

Future Park Leasehold Property Fund (FUTUREPF)

Management's Discussion and Analysis for 1Q2018

Analysis of Operating Results

Unit : Million Baht

	1Q2018	1Q2017	% Change (YoY)	4Q2017	% Change (QoQ)
Rental Income	246.9	255.0	(3)	252.8	(2)
Interest Income & Other Income	1.8	2.1	(16)	2.5	(28)
Total income	248.7	257.1	(3)	255.3	(3)
Property Expenses	17.1	17.7	(4)	29.2	(41)
Property Management Fees	22.2	22.2	0	22.8	(2)
Fund Management Fees and Expenses	5.2	7.0	(26)	5.2	1
Total expenses	44.5	46.8	(5)	57.1	(22)
Net Investment Income	204.1	210.2	(3)	198.2	3
Net Unrealized gain (loss) from changes in investment value	(33.3)	3.2	(1,151)	(41.0)	(19)
Net Increase in net assets from operations	170.8	213.4	(20)	157.1	9
Distributable Income *	170.8	210.2	(19)	157.1	9
Distribution Income	183.8	189.6	(3)	178.5	3
Distribution Income per Unit (Baht)	0.347	0.358	(3)	0.337	3
Net Investment Income Margin	82%	82%	0	78%	4
Distribution Income Margin	74%	74%	0	70%	4

*Distributable Income calculates from net increase in net assets from operations, excluding net unrealized gain from changes in investment value.

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Total income

In 1Q2018, FUTUREPF had total income of 248.7 million baht, which decreased by 8.4 million baht or 3% from the same period of last year. It was mainly driven from:

1. Revenue from shop area decreased by 4.6 million baht or 3%, mainly resulted from the drop in average occupancy rate in this quarter from 97% to 95%. It also came from the slightly lessening in average rental rate, resulted from rental discount for mini-shop in 3rd floor, which affected by economic recession.
2. Revenue from common area also decreased by 3.1 million baht or 4% due to the decrease in average occupancy rate from 85% to 83%.

Comparing with 4Q2017, total income decreased by 6.6 million baht or 3% due to the decrease in rental income, because of the slight drop in average occupancy rate of shop area and common area from the previous quarter.

Total Expenses

In 1Q2018, FUTUREPF had total expenses of 44.5 million baht, which became lower by 2.4 million baht or 5% compared with the same period of last year, mainly due to the decreased of interest expense, the property repair and maintenance expenses, and insurance premium.

Comparing with 4Q2017, the fund had total expenses of 57.1 million baht, decreased by 12.6 million baht or 22% because there were marketing activities during Christmas and New Year in December 2017.

Net Investment Income

In 1Q2018, FUTUREPF had net investment income of 204.1 million baht. It decreased by 6.1 million baht or 3% compared with the same period of last year because the decrease in rental income was higher than the drop in total expenses. Therefore, FUTUREPF announced the dividend payment of 183.8 million baht, or 0.347 baht per investment unit, which slightly decreased from 0.358 baht per investment unit in 1Q2017.

Compared with 4Q2017, FUTUREPF had net investment income increased by 5.9 million baht or 3%, due to the decrease in marketing expenses.

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Unrealized Gain (Loss) from Changes in Investment Value

In 1Q2018, FUTUREPF recorded unrealized loss from changes in investment value of 33.0 million baht compared with 4Q2017, resulted from changing in assumption for the valuation of investments align with current business. Moreover, the fund had capital expenditures for the improvement of the equipment and the renovation of leasable area of 0.3 million baht. Thus, the fund had net unrealized loss in property investment of 33.3 million baht.

Profitability

In 1Q2018, net investment income margin was 82% and distribution income margin was 74%, which was at the same level as 1Q2017.

Compared with 4Q2017, net investment income margin and distribution income margin increased because the decreased in property expenses was higher than the drop in total revenue, so net investment income and distribution income increased.

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Balance Sheet

Unit : Million Baht

	As 31 Mar 2018	As 31 Dec 2017
Investments in properties at fair value	6,932.0	6,965.0
Investments in securities and cash at banks	340.9	324.7
Other assets	47.2	53.0
Total assets	7,320.0	7,342.7
Deposits of rental and service	337.6	344.0
Borrowing	85.0	100.0
Other liabilities	89.7	83.3
Total liabilities	512.3	527.3
Net assets	6,807.8	6,815.4
Capital Received from Unit Holders	5,633.2	5,633.2
Retained earnings	1,174.6	1,182.3
Net asset value per unit	12.8553	12.8698

As of 31 March 2018, FUTUREPF had total assets of 7,320.0 million baht. The major assets consisted of the investments in properties of 6,932.0 million baht and the investment in securities and cash at banks of 340.9 million baht. Total liabilities were 512.3 million baht, mostly from deposits of rental and service.

Therefore, FUTUREPF had net asset value 6,807.8 million baht or 12.8553 baht per unit, decreased from 12.8698 baht per unit as of 31 December 2017.