

# FUTURE CITY LEASEHOLD REAL ESTATE INVESTMENT TRUST (FUTURERT)

MANAGEMENT DISCUSSION & ANALYSIS 1Q25 MAY 15, 2025

## 1Q25 QUARTERLY HIGHLIGHTS (January 1 - March 31, 2025)

- **Total income** in 1Q25 was THB 251.2mn
- **Net profit on investment** in 1Q25 was THB 119.6mn
- As of March 31, 2025, **Net Asset Value (NAV)** was THB 5,360.7mn, or THB 10.1227 per unit

**NOTE:** Due to the rounding, numbers presented throughout this document may not add up precisely to the total

## SIGNIFICANT EVENT

In 1Q25, FUTURERT initiated renovations of select retail and common areas in alignment with its annual plan. This initiative aims to modernize the image and generate long-term benefits.

## AREA & OCCUPANCY RATE

Type	Area <sup>1</sup> (sqm)	Average occupancy rate (%)		QoQ (%)
		1Q25	4Q24	
Mini Anchor & Retail	56,869	92.6%	93.5%	(0.9%)
Common Area	10,012	88.8%	89.6%	(0.8%)

**Remark:** 1. NLA of mini anchor and retail tenants, as of March 31, 2025,

## Leasing Management

In 1Q25, the average occupancy rate for Mini Anchor & Retail was 92.6%, while Common Area had an average occupancy rate of 88.8%. This slight decrease was attributed to the commencement of renovation work in certain retail and common areas.

## FINANCIAL PERFORMANCE

Unit (THB mn)	1Q25	4Q24	QoQ (%)
<b>Total Income</b>	<b>251.2</b>	<b>258.4</b>	<b>(2.8%)</b>
Rental Income	247.3	254.5	(2.8%)
Interest Income	3.5	3.1	12.9%
Other Incomes	0.4	0.8	(50.0%)
<b>Total Expense</b>	<b>131.6</b>	<b>145.7</b>	<b>(9.7%)</b>
Expenses related to the asset	11.5	24.2	(52.5%)
Fees and expenses for property management	26.0	27.3	(4.8%)
Tax and insurance expenses	3.5	3.5	-
Other expenses	0.6	2.0	(70.0%)
Finance cost <sup>1</sup>	90.0	88.8	1.4%
<b>Net profit on investment</b>	<b>119.6</b>	<b>112.7</b>	<b>6.1%</b>
<b>Net gain (loss) on investment</b>	<b>10.0</b>	<b>16.4</b>	<b>(39.0%)</b>
<b>Net increase (decrease) in net assets from operations</b>	<b>129.6</b>	<b>129.1</b>	<b>0.4%</b>

**Remark:** 1. According to the TFRS 16 accounting standard for lease liabilities, lessees must recognize assets and liabilities for lease agreements that last longer than 12 months and record the financial costs of these leases in the profit and loss statement. These expenses are accounting-related and do not involve actual cash outflows.

### **1Q2025 OPERATING PERFORMANCE**

#### **TOTAL INCOME**

Total income for 1Q25 was THB 251.2mn, which decreased 2.8% QoQ. The details are as follows:

- The rental income for the period was THB 247.3mn, decreasing 2.8% QoQ. This decline is due to the initiation of renovations in certain retail spaces and common areas, as planned in our annual schedule. The renovations aim to modernize the property's appearance and generate long-term benefits.
- Interest income was THB 3.5mn, increasing 12.9% QoQ.
- Other incomes were THB 0.4mn, decreasing 50.0% QoQ.

#### **TOTAL EXPENSE**

Total expense for 1Q25 was THB 131.6mn, which decreased 9.7% QoQ. The details are as follows:

- Expenses related to the asset was THB 11.5mn, decreasing 52.5% QoQ. The primary factors were lower repair and maintenance expenses, as well as a reduction in marketing activity costs.
- Fee and expenses for property management were THB 26.0mn, decreasing 4.8% QoQ
- Tax and insurance expenses were THB 3.5 mn, remaining close to the previous quarter's level
- Other expenses were THB 0.6mn, decreasing 70.0% QoQ, as the previous quarter included expenses related to the conversion of the Future Park Leasehold Property Fund into a Real Estate Investment Trust (REIT).
- Finance costs were THB 90.0mn, increasing of 1.4% QoQ. These are non-cash accounting expenses, as per TFRS 16, related to lease liabilities arising from lease agreements with terms exceeding 12 months, for which FUTURERT has future payment obligations and renewal rights for the period from January 1, 2042, to December 31, 2044.

#### **NET PROFIT ON INVESTMENT**

Net profit on investment was THB 119.6mn, representing an increase of 6.1%, primarily due to lower expenses related to the asset compared to the previous quarter.

Excluding the impact of TFRS16 accounting standard, the net profit on investment was THB 209.6mn in 1Q25 and THB 201.5mn in 4Q24, respectively.

#### **TOTAL NET GAIN ON INVESTMENT**

In this quarter, FUTURERT recognized a total net gain on investments of THB 10.0mn, primarily due to a gain from the change in the fair value of investments in leasehold properties. This gain resulted from an increase in investments in properties at fair value, which includes the combined value of the fair value of properties as determined by an independent appraiser and lease liabilities compared to the fair value of property investments as of December 31, 2024. As of March 31, 2025, the fair value of investments in properties was THB 11,316.5 million, as detailed below:

1. Fair value of investments in properties, by an independent appraiser, amounted to THB 4,882.0 mn. This valuation was based on the partial leasehold rights of the Future Park Rangsit Shopping Center project, which expires on December 31, 2041 (approximately 16.75 years remaining), along with the right to extend the lease for an additional three years (January 1, 2042 – December 31, 2044). The appraiser determined the valuation assumptions are based on current market data and relevant factors, applying a discount rate of 10.50% for present value calculations.
2. Lease liabilities amounted to THB 6,434.5 mn, based on the same leasehold rights and lease extension terms as stated above.

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### NET INCREASE IN NET ASSETS FROM OPERATIONS

FUTURERT recognized a net increase in net assets from operations of THB 129.6mn, resulting from a net profit on investment of THB 119.6mn and a net gain from investments of THB 10.0mn .

### DIVIDEND AND CAPITAL REDUCTION PAYMENT HISTORY OF FUTUREPF

Before FUTUREPF was converted to FUTURERT on October 1, 2024, FUTUREPF had paid a total distribution of THB 20.8790 per unit to unitholders as follows:

- Dividends paid: 72 times, totaling THB 20.0967 per unit
- Capital reduction paid: 5 times, totaling THB 0.7823 per unit

### FUTURERT DIVIDEND POLICY

REIT Manager will distribute dividends of not less than 90% of the adjusted net profit per fiscal year, with at least two distributions annually, comprising a Year-End Distribution and, if applicable, an Interim Distribution.

### SCHEDULE FOR DISTRIBUTION PAYMENT

At the meeting of the Real Estate Investment Committee held on 15 May 2025, the Committee passed the following resolutions:

- The 2<sup>nd</sup> dividend payment of THB 0.244665 per unit, which will be paid from 1Q25 performance and retained earnings.
- Capital reduction payment of THB 0.0305 per unit, arising from non-cash losses from property revaluation in 1Q25. Since this expense does not affect the adjusted net profit, the FUTURERT is eligible to proceed with the capital reduction under the terms of the Trust Deed.

The total distribution is equal to THB 0.275165 per unit, totaling THB 145.72 mn. The book closing will take place on May 29, 2025, and the payment date will be June 12, 2025.

### BALANCE SHEET

Unit (THB mn)	31-Mar-2025	31-Dec-2024
<b>Total Assets</b>	<b>12,213.6</b>	<b>12,153.8</b>
Investment in leasehold properties at fair value	11,316.5	11,295.5
Investment in securities and cash at financial institutions	848.6	818.8
Receivables on accrued rental income	39.1	31.0
Other assets	9.4	8.5
<b>Total Liabilities</b>	<b>6,852.9</b>	<b>6,741.6</b>
Trade payables and accrued expenses	35.9	34.8
Deposits from tenants	362.9	357.1
Lease Liabilities	6,434.5	6,344.5
Other liabilities	19.6	5.2
<b>Net asset value</b>	<b>5,360.7</b>	<b>5,412.2</b>
Capital from unitholders	5,231.1	5,283.1
Retained earnings	129.6	129.1
<b>Net asset value</b>	<b>5,360.7</b>	<b>5,412.2</b>
<b>Net asset value per unit (THB)</b>	<b>10.1227</b>	<b>10.2201</b>

As of March 31, 2025, the total assets of FUTURERT were THB 12,213.6mn. These consist of investment in leasehold properties at the fair value of THB 11,316.5 mn (Including lease liabilities of THB 6,434.5 mn), investment in securities and cash at financial institutions of THB 848.6 mn, receivables on accrued rental income of THB 39.1 mn, and other assets of THB 9.4 mn.

Total liabilities were THB 6,852.9 mn. These consist of account payables, accrued expenses of THB 35.9 mn, deposits from rental of THB 362.9 mn, lease liabilities of THB 6,434.5 mn, and other liabilities of THB 19.6mn

As a result, the net asset value was THB 5,360.7mn, or THB 10.1227 per unit