

# AXTRA FUTURE CITY FREEHOLD AND LEASEHOLD REAL ESTATE INVESTMENT TRUST

No. 146/2025  
4 September 2025

## CORPORATES

**Issuer Rating:** A+  
**Outlook:** Stable

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## RATIONALE

TRIS Rating assigns an issuer rating of “A+” to Aextra Future City Freehold and Leasehold Real Estate Investment Trust (AXTRART or trust) with a “stable” outlook.

The rating reflects the high quality of the trust’s portfolio of shopping malls in diverse locations nationwide, its highly predictable cash flow from contract-based rental and service income, as well as its low leverage and conservative financial policy. The rating also takes into consideration the future growth opportunities of the trust, supported by assets from its sponsor, CP Aextra PLC (CPAXT), rated “AA-/Stable”. However, these strengths are partially constrained by intense competition within the shopping mall sector and threats of an economic slowdown.

## KEY RATING CONSIDERATIONS

### Leading REIT with high OR from quality assets

AXTRART is stepping up to become a leading real estate investment trust (REIT) in Thailand, following the conversion of the Lotus’s Retail Growth Freehold and Leasehold Property Fund (LPF) in November 2024. Initially known as the Tesco Lotus Retail Growth Freehold and Leasehold Property Fund (TLGF), LPF was established in 2012.

As of June 2025, AXTRART was the fourth-ranked REIT in Thailand by assets, boasting total investment properties exceeding THB30 billion in value. AXTRART focuses on investing in freehold and leasehold retail space. Its portfolio encompasses 23 “Lotus’s” hypermarket shopping centers strategically situated throughout Thailand, providing more than 330,000 square meters (sq.m.) of net leasable retail space. Given the prime locations of assets and mall renovations to revitalize rental spaces, AXTRART has maintained an average occupancy rate (OR) exceeding 96% over the past several years.

### Stable cash flow from contract-based rental income

AXTRART’s strong business profile is underpinned by reliable cash flow from contract-based rental income. The trust’s rental and service income are highly predictable as most tenants are bound by three-year contracts. Fixed-rent contracts constitute approximately 75% of the total area, while revenue-sharing contracts contribute 20%, and the remaining 5% comes from temporary contracts with terms of less than one year.

Of the leased area, 13% expires in 2025, 8% in 2026, 8% in 2027, and 71% from 2028 onward. With quality retail spaces in good locations, the trust’s renewal rate has been relatively high at around 80%-90% for the past several years. Given its proven track record in rental property management, we expect the REIT manager to be able to sustain the high renewal rate going forward while maintaining favorable rental rates.

### Sound operating performance

We expect AXTRART to sustain its sound operating performance, driven by its capability to adjust rental rates and strengthen the tenant mix coupled with effective management of operating expenses. Under our base-case scenario, we project the trust’s operating revenue of around THB2.8 billion per annum, with an EBITDA margin of about 80% over the next three years. The forecast

underscores the trust's proficiency in maintaining high profitability levels through a strong tenant mix and cost control measures.

#### **Long-term lease agreements with strong anchor tenants**

AXTRART's competitive edge stems from its association with Lotus's stores. More than 50% of the total leasable area is secured under long-term lease agreements with Lotus's hypermarket stores, owned by CPAXT. This not only secures a significant proportion of total revenue but also brings substantial foot traffic thanks to Lotus's strong position in grocery retail. This store model benefits both Lotus's stores and other mall tenants, thereby boosting overall profitability and ensuring long-term viability.

#### **Diversified assets with low concentration risk**

The trust's portfolio exhibits low concentration risk with a diverse asset base. It comprises 23 shopping centers nationwide, accommodating approximately 1,900 tenants. Over the past three years, the top 10 largest tenants, excluding CPAXT, have occupied less than 20% of the total area.

#### **Growth opportunities from assets under the group**

CPAXT, holding a 25% stake in AXTRART as of June 2025, serves as its property manager and sponsor. As a prominent player in the nation's wholesale and retail market, CPAXT operates 226 Lotus's hypermarkets and 169 "Makro" stores in Thailand. CPAXT is also making substantial investments in new store openings and mixed-use projects. Consequently, AXTRART can grow in tandem with the expansion of CPAXT's retail space, both through existing stores and new ventures.

#### **Low leverage**

AXTRART has maintained low financial leverage with a loan to total asset value (LTV) of about 10% and an interest-bearing debt to EBITDA ratio of less than 1 times over the past several years. Its debt to capitalization ratio was a low 5.9% as of June 2025.

Looking forward, AXTRART is expected to allocate part of its investment budget to renew leasehold contracts, as several land plots are set to expire within the next five to 10 years. Under our base-case forecast, we assume the trust will allocate a total of THB540 million for lease renewals between 2025 and 2027. We expect annual mall renovation costs to amount to THB100 million per year, in addition to annual maintenance capital expenditures of THB100 million. Given the limited capital expenditures, we expect the trust will maintain a low leverage profile, with interest-bearing debt to EBITDA ratio remaining below 1.5 times and the loan to total asset value ratio staying under 12%.

#### **Adequate liquidity**

We assess AXTRART's liquidity profile as adequate. As of 30 June 2025, the financial flexibility of the trust was supported by cash and short-term investments of about THB1.5 billion. We forecast its funds from operations (FFO) over the next 12 months to be around THB2.2 billion. AXTRART has no debt maturing within the next 12 months.

AXTRART's uses of funds include maintenance and renovation costs, budgeted at THB200 million, plus dividend payments of about THB2 billion per year.

#### **BASE-CASE ASSUMPTIONS**

These are the key assumptions for AXTRART's operations during 2025-2027:

- Total operating revenue of around THB2.8 billion per annum, with an EBITDA margin of around 80%.
- OR to hover around 95%-96%.
- Capital expenditures for lease extensions totaling THB540 million for three years.
- Capital expenditures for maintenance and renovations of about THB200 million per year.

#### **RATING OUTLOOK**

The "stable" outlook reflects our expectation that AXTRART will be able to deliver operating results and maintain its financial profile in line with our base-case forecast.

#### **RATING SENSITIVITIES**

The rating and/or outlook could be revised downward if the trust's operating performance and/or financial profile deviate considerably from our expectations. An increase in the adjusted net debt to EBITDA ratio to a level above 3.25 times for a prolonged period could prompt a negative rating action. Conversely, an upward revision could be considered if the trust significantly improves its cash generation while maintaining a strong capital structure.

## TRUST OVERVIEW

AXTRART was established in November 2024, following the conversion of the LPF, which was formerly known as TLGF. LPF was established in 2012 and listed on the Stock Exchange of Thailand (SET) in 2005.

AXTRART was listed on the SET in December 2024. The trust currently manages portfolio of 23 Lotus's shopping centers, comprising 75% freehold and 25% leasehold properties, with a total leasable area of over 330,000 sq.m. and an average OR of 96%. As of June 2025, CPAXT held the largest stake in the trust, owning 25% of its units. Aextra Future City Property REIT Co., Ltd., a joint venture between CPAXT and CP Future City Development Corporation Ltd. (CPFC), acts as AXTRART's REIT manager, while CPAXT is the property manager.

## KEY OPERATING PERFORMANCE

**Table 1: AXTRART's Property Portfolio**

	Asset Area	Net Leasable Area (Sq.m.)	Freehold/Leasehold Land	Remaining Leasehold Period (Years)	Investment at Fair Value As of 30 Jun 2025 (Million THB)
1	Srinakarin	27,294	Freehold		3,546
2	Krabi	16,170	Freehold		2,075
3	Prachacheun	12,491	Freehold		1,744
4	Rangsit Klong 7	12,494	Freehold		1,569
5	Tung Song	11,084	Freehold		704
6	Singburi	11,383	Freehold		601
7	Pranburi	9,085	Freehold		977
8	Mahachai	8,431	Freehold		588
9	Maesai	7,541	Freehold		947
10	Ranong	7,673	Freehold		756
11	Phuket	22,297	Freehold		3,191
12	Salaya	18,571	Freehold		1,943
13	Nakhon Si Thammarat	15,487	Freehold		1,487
14	Nawanakorn	20,630	Freehold		2,687
15	Samui	20,892	Mixed		1,001
16	Phitsanulok	16,170	Mixed		1,153
17	Amatanakorn	22,341	Leasehold	14.2	1,457
18	Petchaboon	13,794	Leasehold	12.0	760
19	Lamlukka Klong 6	11,310	Leasehold	11.7	546
20	Sena	7,911	Leasehold	12.5	321
21	Rangsit-Nakhon Nayok	13,060	Leasehold	10.1	594
22	Bangpu	12,818	Leasehold	12.1	719
23	Rama I	15,543	Leasehold	9.3	854
<b>Total</b>		<b>334,472</b>			<b>30,219</b>

Source: AXTRART

## FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS

Unit: Mil. THB

	Jan-Jun 2025	Jan-Mar 2025
Total operating revenues	1,432	721
Earnings before interest and taxes (EBIT)	1,147	582
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	1,154	585
Funds from operations (FFO)	1,105	561
Adjusted interest expense	49	25
Capital expenditures	53	30
Total assets	32,422	32,533
Adjusted debt	1,796	1,292
Adjusted equity	28,889	29,020
<b>Adjusted Ratios</b>		
EBITDA margin (%)	80.6	81.2
Pretax return on permanent capital (%)*	7.2	7.3
EBITDA interest coverage (times)	23.5	23.7
Debt to EBITDA (times)*	0.8	0.6
FFO to debt (%)*	123.1	173.6
Debt to capitalization (%)	5.9	4.3

\* Annualized 12 months

## RELATED CRITERIA

- Rating Methodology for Real Estate for Rent Companies, 16 December 2024
- Corporate Rating Methodology, 15 July 2022
- Key Financial Ratios and Adjustments for Corporate Issuers, 11 January 2022

## Axtra Future City Freehold and Leasehold Real Estate Investment Trust (AXTRART)

<b>Issuer Rating:</b>	A+
<b>Rating Outlook:</b>	Stable

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