

Prospect Logistics and Industrial

Freehold and Leasehold Real Estate Investment Trust

Operational reports for the fiscal year 2024



PROSPECT_F 2568/014

No.

April 1, 2025

Subject The operational reports for the fiscal year 2024 of Prospect Logistics and Industrial Freehold and Leasehold Real Estate Investment Trust (PROSPECT REIT)

To Unitholders

Prospect Logistics and Industrial Freehold and Leasehold Real Estate Investment Trust

Attachment 1) QR-Code to download the 2024 Annual Report

2) Criteria and list of channels for inquiries about operational reports for the fiscal year 2024.

3) Q&A form about operational reports for the fiscal year 2024

The Board of Directors Meeting of Prospect REIT Management Company Limited ("REIT Manager"), acting as the REIT Manager of Prospect Logistics and Industrial Freehold and Leasehold Real Estate Investment Trust ("PROSPECT REIT"), was held on February 13, 2025, and resolved to conduct two-way communication by sending the annual performance report for the year 2024 to the residences of trust unitholders. The REIT Manager will also provide communications channels for PROSPECT REIT unitholders to submit additional inquiries from April 10, 2025, to April 30, 2025, instead of holding the Annual General Meeting (AGM) (as referenced in Notification of the Office of the Securities and Exchange Commission No. Sor Ror. 20/2566 and Notification of the Capital Market Supervisory Board No. Tor Jor. 33/2566).

REIT Manager will send the report to trust unitholders whose names appear on the record date for twoway communication eligibility, set for March 5, 2025. Trust unitholders may inquire further about the report through the channels specified by the REIT Manager as follows: 1) Email: <u>Info@prospectrm.com</u> 2) Registered Mail, and 3) LINE Official Account: @ProspectRM. After the inquiry period closes, the REIT Manager will compile and disclose a summary of key issues in a question- and- answer format within 14 days, ensuring that all trust unitholders are informed. This information will also be disclosed through the Stock Exchange of Thailand's information system and PROSPECT REIT website. Details of the inquiry channels, inquiry guidelines, and relevant supporting documents are provided in <u>Attachment 2 and 3</u>.

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PROSPECT REIT operational reports for the fiscal year 2024, as follows:

Item 1

The financial statement, financial position, and net asset value for the year ending December 31, 2024.

The purpose was to inform unitholders about the financial statement, financial position, and net asset value for the year ended December 31, 2024, the key details are as follows:

(Unit : Baht)

Statement of financial position as of December 31, 2024				
Total assets value	5,359,257,994			
Total liabilities	1,909,416,988			
Net assets	3,449,841,006			
Net asset value per unit (Baht/Unit)	9.1995			
Statement of comprehensive income for the period from January 1, 2024 to December 31, 2024				
Total income	599,413,581			
Total expenses	262,926,589			
Net profit on investments	336,486,992			
Total net gain (loss) on investments	(50,545,747)			
Increase in net assets from operations	285,941,245			
Statement of cash flows for the period from January 1, 2024 to December 31, 2024				
Net cash from (used in) operating activities	431,517,581			
Net cash from (used in) financing activities	(450,769,090)			
Net increase (decrease) in cash and cash equivalents	(19,251,509)			
Cash and cash equivalents at 31 December	23,878,220			

Independent Auditor has audited the financial statements of PROSPECT REIT, which comprise the statement of financial position and details of investments as of 31 December 2024, the statements of comprehensive income, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

The Independent Auditor expressed the opinion that the accompanying financial statements present fairly, in all material respects, the financial position of PROSPECT REIT as at 31 December 2024 and financial performance, changes in net assets, and cash flows for the year ended, in accordance with the accounting guidance for Property Funds, Real Estate Investment Trusts, Infrastructure Funds and Infrastructure Trusts

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issued by the Association of Investment Management Companies, as approved by The Securities and Exchange Commission.

The full financial statements for the year ended December 31, 2024, are included in the financial statements section of the 2024 annual report (details provided in <u>Attachment 1</u>).

Management discussion and analysis of the operating results for the year ending December 31, 2024.

The operating results for the year ended on December 31, 2024, PROSPECT REIT had total income of 599.41 million Baht, which increased 31.82 million Baht or 5.61% from the previous year. The main portion of total income was from the rental and service income from PROSPECT REIT assets. PROSPECT REIT has maintained a high occupancy rate at above 90% since establishment, as of December 31, 2024, the Occupancy Rate was 96.78%

Thailand's economic forecast for 2024 by the Ministry of Finance predicts a growth rate of 2.5%, continuing from the 1.9% growth recorded in 2023. This expansion is supported by the recovery of the tourism sector, private consumption, and exports, despite facing volatility from global economic policies. Meanwhile, in 2025, the economy is expected to accelerate, growing by more than 3.0% annually, driven by private consumption, exports, tourism, and both public and private sector investments. According to data from the Board of Investment (BOI), the investment promotion applications in 2024 amounted to over 1,138,508 million baht, an increase of 35%, marking the highest level in 10 years. The number of projects reached 3,137, a 40% increase compared to the previous year. The number of investment promotion projects reached its highest level since the establishment of the BOI, reaffirming Thailand's position as a key investment hub amid the U.S.- China trade war. This also reflects investors' confidence in Thailand's readiness, including its robust infrastructure, industrial zones, stable electricity supply with clean energy potential, skilled workforce, comprehensive supply chain, competitive business costs, government support measures, and BOI incentives and services. The top five target industries with the highest investment value are: Digital Industry, Electronics and Electrical Appliances Industry, Automotive and Parts Industry including EV and ICE vehicle production projects by Japanese, Chinese, and European manufacturers, Agriculture and Food Processing Industry, and Petrochemical and Chemical Industry. Foreign direct investment (FDI) promotion reached 2,050 projects, an increase of 51%, with a total investment value of 832,114 million baht, 25% increased. The top countries with the highest investment promotion value were Singapore, China, Hong Kong, Taiwan, and Japan. Looking forward to 2025, various factors are expected to further strengthen Thailand's industrial sector, supporting sustained growth in the warehouse and rental factory business.

The year ended on December 31, 2024, PROSPECT REIT had total expense of 262.92 million Baht, which increased 23.11 million Baht or 9.64% from the previous year. Majority of the expenses were from the

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PROSPECT REIT

financial cost, administrative expenses and PROSPECT REIT management fees such as Property Manager fee, REIT Manager fee, Trustee fee, and registrar fee. Despite the rise in expenses, PROSPECT REIT had a net profit on investments (operating profit) of 336.49 million Baht, which increased 8.71 million Baht or 2.66% from the previous year. This increase was primarily driven by the full-year recognition of items related to the additional invested assets. Additionally, there was a net loss from investments amounting to 50.55 million baht. The main factor is the loss from changes in the fair value of investment properties.

As a result, the year ended on December 31, 2024, PROSPECT REIT had increase in net assets from operations of 285.94 million Baht, which increased 44.07 million Baht or 18.22% from the year ended on December 31, 2023.



Summary of the financial statements of PROSPECT REIT from its establishment to the present (2024) (Unit: Million Baht)

Item 2 The cash distribution to trust unitholders for the fiscal year 2024.

PROSPECT REIT has a policy to distribute benefits to trust unitholders of no less than 90% of the adjusted net profit for the fiscal year and at least twice a year. In practice, the REIT Manager currently considers distributing benefits to trust unitholders on a quarterly basis in alignment with the financial statements disclosed to unitholders.

The REIT Manager has announced a total distribution of 286,050,000 baht, equivalent to 0.7628 baht per unit, from operating results and retained earnings.

Additionally, the REIT Manager announced a capital reduction payment totaling 34,950,000 baht, equivalent to 0.0932 baht per unit. This capital reduction was made due to unrealized loss investments in properties at fair value. The unrealized loss item is a non-cash expense, referring to the causes and procedures of the capital reduction which has been specified in the Trust Deed.

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Therefore, in 2024, PROSPECT REIT distributed a total amount of 321,000,000 baht to trust unitholders, quivalent to 0.8560 baht per unit.

Operation Period	Distribution Payment Date	Туре	Amount (Baht)	Amount (Baht/unit)	
1 Jan 2024 - 31 Mar 2024,	14 Jun 2024	Cash Dividend	71,175,000	0.1898	
and retain earnings					
		Capital reduction	7,575,000	0.0202	
1 Apr 2024 - 30 Jun 2024	16 Sep 2024	Cash Dividend	80,625,000	0.2150	
1 Jul 2024 - 30 Sep 2024	16 Dec 2024	Cash Dividend	81,000,000	0.2160	
1 Oct 2024 - 31 Dec 2024,	18 Mar 2025	Cash Dividend	53,250,000	0.1420	
and retain earnings					
		Capital reduction	27,375,000	0.0730	
Total			321,000,000	0.8560	

Table: Summary of cash distribution to trust unitholders in 2024



Summary of distributions to unitholders from establishment to the present (2024)

Item 3 The appointment of auditors and determination of the auditors' remuneration

The REIT Manager considered and appointed auditors from KPMG Phoomchai Audit Co., Ltd., who is the PROSPECT REIT's auditor for the year ended December 31, 2024, to be PROSPECT REIT's auditors for the year 2025 and determine the auditor's remuneration for the year 2025 with the following details:

1) Appointment of Auditors

The appointment of the PROSPECT REIT's auditors for 2025 received approval in principle by the SEC. The REIT Manager evaluated the qualifications and abilities of the auditors based on their attributes, quality, and independence without any stake or conflict of interest in performing duties as the PROSPECT REIT's auditors. The auditors' names are as follows:

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1) Ms. Naowarat Nithikiartipong

2) Ms. Chanarat Chanwa

License no. 7789; or License no. 9052; or

3) Ms. Charinrat Nopparampa

License no. 10448

One of the aforementioned licensed auditors will be able to audit and express opinions about the PROSPECT REIT's financial statements. Otherwise, other auditors assigned by KPMG Phoomchai Audit Co., Ltd. may perform the audit responsibilities and express opinions about the PROSPECT REIT's financial statements instead if any of the aforementioned auditors cannot perform their duties.

2) determination of the auditors' remuneration

The remuneration for the PROSPECT REIT's auditors for the year 2025 (excluding other expenses such as document copying fees, travel expenses, and other expenses) have been specified to not exceed the amount of 1,500,000 baht.

Table: showing comparison of auditors' remuneration (Unit: baht)

Auditors' remuneration	2023	2024	2025	Change
Additions remaineration	1,400,000	1,400,000	1,500,000	+100,000

Item 4 Summary of PROSPECT REIT's operations, key changes, and developments from its establishment in 2020 to the year ended 2024.

The purpose was to inform trust unitholders of the key changes and developments of PROSPECT REIT, the key details are summarized as follows:

☐ Year 2020 (August 2020 - December 31, 2020)

PROSPECT REIT was established by virtue of the Trust Act with SCB Asset Management Co., Ltd. designated as the Trust's Trustee. In addition, Prospect REIT Management Co., Ltd. was designated as the REIT Manager on 14 August 2020.

On 18 August 2020, PROSPECT REIT has invested in the sub-leasehold rights of portions of land and buildings in the Bangkok Free Trade Zone 1 (BFTZ 1), and listed on the Securities Exchange of Thailand (SET) on August 20, 2020.

Year 2021

PROSPECT REIT has no change on the REIT Manager, the Property Manager, the Trustee, and significant investment.

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Year 2022

On March 21, 2022, PROSPECT REIT had invested in the Additional Assets No.1 by acquiring the transfer of ownership of land, a factory, and an office building (built-to-suit) in the X44 Bangna KM.18. X44 Bangna KM.18 is located in Bang Chalong, Bangpli District, Samut Prakan.

Year 2023

On March 22, 2023, PROSPECT REIT had invested in the Additional Assets No. 2, which included 1) Leasehold right to portions of the land and ownership over parts of the buildings in Bangkok Free Trade Zone 2 (BFTZ 2) on Theparak Road 2) Ownership over parts of the land and buildings in Bangkok Free Trade Zone 3 (BFTZ 3) on Bangna-Trad, Km. 19 Road. Including, purchasing any relevant movable properties used for the business operation within BFTZ 2 & BFTZ 3.

Year 2024

PROSPECT REIT has no change on the REIT Manager, the Property Manager, the Trustee, and significant investment.

☐ Year 2025 and Future

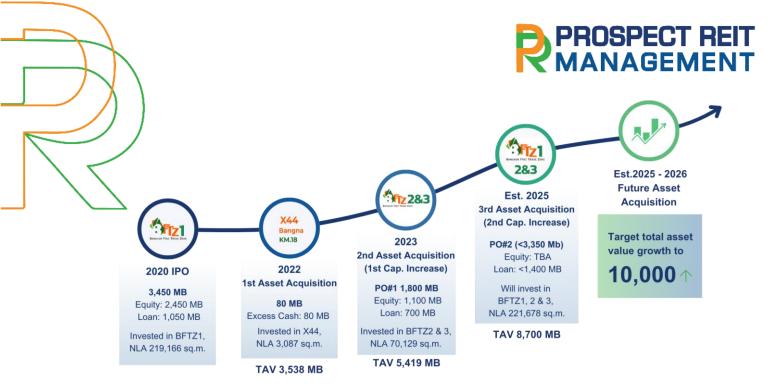
On September 13, 2024, PROSPECT REIT held Trust Unitholders' Meeting No. 1/2024 to seek approval from the trust unitholders for the third additional investment. The trust unitholders approved PROSPECT REIT's investment in the 3rd additional investment properties, which including Bangkok Free Trade Zone Project 1, Bangkok Free Trade Zone Project 2, and Bangkok Free Trade Zone Project 3, with a total leasable area of 221,678 sq.m. The total investment value will not exceed 3,350 million baht, and up to 310,000,000 additional trust units will be issued. The newly acquired assets will have a higher proportion of freehold ownership. This capital increase and 3rd additional investment will expand both the total asset size and stability of PROSPECT REIT. The REIT manager aims to grow the total asset value to 10,000 million baht.

PROSPECT REIT has submitted the application for approval of the trust unit offering and the filing document to the Securities and Exchange Commission ("SEC"). PROSPECT REIT is currently in the process of planning the capital increase trust unit offering in alignment with overall market conditions.

Unitholders can find more information on the SEC website at the following URL: https://market.sec.or.th/public/ipos/IPOSEQ01.aspx?TransID=652136&lang=th

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Summary of PROSPECT REIT's investments from its establishment to the present and future projections.

PROSPECT REIT Assets	Free Zone	General Zone	Leasable Area (Sq.m)	Proportion (%)
Bangkok Free Trade Zone 1	134,417	84,699	219,116	74.95%
X44 Bangna KM.18	-	3,087	3,087	1.06%
Bangkok Free Trade Zone 2	-	20,996	20,996	16.81%
Bangkok Free Trade Zone 3	49,133	-	49,133	7.18%
Total Leasable Area (Sq.m)	183,550	108,782	292,332	

The details of the investment assets are as follows:

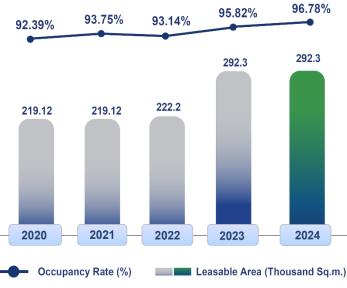
1) Sub-leasehold rights to portions of land and buildings in Bangkok Free Trade Zone 1 (BFTZ 1), remaining leasehold rights 14.98 Years, until December 22, 2039, Leasable Area 219,116 sq.m.

- 2) The ownership over the land, factory and office building in the X44 Bangna KM.18., Leasable Area 3,087 sq.m.
- Leasehold right of parts of the land and ownership over parts of the buildings in Bangkok Free Trade Zone
 2 (BFTZ 2), remaining leasehold rights 25.39 Years, until May 15, 2050, Leasable Area 20,996 sq.m.
- Ownership over parts of the land and buildings in Bangkok Free Trade Zone 3 (BFTZ 3), Leasable Area
 49,133 sq.m.

Occupancy Rate: 96.78%, as of December 31,2024.







PROSPECT REIT's Occupancy Rate from its establishment to the present

In order to comply with the Trust Deed dated and SEC regulations, which requires REIT Manager to report the operating results of PROSPECT REIT in the past fiscal year to unitholders. REIT manager has summarized the operating results for the year 2024, covering the period from January 1, 2024 to December 31, 2024. Details are provided in the 2024 annual report in QR-Code format (<u>Attachment 1</u>).

Item 5 The information regarding the management of PROSPECT REIT on key issues and future management strategies.

The prolonged geopolitical conflicts in the Middle East since 2023, along with the ongoing Russia-Ukraine war, and the anticipated second-term presidency of Donald Trump expected to bring higher tariff barriers on exports to the U.S., particularly from China have led businesses across various industries to seek new manufacturing and investment locations in Southeast Asia to mitigate risks. This shift may directly and indirectly impact the operations of tenants in PROSPECT REIT's projects.

The REIT Manager recognizes these potential risks, continuously assesses the situation, and has developed strategies to address possible business impacts. A key focus is maintaining the quality of assets and ensuring services meet the diverse needs of tenants. To achieve this, PROSPECT REIT has allocated sufficient Capital Expenditure (CapEx reserve) reserves for property improvements, ensuring that its assets remain competitive in the long term. This approach aims to enhance tenant confidence, encourage lease renewals, and attract new tenants.

PROSPECT REIT's four assets are strategically located in key logistics hubs, with proximity to both maritime and air transport. The properties include a diverse range of asset types, from small and large-scale warehouses and factory buildings, as well as Free Zone offering tax incentives to tenants. These advantages

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position PROSPECT REIT to accommodate the growing investment demand from both domestic and international tenants seeking high-quality rental spaces for factories and warehouses.

The current investment environment is volatile, and trust unitholders must be prepared to deal with uncertainties. With the growing complexity and variety of information, unitholders may feel anxious. Therefore, the REIT Manager recognizes the importance of effective communication with trust unitholders, helping to reduce concerns and providing enough information to make informed decisions. If trust unitholders have any questions regarding the operations of PROSPECT REIT or any other matters, they can immediately reach out to the REIT Manager through various convenient and efficient channels. such as: Facebook Page: https://facebook.com/ProspectRM, LINE Official Account: @ProspectRM: https://line.me/R/ti/p/@ProspectRM



However, it is important to consider factors or events that may affect the future financial position or operations. These statements reflect the opinion of the current REIT Manager. However, it is not a guarantee of the future operating results of PROSPECT REIT in any way. Therefore, trust unitholders and investors should consider and should not rely on any forward-looking statements.

Please be informed accordingly

Yours faithfully,

Aon-Anong Chaithong (Miss Aon-Anong Chaithong) Chief Executive Officer Authorized person Prospect REIT Management Company Limited

REIT Manager

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