

## Future Park Leasehold Property Fund (FUTUREPF)

### Management's Discussion and Analysis for Q1/2023

#### HIGHLIGHTS

- **Total Income** in Q1/2023 reported 234.19 million baht, increased by 2.25 million baht or 1%QoQ. Comparing in Q1/2022 increased by 59.86 million baht or 34.3% YoY.
- **Total Expenses** in Q1/2023 reported 102.60 million baht, decreased by 9.69 million baht or -8.6%QoQ but increased by 9.93 million baht or 10.7%YoY.
- **Net Investment Income** in Q1/2023 reported 131.59 million baht, increased by 11.94 million baht or 10%QoQ. Comparing in Q1/2022 increased by 41.93 million baht or 61%YoY.
- **Net Asset Value (NAV)** as of March 31, 2023 was 5,839.39 million baht, or equivalent to THB 11.0862 per unit.

#### Financial Performance

Unit: MB

Fund's Performance	Q1-2023	Q4-2022	% (QoQ)	Q1-2022	% (YoY)
Rental and Service Income*	231.89	230.85	0.4%	173.13	33.9%
Interest income	1.26	0.93	34.7%	0.12	922.0%
Other income	1.05	0.15	579.2%	1.08	-3.5%
<b>Total Income</b>	<b>234.19</b>	<b>231.94</b>	<b>1.0%</b>	<b>174.33</b>	<b>34.3%</b>
Property Operating Expenses	11.90	20.04	-40.6%	7.58	57.1%
Property Management Fee	22.56	24.74	-8.8%	19.90	13.3%
Fund's related expenses	3.56	3.70	-3.7%	3.61	-1.2%
Financial Cost**	64.58	63.81	1.2%	61.59	4.9%
<b>Total Expenses</b>	<b>102.60</b>	<b>112.29</b>	<b>-8.6%</b>	<b>92.67</b>	<b>10.7%</b>
<b>Net Investment Income *</b>	<b>131.59</b>	<b>119.65</b>	<b>10.0%</b>	<b>81.66</b>	<b>61.1%</b>
Net gain (loss) from changes in fair value of investments	<b>26.63</b>	<b>(115.21)</b>	<b>-123.1%</b>	<b>109.25</b>	<b>-75.6%</b>
Net increase (decrease) in Net Assets from Operations	<b>158.22</b>	<b>4.44</b>	<b>3461.1%</b>	<b>190.91</b>	<b>-17.1%</b>

#### Remark

\* The fund has applied TFRS16 "Lease" which indicated that the Fund have to gradually recognize rental income and rental discount throughout the remaining lease terms by straight line method. Its resulted, the accounting record of rental and service income and net investment income in Q1/2023 was lower than an actual amount of 11.27 MB. Thus, the actual rental income and net investment income in Q1/2023 would be 243.16 MB and 142.86 MB respectively.

\*\* The finance cost was recognized due to the fund has adopted financial reporting standards TFRS16 relating to lease liability which the fund has to gradually recognize its from 1 January 2020 onwards. It has been an accounting expense recognition and has not an actual cash outflow during the Y2020 – Y2026.

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### Financial and Operating Performance

#### Total Income

##### Total Income in Q1/2023

**Q1/2023** The Fund recognized the rental income of 231.89 million baht increased by 1.04 million baht or 0.4%QoQ added on an interest income and other income of 2.31 million baht. Thus, the total income was reported 234.19 million baht increased by 2.25 million baht or 1%QoQ.

Comparing to Q1/2022, the recognition of rental income increased by 58.76 million baht from 173.13 million baht or 33.9%YoY included interest income and other income, the total income of the fund increased by 59.86 million baht or 34.3%YoY.

On seeking benefit of the fund's asset in Q1/2023

In Q1/2023, the fund had accomplished and signed the lease contracts in total of 87 contracts or total rentable areas of 7,875.05 sqm. comprising of new tenants approximately 14% (Beauty & Salon, Education, Mobile's equipment and Fashion) and renew existing contracts approximately 86%.

The average occupancy rate in Q1/2023 reported at 95.2% dropped from 97.4% in Q4/2022 due to some shops need to be closed and is now under renovate period in order to deliver to the new tenants who ask for an explanation of rental areas which promptly open their shops in Q2/2023 and some tenants considered not to renew their contacts. However, the average occupancy rate for this quarter is higher than average rate at 91.6% in Q1/2022.

The rental areas management in the shopping center, the Property Manager has continuously conducted the marketing campaign with our tenants and seeking benefit from common areas by conducting the seasonal marketing events to encourage the foot traffics in the shopping center and maintain number of existing customers as the budgeting and operational plan.

#### Total Expenses

**In Q1/2023**, the Fund reported the total expenses of 102.60 million baht decreased by 9.69 million baht or -8.6%QoQ, the details are as follows:

1. Property operating expenses recognized of 11.90 million baht, decreased by 8.13 million baht or -40.6%QoQ, the changes of such expenses mainly came from 2 factors; 1) Increasing of Property repair and maintenance expenses of 2.39 million baht as mentioned above and 2) decreasing of marketing expenses of 10.65 million baht.
2. Property management fee was 22.56 million baht, decreased by 2.18 million baht or -8.8%QoQ. It comprising of commission fee (renewal of existing lease and new leases), rental collection fee, Property management fee and incentive fee respectively.
3. Fund-related expenses recorded 3.56 million baht, decreased by 0.14 million baht or -3.7%QoQ. The changes of such expenses mainly came from decreasing of the asset management fee, trustee fee and related fee to be in-line with net asset value of the fund.

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4. Finance costs in Q1/2023 reported 64.58 million baht increased by 0.76 million baht or 1.2% QoQ, due to the fund has adopted the accounting standards TFRS16 relating to lease liability, whereby the Fund shall recognize its in to profit & loss over the lease terms from January 1, 2020, onwards. (it is an accounting expense recognition and has not an actual cash outflow during the Y2020 – Y2026)

### Net Investment Income

#### In Q1/2023

Q1/2023, the Fund reported total income of 234.19 million baht, adjusted by total expenses of 102.6 million baht, thus the net investment income was reported of 131.59 million baht increased by 11.94 million baht or 10%QoQ.

However, if the fund did not count an impact from lease modification according to TFRS16. The net investment income of the fund in Q1/2023 would be 142.86 million baht.

### The change in fair value of investments in property

In Q1/2023, FUTUREPF invested in Leasehold rights (partially spaces) of Future Park Rangsit Shopping Center, the leasehold period will be ended on December 31, 2041 (remaining lease period is approximate at 18.75 years) the fund appointed the independent appraiser to revalue the Investment Property on annual basis and review by quarterly which applied the income approach method. Assumptions were reflected by the current information and related risk factors on the discounted cash flow at the discount rate of 11%. As of March 31, 2023 the present value of asset (income method) was 5,578 million baht (Q4/2022 at 5,614 MB) added back the present value of lease liability of 5,481.06 million baht in accordance with the accounting standards to arrive at the carrying amount of the investment property by using the fair value model, then the fair value of investment property was 11,059.06 million baht.

### Net increased (decreased) in net asset from operation.

In Q1/2023, the Fund reported net investment income of 131.59 million baht adjusted by net gain from change in fair value of investments of 26.63 million baht, thus the Fund had increased in net assets from operation of 158.22 million baht.

### Distribution to Unitholders

The Fund (FUTUREPF) has the policy to pay the dividends to unitholders at least twice a year which the fund shall pay the dividend to the unitholders not less than 90% of adjusted net profit as per criteria specified in the dividend payment policy of the fund. Since inception dated, the Fund had paid the dividends to the unitholders in total of 65 times or the total amount of 18.4850 baht per unit.

In Q1/2023, the dividend payment for this period is number of 66, the Fund considered to pay the dividends from net investment income of the operational performance during January 1 – March 31, 2023 adjusted by the different amount of rental income (accounting record vs actual received) and finance costs (an accounting expense recognition and was not an actual cash outflow). Then the distribution to unitholders was at the rate

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of 0.35 baht per unit from net investment income and retained earnings or the total amount of 185.35 million baht. The book closing date will be set on May 31, 2023 and the dividend payment shall be dated on June 14, 2023.

### Balance Sheet

Unit: MB		
Balance sheet	as of Mar 31, 2023	as of Dec 31, 2022
Investment in Leasehold Property (Fair value)*	11,059.06	11,030.48
Investment in Securities, Cash & Cash equivalents	618.05	601.46
Accrued rental income **	31.16	42.42
Other assets	20.04	57.52
<b>Total assets</b>	<b>11,728.31</b>	<b>11,731.88</b>
Lease liabilities	5,481.06	5,416.48
Deposits received from tenants	352.63	354.53
Other liabilities	55.23	68.14
<b>Total Liabilities</b>	<b>5,888.92</b>	<b>5,839.15</b>
<b>Net assets</b>	<b>5,839.39</b>	<b>5,892.73</b>
Capital received from Unitholders	5,633.16	5,633.16
Retained earnings	237.73	259.56
<b>Net Asset Value (baht/unit)</b>	<b>11.0862</b>	<b>11.1274</b>

#### Remark:

\* The fair value of investment in leasehold property as of March 31, 2023, was 5,578 MB added back by the present value of lease liabilities of 5,481.06 MB to arrive at the carrying amount of the investment property using the fair value model in accordance with the accounting standards (TAS 40) Investment property.

\*\* The accrued rental income of 31.16 MB was accounting record to comply with TFRS 16 "Lease" which indicate that the Fund have to calculate the rental discount on straight-line method over the remaining lease term.

**As of March 31, 2023**, the Fund recorded the total assets of 11,728.31 million baht, It comprises of the investment in leasehold property at fair value of 11,059.06 million baht, (included lease liabilities of 5,481.06 MB) followed by investment in securities and cash equivalents of 618.05 million baht, accrued rental income 31.16 million baht and other assets of 20.04 million baht respectively.

The total liabilities recorded 5,888.92 million baht, consists of lease liabilities 5,481.06 million baht, deposits received from tenants of 352.63 million baht and other liabilities of 55.23 million baht respectively. Therefore, the net asset value of the fund as of March 31, 2023 was 5,839.39 million baht or equivalent to 11.0862 baht per unit.