51%. This demonstrated market interest in new real estate products despite the high costs associated with land and development standards.

A clear trend towards developing smaller apartment units has emerged, aiming to reduce total unit prices, better catering to the needs and financial capabilities of singles and young families. This segment recorded the best liquidity.

The industrial real estate segment continued its momentum with robust growth in new projects and an increasingly abundant influx of Foreign Direct Investment (FDI).

Commercial real estate, including office and retail spaces, showed long-term growth potential due to increasing demand in both scale and quality. Modern, high-end, green-certified office spaces meeting sustainable development standards attracted tenants, particularly foreign enterprises. Newly integrated shopping malls also saw “high demand”, while older office buildings and retail centers faced rising vacancy rates due to a lack of upgrades.

The tourism and resort real estate segment remained challenging. In the 3rd quarter of 2024, only 945 new units were introduced—a significant drop to just 35% of the previous quarter's volume and equivalent to the same period in 2023. This decline was mainly attributed to one-off new supply from a large project in the previous quarter. For the first nine (9) months of 2024, the tourism and resort market saw 4,059 newly launched units, up 80% compared to the same period in 2023 but only 25% of the same period in 2022.

These figures indicate that while the real estate market in Q3 and the first nine months of 2024 is recovering, individual segments still face distinct challenges.

For First Real, despite the market's initial recovery and improvements in the first nine months of 2024, the company has not achieved significant progress in its business operations. Specifically, in 2024, First Real recorded net revenue of VND 123,961,564,779, reaching only 35% of the target approved by the General Meeting of Shareholders. Net profit after tax was VND 610,194,284, equivalent to 1% of the set target. Consequently, the company fell short of its 2024 business goals, mainly due to the specific nature of its current products, primarily project land plots and tourism real estate. Persistent challenges include funding difficulties, resource mobilization for project development, new regulatory hurdles, and land clearance processes, all of which have delayed project progress and caused missed market opportunities. Furthermore, the market heating up in 2024 was primarily concentrated in major cities, while First Real’s real estate segments are predominantly located in provincial areas.

Nonetheless, these heating trends present opportunities for spillover effects to neighboring provinces, offering potential for 2025.

The enforcement of the Housing Law 2023, Real Estate Business Law 2023, and Land Law 2024 from August 1, 2024—five months earlier than originally planned—has provided a more comprehensive legal framework, opening a new, safer, healthier, and more sustainable market cycle.

Based on the outcomes recorded in the first nine (9) months of 2024, First Real is confident that if factors such as legal policies, financial stability, and public investment continue to improve, the market is likely to “heat up” further in the year-end period and beyond. The government’s enhanced oversight and regulation of the market will ensure stability and

proper development. Additionally, the emerging trend of green real estate is expected to lead the market in the new cycle.

The segments poised for recovery include high-end apartments, villas, and townhouses, clean legal land plots attracting investors, and social housing benefiting from new regulations. Industrial real estate is growing, and tourism real estate holds opportunities for improvement.

Amid these developments, First Real's leadership is taking decisive, consistent actions to adapt to new growth trends in the real estate market.

Recognizing the current difficulties as a test of resilience, the company is focusing on restructuring and strategic investments to enhance competitiveness. First Real believes that after each time facing difficulties, challenges, and crises, the Company will definitely stand up stronger and more determined. First Real is making quite thorough preparations for the upcoming baggage. Specifically, First Real is proactively adapting to regulatory changes, revising its business strategies, and aligning with market trends. Efforts include mandatory professional certification for all sales employees, fostering professionalism and credibility, and collaborating with developers to design products tailored to market needs and affordability. Coordinate with investors to promote product research and development in accordance with the trend and affordability of the majority of people. Real estate exchanges must improve their responsibility in the legal appraisal of projects, in order to ensure the selection of quality projects to participate in distribution. These are solid foundations for First Real to break through in the upcoming real estate cycle.

Although 2024 remains a challenging year, First Real is determined to overcome short-term difficulties and sustain long-term growth. The company is committed to building a solid foundation for future breakthroughs in the upcoming real estate cycle.

2. Financial situation

2.1. Asset situation

Indicators	2024 VND	2023 VND	Increase (decrease) (%)
Short-term assets	815.394.883.921	866.935.374.558	-6%
Cash and cash exchangeable	5.857.974.132	11.287.141.956	-48%
Short-term receivables from customers	15.874.200.043	24.326.130.739	-35%
Short-term prepayments to suppliers	170.887.411.462	235.020.460.418	-27%
Short-term internal receivables	373.405.200.580	302.245.140.583	24%

Provision for bad short-term receivables)	-19.616.234.047	-19.616.234.047	0%
Inventories	266.162.166.740	310.883.838.250	-14%
Other Short-term assets	2.824.165.011	2.788.896.659	1%
Long-term assets	524.012.761.606	535.986.849.198	-2%
Long-term receivables	201.311.000.000	210.246.000.000	-4%
Fixed assets	1.511.350.484	2.000.835.899	-24%
Invested real estate	57.160.127.459	57.750.270.321	-1%
Long-term-financial investments	51.561.298.908	51.269.299.940	1%
Long-term-financial investments	200.239.613.267	201.476.000.000	-1%
Other long-term assets	12.229.371.488	13.244.443.038	-8%
TOTAL ASSETS	1.339.407.645.527	1.402.922.223.756	-5%

As of the end of the 2024 fiscal year, the Company's total assets are VND 1,339 billion, a decrease of 5% compared to the same period in 2023. The decline in asset value primarily stemmed from the current asset categories. Specifically, the main reductions were in Cash and Cash Equivalents, which decreased by 48%, Short-term Trade Receivables, which fell by 35%, and Short-term Prepayments to Suppliers, which dropped by 27%.

2.2. Financial debt situation

Indicators	2024 (VND)	2023 (VND)	Increase (decrease) (%)
Short- term liabilities	509.617.066.010	525.424.755.947	-3%
Short-term payables to suppliers	1.300.794.622	1.153.615.762	13%
Short term advances received from the customers	112.248.749.803	140.926.943.944	-20%

Taxes and obligations to state budget	53.724.107.163	56.281.607.743	-5%
Payables to employees	1.002.871.814	1.367.820.543	-27%
Accrued expenses	16.953.695.090	1.214.880.731	1296%
Short-term deferred revenue	888.840.000	888.840.000	0%
Other Short-term payables	26.456.466.386	37.791.146.153	-30%
Short- term loans	297.041.541.132	285.798.801.071	4%
Long term liabilities	87.757.644.588	136.074.727.164	-36%
Long term deferred revenue	7.362.558.000	8.251.398.000	-11%
Other long-term liabilities	0	36.520.386	-100%
Long-term loans and debts	80.153.563.737	127.787.908.778	-37%
Owner's equity	742.032.934.929	741.422.740.645	0,08%
TOTAL CAPITAL	1.339.407.645.527	1.402.922.223.756	-5%

As of the end of the 2024 fiscal year, total liabilities of the Company are VND 597 billion, a decrease of 10% compared to the same period in 2023. This reduction was primarily driven by a decrease of VND 47.6 billion (equivalent to 37%) in Long-term loans and debts. Overall, the Company's debt-to-total-assets ratio has consistently been maintained at a stable and safe level, reflecting the Company's commitment to ensuring liquidity as well as safeguarding the interests of customers, shareholders, and other partners.

3. Improvements in organizational structure, policies, and management

To effectively manage the company during its high-growth phase, First Real has focused on upgrading its enterprise management system and has achieved significant transformations. The company particularly prioritizes innovation, enhancing capabilities, and applying information technology.

First Real has a solid foundation in process and management systems. To meet new development demands, these processes and systems need to be improved to ensure both rigor and compliance, while also being flexible enough to embrace and support emerging trends.

Therefore, alongside the company's business operations, the internal restructuring activities are continuously carried out through the updating of management policies, adjusting regulations, and processes to align with practical needs and legal requirements. The company is gradually improving and stabilizing the operations of the Planning Department and the Research and Development Division, with clear distinctions of the objectives, efficiency, and functions of each department according to their professional roles.

4. Future development plans

Based on the actual situation of the company and the upcoming investment plans, the Company sets its business plan for 2025 as follows:

Unit: VND

Indicator	Actual 2024	Plan 2025	% Plan/Actual
Net revenue	123.961.564.779	300.000.000.000	242%
Profit after tax	610.194.284	60.000.000.000	9832.9%
Charter capital	642.452.810.000	642.452.810.000	100%

(Source: First Real JSC, Actual figures of 2024 taken from the audited consolidated financial statements for the fiscal year ending September 30, 2024)

Implementation measures:

- Business operations, Real estate brokerage:

- + Continue to strengthen and expand the distribution network for real estate products.
 - Expand the online transaction platform system and representative offices to provinces with high real estate growth potential across the country. Locations will be selected to add or open new traditional transaction floors and representative offices in regions with strong economic growth such as Da Nang, Quang Nam, etc.
 - At the same time, the company focuses on developing a distribution network with affiliated transaction floors and brokerage businesses in local areas. This policy helps reduce fixed costs and operational management expenses. For traditional transaction floors and broker teams, if operations are ineffective, the company will proceed with splitting and merging with other units.
- + Enhance control over project supply
 - To ensure a quality and stable supply of real estate products for distribution, the company continues to strengthen and build cooperative relationships with project developers with the aim of accompanying them throughout the product development process.
 - The company will increase investment activities and contribute capital to developers to acquire projects. After the project receives land use rights certificates for each plot, the company will receive the corresponding number of land plots based on its initial capital contribution. Partnering with the developer from the start of the project helps ensure a rich project supply for the company.

- Financial management:

+ Ensure that the debt ratio within the capital structure of First Real remains within control to establish a stable financial foundation and limit the impact of interest rate fluctuations and financial pressures on business operations. To ensure a healthy financial source and sustainable development in the future, First Real has the following measures:

- Strengthen investor quality assessment, continuously evaluate and monitor receivables from customers to reduce the proportion of bad debts, and improve revenue quality.
- Business departments should regularly analyze and propose financial issues to advise the leadership in a quick, accurate, and comprehensive manner about the financial situation. Emphasize the importance of timely advising on effective solutions for each period and situation.
- Increase charter capital to enhance financial capacity, meeting the needs for expansion in 2024.
- Enhance the professional capacity of finance and accounting staff, ensuring timely updates and compliance with the latest financial management regulations.
- Ensure transparent and timely financial information disclosure.

- Marketing activities:

- + Continue to strengthen marketing and communications activities, build the company's image, and develop the brand to assert its position in the real estate market.
- + Diversify marketing methods for the company's products such as real estate websites and advertising for digital channels.
- + Improve the company's websites to provide information on the projects the company distributes or invests in. Alongside traditional advertising methods, the company will expand new promotional channels on popular media platforms like Facebook, YouTube, etc. This will help expand the company's customer base and increase the number of successfully brokered real estate products.
- + Focus on building the company's image and brand in the eyes of customers.

- Human Resource Management:

Operating in the real estate business sector, besides the requirement of having strong financial potential, the quality of human resources plays a key role in the company's business operations. Therefore, the company always pays attention to the material and spiritual well-being of its employees. Labor policies focus on equality, fair compensation based on capabilities, and emphasize the development of each individual's skills. Furthermore, the company strives to create a healthy and friendly working environment for its staff. Annually, employees are provided with health checks, and are encouraged to participate in cultural, sports, volunteer, and social activities, ...

5. Board of Directors' response to the audit opinion: None

6. Report on the Company's environmental and social responsibility

6.1. Assessment of environmental indicators (Water consumption, energy usage, emissions, etc.)

In the past year, the Company has encouraged its employees to engage in campaigns for saving resources and reducing emissions as follows: Cleaning the workplace to create a clean working environment, promoting a civilized lifestyle for each employee; Placing green plants around the workplace to enhance the green space, contributing to a comfortable working atmosphere for employees; Utilizing natural light by raising curtains in the morning; Turning off the air conditioning system 10 minutes before the end of the working day; Using reusable water bottles instead of single-use plastic bottles; Saving paper by printing on both sides.

6.2. Assessment related to labor issues

Employees are one of the key factors for the sustainable development of the Company. Amid the bankruptcy of many real estate enterprises and the widespread unemployment wave, First Real has still ensured job security and income for its employees. The management always provides conditions for employees to fully unleash their potential in a dynamic and professional working environment. Training is provided on-site for newly recruited staff, probationers, and professional development for inherited personnel. Additionally, the management continually reforms policies regarding salaries, bonuses, and benefits to improve the material and spiritual life of employees.

First Real ensures that all employees are protected under legal regulations and receive basic entitlements such as salaries, bonuses, allowances, insurance, and safe working conditions. All employment contracts with employees are legally compliant and signed according to the law.

6.3. Assessment related to the company's responsibility towards the local community

In addition to the goal of profit-making and maximizing benefits for shareholders, First Real is also committed to sharing part of its profits for the common development of society and the local community where the Company operates.

The Company's environmental and social responsibility is reflected in all of its development activities. Some of its key policies include:

- When developing a project, First Real always emphasizes the harmony of the overall planning, the aesthetic quality of the design, and the construction quality. This is the first condition to ensure the cultural value, aesthetics, and urban civilization.
- Strictly adhering to the regulation of green space ratios in projects, and never sacrificing this ratio for the sake of increasing revenue and profits.
- Consistently selecting partners, contractors, and suppliers who comply with environmental regulations, ensuring that products are created to meet the best criteria for convenience and environmental quality for both customers and the community.

As First Real continues to expand with an increasing number of projects and products, and as the scale of operations grows, the Company places even more emphasis on investment in environmental and social responsibility. Notably, the Company is committed to monitoring

specific indicators such as water consumption, energy usage, and waste management. Its ongoing goal is to choose solutions, technologies, and products that optimize environmental protection from the construction process to the operation and use by Customers in the future. Dear Shareholders, the above is the report on the activities of the Board of Directors of First Real Estate Joint Stock Company, respectfully submitted to the General Meeting of Shareholders for approval.

Respectfully yours./.

ON BEHALF OF THE BOARD OF DIRECTORS

GENERAL DIRECTOR

(Signed)

Ha Than Thuc Luan