

AXTRART Future City Freehold and Leasehold Real Estate Investment Trust

Projected statement of comprehensive income and distribution statements

For the 12-month period from 1 January 2025 to 31 December 2025

		Under the Fund's operation	Under the Trust's operation
	Notes	Million Baht	Million Baht
Income	3.2		
Rental and service income		3,070	3,070
Interest income		8	8
Total income		3,078	3,078
Expenses			
Fund/ REIT management fees	3.3	(15)	(45)
Mutual fund supervisor fees / Trustee fees	3.3	(3)	(20)
Registrar fees	3.3	(4)	(4)
Property management fees	3.3	(254)	(254)
Professional fees	3.4	(2)	(2)
Operating expenses	3.5	(298)	(298)
Other expenses	3.6	(18)	(22)
Finance costs	3.7	(111)	(111)
Total expenses		(705)	(756)
Net investment gain		2,373	2,322
<u>Add back:</u> Depreciation expenses of right-of-use		14	14
<u>Less:</u> Repayment of borrowings		13	13
<u>Less:</u> Non-cash transactions related to		-	-
rental and service income		(54)	(54)
<u>Less:</u> Lease liabilities payments		(84)	(84)
Net projected cash available for distribution		2,262	2,211
Projected benefit distribution rate (%)	3.8	90.00	92.50
Number of trust units (million units)		2,337	2,337
Projected benefit distribution		2,036	2,045
Benefits distribution per unit (Baht)		0.8711	0.8751

**Lotus's Retail Growth Freehold and Leasehold Property Fund
And Axta Future City Freehold and Leasehold Real Estate Investment Trust
Notes to the projected financial information
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1 General information

Lotus's Retail Growth Freehold and Leasehold Property Fund ("the Fund" or "LPF") is a closed-end retail growth freehold and leasehold property fund, and was set up for a specific purpose. The Fund was established and registered as a fund on 13 March 2012 with no project life stipulated. The Fund's objective is being to seek funds from investors, invest mostly in property or property leasehold rights and generate benefit from such property.

On 15 March 2012 the Stock Exchange of Thailand has approved the listing of the Fund's units and permitted their trading on 19 March 2012.

The Fund is managed by Krung Thai Asset Management Public Company Limited ("the Management Company"). Hong Kong and Shanghai Banking Corporation Limited has been appointed to be the Trustee and Ek-Chai Distribution System Company Limited acts as the Property Manager.

Krungthai Asset Management Public Company Limited as the management company of Lotus's Retail Growth Freehold and Leasehold Property Fund would like to express an intention to convert the Fund into Axta Future City Freehold and Leasehold Real Estate Investment Trust ("REIT" or "AXTRART") as the Management Company views that the conversion will be beneficial. This is because, according to the relevant laws and regulations at present, the Fund cannot proceed with increase of the registered capital in order to invest in additional immovable properties, resulting in an additional investment to further increase the Fund's size of income being limited, which is also cause the increase of returns to unitholders of the Fund being limited. Moreover, the Fund is restricted with lower borrowing rate than that of the REIT, which is the limitation for the Fund to arrange the capital management structure more efficiently. As such, upon the conversion of the Fund into REIT, the Fund will be provided with opportunities and objectives to invest in additional immovable properties which are the main assets of REIT after the conversion of the Fund into REIT, and the borrowing rate will be higher. In addition, there are measures to secure tax benefits from the conversion under the Royal Decree issued by virtue of the Revenue Code Governing Exemption from Taxes (No. 763) B.E. 2566 (2023), which requires that unitholders of property funds shall be exempted from income tax, and the property funds themselves shall receive tax benefits in the form of exemption from value added tax, specific business tax, and stamp duty due to the conversion of the property fund into real estate investment trust, as well as the Ministerial Regulations prescribing the fees in connection with the registration of rights and juristic acts related to real estate for the conversion of property fund into real estate investment trust B.E. 2567

After the conversion from the Fund into AXTRART the management company as the fund supervisor of the Fund will be transform into Trustee of AXTRART. Axta Future City Property REIT Co., Ltd will be appointed as REIT Manager of AXTRART, and Ek-Chai Distribution System Company Limited will acts as the Property Manager.

The assets and liabilities of the Fund to be transferred to AXTRART shall consist of the assets and liabilities of the Fund according to the table below, including the Fund's existing rights, duties, and obligations under the agreements on the transfer date of the assets and liabilities of the Fund, but shall exclude the following:

- (1). Assets or funds reserved for debt repayment.
- (2). Dividends or average returns from the decrease in the registered capital of the Fund, which are not yet be returned to the unitholders or persons entitled to such monies.
- (3). Fees and expenses relating to the Conversion, the dissolution of the Fund and the liquidation thereof, deregistration of Value Added Tax and deposit of property.
- (4). All the Fund's existing disputes on the date of conversion in which the Fund is a party that has not yet been settled. As of 21 March 2024, there are total of 11 disputes which do not have a negative impact on the Fund more than 5 percent of the net asset value of the Fund as at the end of the latest fiscal year, as well as do not significantly affect the investment and provision of benefits of the Fund.

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At present, the Fund has invested in freehold and leasehold properties ("existing properties") in 23 locations as follows:

Project	Area (square meters)	Percentage of total area
Ownership of land and buildings in 14 locations		
Srinakarin Project	35,720	8.8
Krabi Project	19,813	4.9
Prachachuen Project	16,843	4.1
Rangsit Klong 7 Project	15,364	3.8
Tung Song Project	13,560	3.3
Singburi Project	14,343	3.5
Pranburi project	10,741	2.6
Mahachai Project	11,430	2.8
Maesai Project	10,155	2.5
Ranong Project	9,709	2.4
Phuket Project	26,766	6.6
Salaya Project	21,402	5.2
Nakornsrihammarat Project	18,766	4.6
Navanakorn Project	24,149	5.9
Total ownership of land and buildings in 14 locations	248,761	61.0
Ownership of partial lands, ownership on buildings, and leasehold right on partial land in 2 locations		
Samui Project	24,414	6.0
Pitsanulok Project	19,239	4.7
Total ownership of partial lands, ownership on buildings, and leasehold right on partial land in 2 locations	43,653	10.7
Leasehold right on lands and ownership of buildings in 6 locations		
Amatanakorn Project	24,875	6.1
Petchaboon Project	16,054	3.9
Lumlukka Klong 6 Project	14,199	3.5
Sena Project	10,173	2.5
Bangpoo Project	15,982	3.9
Rangsit-Nakornnayok Project	15,011	3.7
Total leasehold right on lands and ownership of buildings in 6 locations	96,294	23.6
Leasehold right on land and buildings in 1 location		
Rama I Project	19,231	4.7
Total leasehold right on land and buildings in 1 location	19,231	4.7
Total freehold and leasehold properties in 23 locations	407,939	100

2 Basis of preparation of the projected financial information

The projected financial information has been prepared for the purpose of being included in circulation report for supporting the unitholders' decision and prospectus for the Fund to AXTRART conversion transaction. Therefore, the use of the projected financial information may not be appropriate and should not be used or relied upon for any purpose other than described above.

The projected financial information composes of the projected statement of comprehensive income and distribution statements and notes to the projected financial information. The projected statement of comprehensive income has been prepared in accordance with accounting guidelines for the Property Fund, Real Estate Investment Trust, Infrastructure Fund and Infrastructure Trust established by the Association of Investment Management Companies and endorsed by the Securities and Exchange Commission, Thailand (accounting guidelines). For the areas not covered by the accounting guidelines, the Trust applies the requirements in accordance with Thai Financial Reporting Standards issued by the Federation of Accounting Professions, which are effective on the date of preparation. In addition, the projected financial information does not contain the complete set of financial statements and related notes to financial statements. Therefore, the projected financial information does not present fairly the financial positions, results of operations and cash flows in accordance with the accounting guidelines.

Moreover, the fiscal year end of the Fund is last day in February of each calendar year. However, the projected financial information has been prepared for the period from 1 January 2025 to 31 December 2025 ("projected period").

The projected financial information has been prepared based on accounting policies as described in Note 4 which is in line with accounting policy that is expected to be used by the REIT to propose the financial information for the corresponding period from existing properties of the Fund.

3 Summary of significant assumptions

The projected financial information for the projected period has been prepared based on the significant assumptions listed below. The Management Company considers these assumptions to be appropriate and reasonable as at the date of this report. However, investors should consider these assumptions as well as the projected statement of comprehensive income and make their own assessment of the future performance of the REIT.

The projected financial information for the projected period presents the future performance of the REIT based on significant assumptions as follows:

3.1 Existing properties

The Fund will not have additional investments before the conversion. Therefore, the projected statement of comprehensive income and distribution statement has been prepared based on the performance from existing properties of the Fund (Note 1) as at the date of this report.

3.2 Investment income

Investment income of the Trust comprised of rental and service income from shop rental space and interest income. The assumptions related to investment income are as follows:

3.2.1 Rental and service income

Rental and service income from shop rental space are comprised of rental and service income from temporary and permanent tenants and other service incomes from utilities, advertising banners and parking spaces. Estimated rental and service income has been prepared according to existing lease and service agreements which comprised of significant assumptions as follows:

Incomes	Assumptions
Estimated average occupied rates	97% of total lettable areas.
Estimated new rental and service income rates for renewed lease agreements after their expiration by the projected period	<p>After the lease agreements expired, the Management Company forecasts that all existing tenants will continue renewing such lease agreements. The new rental and service fee is based on the type of lease agreement. Such rental and service income rates are calculated from existing rental and service income rates, market rates, rental and service income rates for renewed lease agreements, economic conditions, inflations and demand for space rental etc.</p> <ul style="list-style-type: none"> For hypermarket and food courts tenants, the agreements are 10-year lease period. Therefore, such rental and service fees are based on existing lease agreements. For permanent and temporary retail tenants, rental and service income rates are assumed to increase by 2% for every renewal of lease agreements.
Other service incomes from utilities, advertising banners and parking spaces	1% of total rental and service income of space rental based on historical data
Transfer of ownership of land and buildings from the Fund and owners of such land and building to the Trust after the conversion	No impact to existing rental and service income rates

3.2.2 Interest income

Interest income is comprised of interest income from deposits held at banks and from investments in debt instruments. Estimation of such incomes are based on historical data.

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3.3 Management fees expenses

Management fees expenses are comprised of REIT management fees, trustee fees, registrar fees, property management fees excluded of value added tax, special business tax or other taxes. The projected management fees expenses are based on assumptions as follows:

Expenses	Assumptions under LPF	Assumptions under AXTRART
Management fee of the management company / REIT Manager	At a rate not exceeding 0.16 percent of LPF's net asset value per year	<p>The base fee rate is not exceeding 0.25 percent of the total asset value (TAV) of AXTRART but not less than THB 10,000,000 per year.</p> <p><u>For 2024 - 2029</u> not exceeding 0.18 percent of the total asset value (TAV) of AXTRART</p> <p><u>For 2030 onwards</u> (1) In case of total asset value is not more than THB 35,000 mm at the rate 0.18 percent of the total asset value of AXTRART per year (2) In case of total asset value is more than THB 35,000 mm at the rate of not exceeding 0.25 percent of the total asset value of AXTRART per year.</p> <p>REIT manager fee not included other than the aforementioned base fee.</p>
Fund supervisor or Trustee fee	At a rate not exceeding 0.01 percent of LPF's net asset value per year	At a rate not exceeding 0.18 percent per year of AXTRART's total asset value (TAV), but not less than minimum rate of THB 5,000,000 per year.
Registrar fee	At a rate not exceeding 0.02 percent of LPF's net asset value per year	Assuming AXTRART will use services from Thailand Securities Depository Co., Ltd. (TSD), which the registrar fee will be calculated on paid up capital of the Trust under TSD registrar rate.

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Expenses	Assumptions under LPF	Assumptions under AXTRART
Property manager fee	<ol style="list-style-type: none"> 1. The rental fee and services fee collection fee shall be charged at a rate of not exceeding 3 percent of LPF's net property revenue. 2. The property management fee shall be charged at a rate not exceeding 0.3 percent of LPF's net asset value per year 3. Incentive fee shall be charged at a rate not exceeding 2.35 percent of LPF's net property income 4. Commission fee for procuring tenants and managing all tenants of LPF at the process of entering into new lease agreement or renewing lease term, shall be charged 0.5 - 1.5 time of monthly rental fee of such tenant 5. Fee for overseeing works in relation to investment or demolition shall be charged at a rate of 2 percent of investment or demolition expenses (as the case may be) 	<ol style="list-style-type: none"> 1. The rental fee and services fee collection fee shall be charged at a rate of not exceeding 3 percent of AXTRART's net property revenue. 2. The property management fee <ul style="list-style-type: none"> • <u>In case the unitholders' meeting does not approve the adjustment of the property management fee:</u> it shall be charged at a rate of not exceeding 0.3 percent of AXTRART's net asset value per annum; • <u>In case the unitholders' meeting approves the adjustment of the property management fee:</u> it shall be charged: <ul style="list-style-type: none"> ○ <u>For the year of 2024 - 2025:</u> at a rate of not exceeding 0.3 percent of AXTRART's net asset value per annum; ○ <u>From 2026 onwards:</u> <ul style="list-style-type: none"> ▪ In case the total asset value is equal or more than 32,000 million Baht : at a rate of not exceeding 0.271 percent per annum of the adjusted total asset value* (Adjusted TAV) of AXTRART; ▪ In case the total asset value is less than 32,000 million Baht : at a rate of not exceeding 0.300 percent per annum of the adjusted total asset value* (Adjusted TAV) of AXTRART but will not exceed 90 million Baht per annum. 3. Incentive fee shall be charged at a rate not exceeding 2.35 percent of AXTRART's net property income 4. Commission fee for procuring tenants and managing all tenants of AXTRART at the process of entering into new lease agreement or renewing lease term, shall be charged 0.5 - 1.5 percent of monthly rental fee of such tenant. 5. Fee for overseeing works in relation to investment or demolition shall be charged at a rate of 2 percent of investment or demolition expenses (as the case may be)

Remark: The adjusted total asset value is calculated from the book value of the main assets managed by the property manager which is divided by the book value of all main assets of the REIT and multiply by the total asset value of the REIT.

The projected financial information and accompanying notes are translated from the projected financial information in Thai language.

3.4 Professional fees

Professional fees are comprised of audit and property appraisal fees. They are calculated based on the actual fee and considering the expenses that may occur in the future.

3.5 Operating expenses

Operating expenses are comprised of common areas expenses, repair and maintenance costs insurance premium, utility costs and other operating expenses. The projected operating expenses are based on historical data and adjusted according to the events that may occur in the future. Given that there will be no significantly different from the date of preparation of the projection.

3.6 Other expenses

Other expenses are comprised of the Stock Exchange annual fee, securities custodian fee, depreciation expenses of right-of-use assets and miscellaneous expenses which are based on the actual fee and considering the expenses that may occur in the future including similar other expenses of the Fund and REIT which might have different rates and calculation methods.

3.7 Finance costs

Finance costs are incurred from the Fund's existing long-term borrowings which are recognised by using the effective interest rate method. Interest rate assumptions of long-term borrowings are based on average reference interest rates at MLR – 3.5%.

Average MLR means average rate of term-loan interest rate from commercial banks which are Bangkok Bank Public Company Limited, Kasikorn Bank Public Company Limited, Krung Thai Bank Public Company Limited, and Siam Commercial Bank Public Company Limited.

3.8 Projected benefits distribution

Projected benefits distribution is calculated based on the assumed projected benefits distribution rate for the Fund's existing properties of not less than 90% of net cash available for benefits distribution. The net profit available for benefits distribution is adjusted with excess liquidity from accrued interest expense, non-cash bank fees, less with principal repayment of borrowings and unrealised gain or loss from changes in fair value of properties (if any). The actual benefits distribution rate may differ from the projected rate subject to the REIT Manager's consideration.

In addition, the Fund as a property fund has a limit leverage gearing, which is not exceed 10 percent of net asset value (NAV), and the limit of leverage gearing is not optimisation for property fund in term of growth. However, after the Fund convert into AXTRART there will be more opportunities to expand investment in new assets or expansion of existing assets. Moreover, REIT has an advantage in term of leverage gearing, which is not exceed 35 percent of total asset value (TAV) and can be up to 60 percent of TAV, in case of having an investment grade credit rating. In the result, AXTRART will have optimal financial structure and more flexibilities to invest, which can encourage more benefits to distribution. However, benefits distribution ratio is subject to REIT manager consideration and AXTRART's performance.

3.9 Other assumptions

The projected statement of comprehensive income and distribution statements for the 12-month period from 1 January 2025 to 31 December 2025 are prepared on other assumptions as follows:

- 1) No change in properties;
- 2) No further capital raised;
- 3) No significant change in taxation legislation and other applicable legislation;
- 4) All lease agreements are enforceable and will be performed in accordance with their terms;
- 5) No change in fair value of property;
- 6) No transaction cost related to conversion to the Trust and no transaction costs related to issuance cost of unit trust;
- 7) No change in credit facilities

4 Valuation of freehold and leasehold properties

The investment in properties and property leasehold rights are stated at fair value with no depreciation charge in accordance with accounting guidelines for the Property Fund, Real Estate Investment Trust, Infrastructure Fund and Infrastructure Trust established by the Association of Investment Management Companies and endorsed by the Securities and Exchange Commission, Thailand (accounting guidelines). The Trust will conduct an appraisal of the properties at least every two years from the date of the acquisition or latest appraisal and will update appraisals with a review every year after the date of the latest appraisal.

The fair values of investment properties and leasehold rights used in the projected statement of comprehensive income and distribution statements for the projected period are their fair values appraised in November 2023 by independent appraisers. The unrealised gain from changes in fair value of investment properties does not have impact on the benefits distribution of the Trust for the projected period as the calculation of the benefits distribution excludes unrealised gain on revaluation.

However, the unrealised loss from changes in fair value of investment properties and leasehold rights has an impact on the benefits distribution of the Trust as the calculation of the benefits distribution includes the unrealised loss on revaluation.

5 Accounting policies

The principal accounting policies adopted in the preparation of these projected statement of comprehensive income and distribution statements are set out as follows:

5.1 Revenues and expenses recognition

Rental and service income under operating lease agreement is recognised by using the straight-line method over the rental and service term agreements.

Expenses are recognised on an accrual basis.

Finance costs are recognised on the effective interest rate method.

5.2 Measurement of investments

Investments in properties and leasehold rights

The initial costs of properties and leasehold rights have been stated at fair value of the acquisition price plus associated costs. The investments in property and leasehold rights are stated at fair value with no depreciation charge. The fair value is based on the appraisal value determined by the independent professional appraisers licensed by the Securities and Exchange Commission Thailand. The Trust will conduct an appraisal of the properties every year after the date of the latest appraisal.

A change in the fair value of investment properties will be recognised in the projected income and distribution statement as an unrealised gain or loss for the period in which it arises.

5.3 Distribution

For distribution payment to unitholders, the Trust manager will announce to pay benefits distribution and set unitholders register's book closing date.

6 Approval of the projected financial information

The projected financial information has been approved by the management of the Management Company on 30 April 2024.