

INDEPENDENT AUDITOR'S REPORT

To the Unitholders of AIM Commercial Growth Freehold and Leasehold Real Estate Investment Trust

Opinion

I have audited the financial statements of AIM Commercial Growth Freehold and Leasehold Real Estate Investment Trust ("the Trust") which comprise the statement of financial position and detail of investments as at 31 December 2023, the statements of comprehensive income, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of AIM Commercial Growth Freehold and Leasehold Real Estate Investment Trust as at 31 December 2023, and its financial performance, changes in net assets and cash flows for the year then ended in accordance with the guidance of accounting practices for Property Fund, Real Estate Investment Trust, Infrastructure Fund, and Infrastructure Investment Trust, which is determined by Association of Investment Management Companies and approved by the Securities and Exchange Commission.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the Code of Ethics for Professional Accountants including Independence Standards issued by the Federation of Accounting Professions (Code of Ethics for Professional Accountants) that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code of Ethics for Professional Accountants. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Key audit matter	How the matter was addressed in the audit
<p><i>Valuation of investment in properties</i></p> <p>As at 31 December 2023, the Trust's investments in properties was presented at fair value of Baht 2,680 million, and an unrealised loss from change in fair value of investments in properties of Baht 166 million was recognized in the statement of comprehensive income for the year ended 31 December 2023.</p> <p>The fair value is determined by an independent valuer by using the income approach method which is measured by discounted cash flow projections which reflects rental income from current leases and assumptions about rental income from future leases in the light of current market condition. The REIT Manager must make judgements and significant estimates in determining the fair value which includes:</p> <ul style="list-style-type: none"> • growth rate of rental income; • occupancy rate; and • discount rate. <p>Refer to Note 5 to the financial statements for critical accounting estimates, assumption and judgements and Note 7 to the financial statements for details of the investment in properties.</p>	<p>My audit procedures are summarized as follow:</p> <ul style="list-style-type: none"> - Assessed the Trust's internal controls related to the measurement of the fair value of the investments in properties by inquiry with the responsible persons and gaining an understanding of the controls designed by the REIT Manager. - Assessed the competency, independence, and objectivity of the valuer firm and verified their qualifications - Discussions with REIT Manager and independent valuer to understand the basis and assumptions used for measurement of the valuation of investment properties. - Assessed the assumptions and checked the validity of the data used in the valuation of the investment in properties by evaluating a sample of inputs as follows: <ul style="list-style-type: none"> • The growth rate of rental income and occupancy rate, which performed the comparison between past experiences and related document of rental extension. • The estimated future net cash flows received which was estimated from rental and other income and expenses. • Discount rate, which considered the basis of discount rate and compared with the same business.

Key audit matter	How the matter was addressed in the audit
	<p>- Recomputed the calculation of valuation of investment in properties. It is based on the estimated discount cash flow of investment properties. It is calculated on discount rate, which is affected the current market and audited the accuracy of transactions.</p> <p>From the above procedures, I found that the significant assumptions, used in the accounting estimates of REIT manager and related judgement of fair value measurement of investment in properties are reasonableness.</p>

Other Matter

The financial statements of AIM Commercial Growth Freehold and Leasehold Real Estate Investment Trust as at 31 December 2022, presented as comparative information, were audited by another auditor who used to be in the same office as mine, who expressed an unmodified opinion on this statement according to the report dated 27 February 2023.

Other Information

The REIT Manager is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the REIT Manager and request them to revise the material misstatement.

Responsibilities of the REIT Manager for the Financial Statements

The REIT Manager is responsible for the preparation and fair presentation of the financial statements in accordance with the guidance of accounting practices for Property Fund, Real Estate Investment Trust, Infrastructure Fund, and Infrastructure Investment Trust, which is determined by Association of Investment Management Companies and approved by the Securities and Exchange Commission, and for such internal control as the REIT Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the REIT Manager is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless REIT Manager either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

The REIT Manager is responsible for overseeing the Trust's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the REIT Manager.
- Conclude on the appropriateness of the REIT Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the REIT Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the REIT Manager with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with the REIT Manager, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Luxsamee Deetrakulwattanapol

Certified Public Accountant

Registration No. 9056

Grant Thornton Limited

Bangkok

28 February 2024

AIM COMMERCIAL GROWTH FREEHOLD AND LEASEHOLD REAL ESTATE INVESTMENT TRUST
STATEMENT OF FINANCIAL POSITION

	Notes	Baht	
		31 December 2023	31 December 2022
ASSETS			
Investment in properties - at fair value	7 , 19	2,680,146,509	2,844,923,910
Cash and cash equivalents	6 , 8	213,743,963	186,441,751
Receivables			
From rental and services	6 , 9	302,451,667	268,481,023
From interest	6	102,992	69,777
From revenue department		281,176	2,692,513
Deferred expenses	10	4,569,016	13,283,394
Other assets		3,140,760	2,996,206
TOTAL ASSETS		3,204,436,083	3,318,888,574
LIABILITIES			
Short-term loan from financial institution	11	40,000,000	40,000,000
Payables			
From interest		757,955	908,493
Others	6	31,251,370	37,643,408
Accrued expenses	6	5,756,621	16,289,001
Deposits and rental guarantee	6	63,151,701	71,465,929
Liabilities under lease	12	63,215,356	63,923,910
Long-term loan from financial institution	13	159,839,151	182,915,715
TOTAL LIABILITIES		363,972,154	413,146,456
NET ASSETS		2,840,463,929	2,905,742,118
NET ASSETS			
Capital from unitholders			
288,000,000 units of Baht 9.80 each	15	2,822,400,000	2,822,400,000
Retained earnings	16	18,063,929	83,342,118
NET ASSETS		2,840,463,929	2,905,742,118
Net asset value per unit (Baht)		9.8627	10.0893
Number of units issued at the end of year (Units)		288,000,000	288,000,000

 () Director

AIM COMMERCIAL GROWTH FREEHOLD AND LEASEHOLD REAL ESTATE INVESTMENT TRUST
 DETAILS OF INVESTMENTS

Details of investments classified by investment type

Type of investments/ Land title deed	Area	Location	Building no.	31 December 2023			31 December 2022		
				Cost (Baht)	Fair value (Baht)	Percentage of investments (%)	Cost (Baht)	Fair value (Baht)	Percentage of investments (%)
	(Rai-Ngan-Sq. Wah)								
Investment in properties									
Land Sub-Lease Agreement and/or Buliding and Movable Assets Sub-Lease Agreement - UD Town Project									
907490226	23-1-69.9	Pho Si Road, Mak Khaeng Subdistrict, Mueang Udon Thani District, Udon Thani Province	45/5	1,527,363,033	1,375,946,509	51.34	1,527,363,033	1,443,923,910	50.75
Leasehold Rights of Lands, Building and Movable assets - Porto Chino Project									
120935	10-2-19.3	Rama 2 Road, Na Di Subdistrict, Mueang Samut	99/120-124	947,425,164	720,000,000	26.86	947,425,164	787,000,000	27.66
117043	3-1-55.8	Sakhon District Samut Sakhon Province							
117042	0-0-84.9								
Leasehold Rights for Buildings and Movable assets - 72 Courtyard Project									
-	-	Soi Sukhumvit 55 (Soi Thong Lor), Sukhumvit Road, Khlong Tan Nuea, Watthana, Bangkok	72	458,532,338	329,000,000	12.28	458,532,338	374,000,000	13.15
Ownership of Condominium for Commercial use									
988/1, 988/2, 988/3		Noble Solo Condominium	1	225,982,674	255,200,000	9.52	225,982,674	240,000,000	8.44
988/4, 988/5, 988/6		Soi Sukhumvit 55 (Soi Thong Lor), Sukhumvit Road, Khlong Tan Nuea, Watthana, Bangkok							
Total investments in properties				3,159,303,209	2,680,146,509	100.00	3,159,303,209	2,844,923,910	100.00

 Director
 ()

AIM COMMERCIAL GROWTH FREEHOLD AND LEASEHOLD REAL ESTATE INVESTMENT TRUST
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER

	Notes	Baht	
		2023	2022
INVESTMENT INCOME			
Rental and service income	6	352,195,627	334,596,436
Interest income	6	5,782,415	2,925,456
Other income		512,955	745,296
Total investment income		358,490,997	338,267,188
EXPENSES			
Operating expenses	6 , 18.5	42,495,458	41,486,908
REIT Manager fee	6 , 18.1	17,802,842	17,341,572
Trust's property management fee	6 , 18.4	14,670,872	10,478,081
Amortization of deferred expenses	10	8,714,378	8,714,379
Trustee fee	6 , 18.2	7,561,393	7,402,432
Professional fee		1,637,029	1,523,960
Registrar fee	18.3	882,528	810,960
Other expenses		1,853,942	1,733,476
Finance cost		15,617,146	13,686,885
Loss from expected credit loss	6	2,208,538	62,881,168
Total expenses		113,444,126	166,059,821
Net investment income	16	245,046,871	172,207,367
Net loss from investments			
Loss from change in fair value of investments			
in properties	7 , 16	(166,330,060)	(10,533,221)
Net loss from investments		(166,330,060)	(10,533,221)
Increase in net assets from operations		78,716,811	161,674,146

Director
()

AIM COMMERCIAL GROWTH FREEHOLD AND LEASEHOLD REAL ESTATE INVESTMENT TRUST
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED 31 DECEMBER

	Notes	Baht	
		2023	2022
Increase in net assets from operations for the year			
Net investment income	17	245,046,871	172,207,367
Loss from change in fair value of investments in properties	7 , 16	(166,330,060)	(10,533,221)
Increase in net assets from operations		78,716,811	161,674,146
Capital return on unitholders	15	-	(57,600,000)
Distribution to unitholders	17	(143,995,000)	(60,476,471)
Increase (decrease) in net assets during year		(65,278,189)	43,597,675
Net assets at the beginning of year		2,905,742,118	2,862,144,443
Net assets at the end of year		2,840,463,929	2,905,742,118

 () Director

AIM COMMERCIAL GROWTH FREEHOLD AND LEASEHOLD REAL ESTATE INVESTMENT TRUST
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER

	Baht	
	2023	2022
Cash flows from operating activities		
Increase in net assets from operations	78,716,811	161,674,146
Adjustments to reconcile increase in net assets from operations to net cash provided from (used in) operating activities :		
Purchase of investment in securities	-	(32,320,000)
Finance cost	15,617,146	13,686,885
Interest income	(5,782,415)	(2,925,456)
Increase in receivables from rental and services	(31,489,124)	(9,837,507)
Decrease (increase) in receivables from Revenue Department	2,411,337	(300,193)
Increase in unearn revenue	(1,552,659)	(50,351)
Decrease in deferred expenses	8,714,378	8,714,379
Increase in other assets	(144,554)	(17,840)
Decrease in payables	(6,392,038)	(27,601,816)
Decrease in accrued expenses	(10,532,380)	(25,654,890)
Increase (decrease) in deposits and rental guarantee	(8,314,228)	3,644,131
Repayment of liabilities under lease	(3,865,856)	(5,351,837)
Interest received	1,059,142	286,630
Allowance for expected credit losses	2,208,538	62,881,168
Loss from change in fair value of investments in properties	166,330,060	10,533,221
Net cash flows provided from operating activities	206,984,158	157,360,670
Cash flows from financing activities		
Capital return on unitholders	-	(57,600,000)
Distribution to unitholders	(143,995,000)	(60,476,471)
Interest paid	(11,686,946)	(9,720,561)
Repayment for long-term loan form financial institution	(24,000,000)	(17,846,400)
Net cash flows used in financing activities	(179,681,946)	(145,643,432)
Net increase in cash and cash equivalents for the year	27,302,212	11,717,238
Cash and cash equivalents at the beginning of the year	186,441,751	174,724,513
Cash and cash equivalents at the end of the year	213,743,963	186,441,751

 () Director

AIM COMMERCIAL GROWTH FREEHOLD AND LEASEHOLD REAL ESTATE INVESTMENT TRUST
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

1. GENERAL INFORMATION

AIM Commercial Growth Freehold and Leasehold Real Estate Investment Trust (“the Trust”) is a real estate investment trust established under the Trust for Transaction in Capital Market Act, B.E.2550 in accordance with the Trust Deed signed on 3 July 2019 between AIM Real Estate Management Company Limited as the Trust Settlor and SCB Asset Management Company Limited as the Trustee. The Trust was established as a specific closed-end real estate investment trust with an indefinite term. The Trust’s objectives are to mobilize funds raised from investors and loans from financial institutions to invest in the freehold or leasehold right of the immovable assets (including sub-leasehold right of immovable assets) and movable assets which are component parts and equipment of aforesaid immovable assets.

The Stock Exchange of Thailand (“SET”) approved the listing of the Trust’s investment trusts and permitted their trading from 12 July 2019 onwards.

AIM Real Estate Management Company Limited acts as REIT Manager, SCB Asset Management Company Limited acts as Trustee and there are Property managers of each Project as follows :

- | | |
|---------------------------------------|--------------------------|
| A) Udon Plaza Co., Ltd. | For UD Town Project |
| B) D-Land Property Co., Ltd. | For Porto Chino Project |
| C) Chetchot Co., Ltd. | For 72 Courtyard Project |
| D) Noble Development Public Co., Ltd. | For Noble Solo Project |

2. DISTRIBUTION POLICY

The Trust has a policy to pay distributions to unitholders as follows:

REIT Manager shall distribute to the Trust’s unitholders at least 90% of the adjusted net profit for the accounting period, comprising the year-end distribution and the interim distribution (if any). REIT Manager shall pay distributions to the Trust’s unitholders not more than 4 times in each accounting period, except in the event of a capital increase, when the Trust may pay more than 4 distributions in an accounting period in the best interests of the unitholders holding trust units prior to the capital increase (the distribution shall commence in the first accounting period that the Trust has sufficient profits).

The adjusted net profit means the net profit adjusted by the following items:

- (1) The repair, maintenance or improvement of the Trust's real estate in accordance with the clearly defined plans in the registration statement and prospectus, annual registration statement, annual report, or as the REIT Manager notice to unitholder knows in advance.
- (2) Payment for debt from borrowing or obligation arising from borrowing of the Trust under the limit stated in the registration statement and prospectus, annual registration statement, annual report, or REIT manager notice to unitholder knows in advance.
- (3) The distribution payment to unitholders firstly entitled to receive benefits or refunds. (if any)

3. BASIS OF FINANCIAL STATEMENTS PREPARATION

The accompanying financial statements have been prepared in accordance with the guidance of accounting practices issued under the Accounting Professions and the guidance of accounting practices for Property Fund, Real Estate Investment Trust, Infrastructure Fund, and Infrastructure Investment Trust, which is determined by Association of Investment Management Companies and approved by the Securities and Exchange Commission ("Accounting Guidelines"). For the areas not covered by the accounting guidelines, the Trust applies the requirements in accordance with Thai Financial Reporting Standards ("TFRS") issued by the Federation of Accounting Professions which are effective on the financial reporting period of the financial information and are presented in Thai Baht. These financial statements are officially prepared in the Thai language. The translation of these financial statements to other languages must be in compliance with the official report in Thai.

The financial statements have been prepared on a historical cost basis, except as otherwise disclosed specifically.

The preparation of financial statements in conformity with accounting guidelines and Thai Financial Reporting Standards requires REIT manager to use of certain critical accounting estimates and exercise judgement in the process of applying the Trust's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates to the financial statements are disclosed in Note 5.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Revenues and expenses

Rental and services income from investment in properties is recognized in the statement of comprehensive income on a straight-line basis over the term of the lease.

Interest income is recognized on an accrual basis based on the effective rate.

Expenses are recorded on an accrual basis.

4.2 Measurement of investments

Investments are recognized as assets at cost on the date which the Trust has rights on investments.

Cost of investments comprises the purchase prices paid by the Trust in order to acquire such investments.

Investment in properties

Investment in properties are presented at fair value.

The REIT Manager determined the fair values of such investments as at the first accounting period using the acquisition cost of investments. Subsequently, fair value of such investments will be based on the appraisal value assessed by an independent appraiser approved by the Thai Valuers Association and the Valuers Association of Thailand (Pursuant to the Notification of the Securities and Exchange Commission concerning the granting of approval of valuation companies and principle valuers for public use).

Gain or loss on measurement of such investments are presented as gain or loss on change in fair value of investments in the statement of comprehensive income.

Investments in securities

Investments in unit trusts are presented at their fair value which is determined from their net asset value. Gains or losses on measurement of investments in unit trusts are presented as gain or loss on change in fair value of investments in the statement of comprehensive income.

4.3 Receivables from rental and services

Rental receivable is amount due from customers for services performed in the ordinary course of business. It is generally due for settlement within 30 days and therefore is classified as current.

Rental receivable is recognized initially at the amount of consideration that is unconditional unless it contains significant financing components, it is recognized at fair value. The Trust holds the rental receivable with the objective to collect the contractual cash flows and therefore measures it subsequently at amortized cost.

Impairment of receivables from rental and services

The Trust used the simplified approach in the assessment of impairment of receivables from rental and services. It is determined by classify the type of receivables according to the credit risks and the expected credit losses through debtor aging, which assesses on history, expectation of economic changes and other factors affected the debtor payment. The expected credit loss is recognized by estimating the weighted averaged probability.

The Trust assessed the expected credit losses of receivable from rental and services at the end of the accounting period. The losses and reversal of losses are recorded in the statement of comprehensive income as a part of the Trust's expenses.

4.4 Related party transactions

Related parties of the Trust comprise individuals or enterprises that own voting interest of at least 10% in the Trust, control, or are controlled by, the Trust, whether directly or indirectly, or which are under common control with the Trust.

They also include REIT Manager, Trustee and their related parties and included associated companies and individuals or enterprises which directly or indirectly own a voting interest in the Trust that gives them significant influence over the Trust, key management personnel and directors of REIT Manager with authority in planning and directing the Trust's operations.

The relationships of related parties are as follows:

Related parties	Relationship
AIM Real Estate Management Company Limited	REIT Manager
D-Land Property Co., Ltd.	Property Manager of Porto Chino Project
Chetchot Co., Ltd.	Property Manager of 72 Courtyard Project
Udon Plaza Co., Ltd.	Property Manager of UD Town Project
Noble Development Public Co., Ltd.	Property Manager of Noble Solo Project
SCB Asset Management Company Limited	Trustee
The Siam Commercial Bank Public Company Limited	Parent Company of Trustee
Bar Toro (Thailand) Company Limited	Related Company of Property Manager
Membership Company Limited	Related Company of Property Manager
Tanatip 456 Co., Ltd.	Related Company of Property Manager

4.5 Distribution to unitholders

A decrease in retained earnings is recognized as at the date a distribution is declared.

4.6 Income tax

The Trust has no corporate income tax liability since it is exempt from corporate income tax in Thailand.

4.7 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between a buyer and seller (market participants) at the measurement date. The Trust applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Trust measures fair value using a valuation technique that is appropriate in the circumstances and maximizes the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy into three levels based on categorize of input to be used in fair value measurement as follows:

- Level 1 quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 unobservable inputs for the asset or liability

At the end of each reporting period, the Trust determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

4.8 Financial instruments

Initial recognition

Financial assets and liabilities are initially recognized in fair value of consideration (Transaction price). The transaction price, directly related to acquisition of financial assets and liabilities, is recorded in the statement of comprehensive income.

Reclassification and subsequent measurement of financial assets

All financial assets are classified as the financial assets presented in fair value through profit or loss and subsequently measured in fair value through profit or loss in the statement of comprehensive income except for cash and cash equivalents and receivable which is subsequently measured at amortized cost.

Reclassification and subsequent measurement of financial liabilities

All financial liabilities are classified as the financial liabilities presented in amortized cost and subsequently measured in amortized cost. The Trust recognized the interest expenses by using the Effective Interest Rate ("EIR").

Derecognition of financial assets

The Trust derecognizes the financial assets when the rights in contract to obtained cash flows from financial assets is ended or transferred rights in contract to others.

Derecognition of financial liabilities

The Trust derecognizes the financial liabilities (or some parts of financial liabilities) from the statement of financial position when the obligations identified in the contract are performed, cancelled or ended.

4.9 Provisions for liabilities and expense, and contingent assets

The Trust recognized provision for liabilities and expenses in the financial statements when the Trust has legal or constructive obligation as a result of past events with probable outflow of resources to settle the obligation and where a reliable estimate of the amount can be made. The contingent asset will be recognized as separate asset only when the realization is virtually certain.

5. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTION AND JUDGEMENT

The preparation of financial statements in conformity with financial reporting standards and the guidance of accounting practices at times requires REIT Manager to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures, and actual results could differ from these estimates. Significant judgements and estimates are as follows:

5.1 Fair value of investments in properties

As at the statement of financial position date, the Trust measured value of investments in properties at fair value. The fair value is estimated based on investment cost for the first period ended and appraisal value which appraised by independent appraiser and/or financial adviser for other subsequent years. The independent appraiser/financial adviser values the investments using the income approach because they are revenue generated assets and there is no direct market price that could be used to apply a comparative approach. The key assumptions used in estimating the fair value are occupancy rate, discount rate, rental rate, return rate and rental's growth rate.

5.2 Leases

Identification of lease term

The Trust identified lease term when the lease is reasonably extended or cancelled. The Trust determined the facts and related environment, which motivate the lessee to use the extension of lease period or not use the option of cancelled the lease.

For the lease of properties, the main factors are the period of project and objectives of using in assets.

The Trust will adjust the period of the contract when it has changed in the uncancellable period of lease by the Trust uses (do not use) the right or has (does not have) the commitment to use or not use the right. The assessment of reasonable determination will arise as a significant situation or change in environment which has the impact on lease period assessment and under the Trust's control.

Identification of the discount rate of lease liabilities

The Trust considers the additional borrowing cost as follows:

- Using the financing source from the third parties and adjusting the obtained information to reflect the changing of financial factors of lease if possible.
- Adjust the specific lease such as lease period, currency and guarantee.

5.3 Allowance for expected credit losses

The Trust has determined an allowance for expected credit losses to reflect the impairment on uncollectable receivables from rental and services. The allowance for expected credit losses is considered by using the historical collections and the expectation of future collections.

6. TRANSACTIONS WITH RELATED PARTIES

During the year, the Trust had significant business transactions with the following related parties. Such related party transactions have been agreed upon in the ordinary course of business between the Trust and its related parties. The pricing policies and amount for particular type of transactions are as follows:

		Baht	
	Pricing Policy	2023	2022
Transactions with related parties			
Rental and services income	Contract price	245,995,270	227,817,433
Interest income	Market rate	5,281,202	2,720,729
Other income	Contract price	181,454	-
Operating expenses	As detailed in Note 18	40,908,389	40,095,727
REIT Manager fee	As detailed in Note 18	17,802,842	17,341,572
Trust's property management fee	As detailed in Note 18	14,670,872	10,478,081
Trustee fee	As detailed in Note 18	7,561,393	7,402,432
Loss from expected credit loss		2,470,889	61,971,209

As at 31 December 2023 and 2022, the Trust has the following significant outstanding balances with its related parties as follows:

	Baht	
	2023	2022
<u>Related parties</u>		
Cash and cash equivalents	143,080,230	110,927,982
Receivables from rental and services	292,389,875	235,549,155
Receivables from interest	47,233	5,293
Other payables	26,272,739	30,479,118
Accrued expenses	5,411,621	17,671,748
Deposit and rental guarantee	25,440,719	32,401,535

7. INVESTMENT IN PROPERTIES

The outstanding balances of investment in properties as at 31 December 2023 and 2022 are as follows:

	Baht			
	2023		2022	
	Cost	Fair value	Cost	Fair value
UD Town Project	1,527,363,033	1,375,946,509	1,527,363,033	1,443,923,910
Porto Chino Project	947,425,164	720,000,000	947,425,164	787,000,000
72 Courtyard Project	458,532,338	329,000,000	458,532,338	374,000,000
Noble Solo Project	225,982,674	255,200,000	225,982,674	240,000,000
Total	3,159,303,209	2,680,146,509	3,159,303,209	2,844,923,910

Reconciliation of book value of investment in properties for the years ended 31 December 2023 and 2022 are as follows:

	Baht	
	2023	2022
Net book value beginning of the year	2,844,923,910	2,823,086,780
<u>Add</u> Increase during the year (Note 9)	-	32,320,000
Unbilled revenue	1,552,659	50,351
<u>Less</u> Loss from change in fair value of investments in properties	(166,330,060)	(10,533,221)
Investment in properties as at the ending of the year	2,680,146,509	2,844,923,910

As at 31 December 2023, the Trust estimated fair value of investment in properties which has been determined based on the appraisal value as appraised by an accredited independent valuer, using the income approach. The key assumptions used in estimating the fair value are occupancy rate, discount rate, rental rate, return rate and rental's growth rate.

Key assumption used in the valuation of assets assessed under income approach and their related impact to fair value of investment in properties when assumptions change are summarized below :

	Assumptions	Impact to fair value when there is a change in assumption value
Occupancy rate (%)	90 - 100	Increase in fair value
Growth rate (%)	2 - 10	Increase in fair value
Discount rate (%)	8 - 10	Decrease in fair value

Information of investment in properties

As at 31 December 2023, the Trust has leased and/or subleased to acquire investment which consists of:

a) UD Town Project

Located on Mak Khaeng Sub-district Mueang Udon Thani District Udon Thani Province, the total areas of land is approximately 45,313 square meters, total usable area approximately 48,765 square meters. The Trust invested in (i) land sublease and leasehold right to building and system for a period of 20 years and 10 months since 5 July 2019 (ii) leasehold right to land and sublease building and system for a period of 4 years since 5 July 2019 with a total land area of 45,271 square meters and total usable area approximately 45,219 square meters.

However, leasehold right to land and sublease building and system for a period of 4 years was expired as at 31 December 2022 with a total land area of 7,791 square meters and total usable area approximately 7,791 square meters.

b) Porto Chino Project

Located on Rama 2 road Na Di Sub-district Mueang Samut Sakhon District Samut Sakhon Province, the total area 15 rai 1 ngan 60 square wah, total usable area of approximately 43,814 square meters. The REIT invested leasehold right to land building and other asset as part of the land building and utilities system for a period approximately 30 years since 5 July 2019 and total area 14 rai 0 ngan 60 square wah usable area approximately 33,694 square meters.

However, during the 3rd quarter of 2022, the Trust extended the land and building rental agreement for the period of 5 years since 5 July 2049 as a partial payment of outstanding debt of this project (Note 9).

c) 72 Courtyard Project

Located on Sukhumvit 55 road (Soi Thong Lor) Sukhumvit road, Klong Tan Nuea Sub-district, Wattana District, Bangkok, total area is approximately 1 rai 0 ngan 53 square wah total usable area is approximately 5,019 square meters. The REIT invested leasehold right to building system of 72 Courtyard Project including facilities and parts of the land and building is period of 13 years since 5 July 2019 with total usable area approximately 5,019 square meters.

d) Noble Solo Project

The Trust has ownership of the condominium of Noble Solo project for commercial purpose located on Klong Tan Nuea Sub-district, Wattana District, Bangkok, total area is approximately 1,424 square meters.

The Trust has mortgaged its land and/or buildings and the conditional assignment of proceed claims under the rental agreement with the term of longer than three (3) years (only Noble Solo Project and Porto Chino Project) as collateral against credit facilities received from financial institution as described in Note 11 and 13.

8. CASH AND CASH EQUIVALENTS

As at 31 December 2023 and 2022, the Trust has the details of cash and cash equivalents as follows:

	2023		2022	
	Interest rate (% per annum)	Baht	Interest rate (% per annum)	Baht
Cash at Banks				
Saving accounts	0.50 – 0.55	168,456,943	0.15 - 0.30	141,289,614
Fixed deposit account 3 months	1.30 – 1.80	45,287,020	0.80 - 0.92	45,152,137
Total		<u>213,743,963</u>		<u>186,441,751</u>

As at 31 December 2023 and 2022, the Trust's deposit of Baht 10 million was restricted for usage from the pledge as collaterals for loan from a commercial bank as mention in Note 13.

9. RECEIVABLES FROM RENTAL AND SERVICES

The outstanding balances of receivables as at 31 December 2023 and 2022 are aged on the basis of due dates as follows:

	Baht	
	2023	2022
<u>Aged on the basis of due dates</u>		
Not yet due	268,865,095	230,231,048
Past due :		
Less than 3 months	32,126,672	33,775,165
3 - 6 months	12,900	3,048,852
6 - 12 months	1,582,338	2,309,279
More than 12 months	62,579,596	59,623,075
Total	365,166,601	328,987,419
<u>Less</u> Allowance for expected credit losses	(62,714,934)	(60,506,396)
Net	302,451,667	268,481,023

Movement of allowance for expected credit losses for the year ended 31 December 2023 as follows:

	Baht
Balance as at 1 January 2023	60,506,396
<u>Add</u> Allowance for expected credit losses	2,470,869
<u>Less</u> Reversal of allowance for expected credit losses	(262,331)
Balance as at 31 December 2023	62,714,934

Detail of the condition of discount on outstanding debt and rental payment installment for some lessees is the consequence of the Trust's operation during the outbreak of COVID-19 as follows:

- 1) The discount on outstanding debt and rental payment for the Porto Chino Project for outstanding debt as at 31 December 2021 in the amount of Baht 46.67 million has settlement memorandum as follow,
 - The repayment by allowing the Trust to expand lease the Lands and buildings of the Porto Chino Project for a period of 5 years until 5 July 2049, in this case it is considered to be the partial payment of outstanding debt, amounting to Baht 32.00 million (Note 7).
 - For the remaining outstanding debt amount of Baht 14.67 million, the Trust will give a discount on these amount after the lessees performed in accordance with the memorandum about the outstanding debt since 1 January 2022. The Trust made term of repayment in 36 installments, the first payment in the first quarter of 2023. However, if the lessees did not comply with the memorandum, the Trust can immediately collect the outstanding balance without call.

- 2) The discount on outstanding debt and rental payment for the UD Town Project for outstanding debt as at 31 December 2021 in the amount of Baht 78.96 million. The Trust give discount on outstanding debt amounting to Baht 44.92 million after the lessees performed in accordance with the memorandum about the outstanding debt amounting to Baht 34.04 million. It will be first payment in 2nd quarter of 2022 and finished within 2nd quarter of 2025. In addition, the outstanding debt since 1 January 2022 the Trust made agreement of repayment in 36 installments, the first payment in the first quarter of 2023. However, if the lessees did not comply with the memorandum, the Trust can immediately collect the outstanding balance without call.
- 3) The rental payment for the 72 Courtyard Project for outstanding debt as at 31 January 2022 in the amount of Baht 95.69 million. The Trust prepare a memorandum of agreement by the first payment will be on 1 March 2022 and finished within 31 January 2024.

As at 31 December 2023, receivables balance under all installment plan are as follows:

	Baht
Due within 1 year	111,011,163
Over 1 year but not more than 5 years	129,866,679
Total	<u>240,877,842</u>

10. DEFERRED EXPENSE

	Baht	
	2023	2022
Deferred expenses – beginning of year	13,283,394	21,997,773
<u>Less</u> Amortized during the year	(8,714,378)	(8,714,379)
Deferred expenses – end of year	<u>4,569,016</u>	<u>13,283,394</u>

11. SHORT-TERM LOAN FROM FINANCIAL INSTITUTION

	Baht	
	2023	2022
Short-term loan – beginning of year	40,000,000	40,000,000
<u>Add</u> Increase during the year	80,000,000	80,000,000
<u>Less</u> Repayment in during year	(80,000,000)	(80,000,000)
Short-term loan – ending of year	<u>40,000,000</u>	<u>40,000,000</u>

During the year 2022, the Trust has issued promissory note to financial institution of Baht 80 million. The loan is repayable with 4th quarter of 2022 and 2nd quarter of 2023 which it has an interest rate of MLR minus certain rates per annum.

During the year 2023, the Trust has issued promissory note to financial institution of Baht 80 million. The loan is repayable with 4th quarter of 2023 and 2nd quarter of 2024 which it has an interest rate of MLR minus certain rates per annum.

The Trust has used the same secured assets as long-term loan as mentioned in Note 13.

12. LIABILITIES UNDER LEASES

Movement of liabilities under financial lease for the year ended 31 December 2023 and 2022 are as follows:

	Baht	
	2023	2022
Liabilities under leases – beginning of year	63,923,910	66,086,780
<u>Less</u> Repayment during year	(3,865,856)	(5,351,837)
<u>Add</u> Deferred interest expense during year	3,157,302	3,188,967
Liabilities under lease – end of year	<u>63,215,356</u>	<u>63,923,910</u>

The analysis of liabilities under lease payments has a detail as follow:

	Baht
Within 1 year	944,487
1 – 5 years	6,611,050
After 5 years	55,659,819
Total	<u>63,215,356</u>

13. LONG-TERM LOANS FROM FINANCIAL INSTITUTION

	Baht	
	2023	2022
Due within 1 year	24,000,000	24,000,000
Due later than 1 year	138,742,400	162,742,400
Total	162,742,400	186,742,400
<u>Less</u> Deferred loan contract fees during year	(2,903,249)	(3,826,685)
Total Long-term loans from financial institution	<u>159,839,151</u>	<u>182,915,715</u>

Movement of long-term loan from financial institution for the years ended 31 December 2023 and 2022 are as follows:

	Baht	
	2023	2022
Long-term loan from financial institution		
- beginning of year	186,742,400	204,588,800
<u>Less</u> Repayment during year	(24,000,000)	(17,846,400)
<u>Less</u> Deferred bank contract fee during year	(2,903,249)	(3,826,685)
Long-term loan from financial institution		
- end of year	<u>159,839,151</u>	<u>182,915,715</u>

On 28 November 2019, the Trust has drawn down long-term loan from a financial institute, amounting to Baht 210 million for investment in property. The loan principal will be paid within 9 years and interest will be paid every month, with interest rate at MLR minus certain rates per annum and the principal will be started repayment within 3rd quarter of 2020. The loans are secured by the followings:

- 1) Secured by mortgaging of condominiums for commercial purpose in Noble Solo Project (Note 7).
- 2) Registration of business security agreement over bank account (Note 8) and Registration of business security agreement over the rental agreements with the term of longer than three (3) years (only Noble Solo Project and Porto Chino Project) (Note 7).
- 3) Endorsement of insurance for lender to be co-beneficiary and co-insurer (only Noble Solo Project and Porto Chino Project).

The loan agreements contain several covenants which, among other things, require the Trust to maintain interest bearing debt to total assets ratio (Debt to Total Assets Ratio) and interest bearing debt to profit from operations before interest expense and finance cost, tax, depreciation, amortization and non-cash expenses ratio (Debt to EBITDA Ratio) at the rate prescribed in the agreement.

During the year 2021, the Trust entered the additional memorandum with the financial institution to receive the repayment between 3rd quarter of 2021 to 2nd quarter of 2022 and finished within 3rd quarter of 2029. The interest rate is between MLR-0.50% - MLR-3.25%.

14. REVENUE FROM RENTAL RENTAL AND SERVICES

The Trust has a main revenue from rental the properties and other services and determined as obligations. It recognizes the revenue over time.

The Trust recognized revenue from rental and services when the Trust finishes the obligation and the customers have control in that services in amount of consideration, which the Trust expected to receive.

15. CAPITAL RETURN ON UNITHOLDERS

Movements of the trust units and capital from trust unitholders for the years ended 31 December 2022 are as follows:

	Unit	Value per unit	(Unit: Baht) Capital amount
Capital at the beginning of year	288,000,000	10.00	2,880,000,000
Reduction of trust unit value	-	(0.20)	(57,600,000)
Capital at the end of year	288,000,000	9.80	2,822,400,000

On 28 February 2022, At the Board of Directors Meeting of REIT Manager No. 2/2022, the Board of Directors approved the capital reduction at the rate of Baht 0.07 per unit, amounting to Baht 20.16 million, without any change in the number of units which paid from capital reduction to the unitholder on 28 March 2022. The capital reduction is in accordance with the Trust established agreement.

On 13 May 2022, At the Board of Directors Meeting of REIT Manager No. 4/2022, the Board of Directors approved the capital reduction at the rate of Baht 0.10 per unit, amounting to Baht 28.80 million, without any change in the number of units which paid from capital reduction to the unitholder on 10 June 2022. The capital reduction is in accordance with the Trust established agreement.

On 10 August 2022, At the Board of Directors Meeting of REIT Manager No. 5/2022, the Board of Directors approved the capital reduction at the rate of Baht 0.03 per unit, amounting to Baht 8.64 million, without any change in the number of units which paid from capital reduction to the unitholder on 7 September 2022. The capital reduction is in accordance with the Trust established agreement.

16. RETAINED EARNINGS

	Baht	
	2023	2022
Retained earnings (deficit) at the beginning of year	83,342,118	(17,855,557)
<u>Add</u> Increase in net assets resulting from operations	245,046,871	172,207,367
<u>Add</u> Loss from change in fair value of investments in properties	(166,330,060)	(10,533,221)
<u>Less</u> Distribution to unitholders (Note 18)	(143,995,000)	(60,476,471)
Retained earnings at the ending of year	18,063,929	83,342,118

17. DISTRIBUTIONS TO UNITHOLDERS

Distribution paid during the year ended 31 December 2023, as follows:

Approved date	The operation for the period	Per unit	(Unit:Baht)
			Total
27 February 2023	Profit from operation from 1 October 2022 to 31 December 2022	0.1400	40,318,600
15 May 2023	Profit from operation from 1 January 2023 to 31 March 2023	0.1500	43,198,500
11 August 2023	Profit from operation from 1 April 2023 to 30 June 2023	0.1300	37,438,700
14 November 2023	Profit from operation from 1 July 2023 to 30 September 2023	0.0800	23,039,200
			<u>143,995,000</u>

Distribution paid during the year ended 31 December 2022, as follows:

Approved date	The operation for the period	Per unit	(Unit: Baht)
			Total
10 August 2022	Profit from operation from 1 April 2022 to 30 June 2022	0.0900	25,918,488
14 November 2022	Profit from operation from 1 July 2022 to 30 September 2022	0.1200	34,557,983
			<u>60,476,471</u>

18. EXPENSES

18.1 REIT Manager fee

REIT Manager is entitled to REIT Manager's fee (exclusive of value added tax or any other similar taxes) from the Trust, as detailed below:

- (1) A base fee, paid monthly and calculated at a rate not exceeding 0.75% per annum on the Trust's total asset value, as specified in the agreement.

- (2) An acquisition fee which is calculated at a rate not exceeding 3.00% on the total asset value acquired by the Trust in each period and a disposal fee which is calculated at a rate not exceeding 3.00% on lower of the total asset value disposed by the Trust in each period and the appraisal value assessed by an independent appraiser approved by the Securities and Exchange Commission.

18.2 Trustee's fee

The Trustee is entitled to monthly remuneration at a rate not exceeding 1.00% per annum (exclusive of value added tax or any other similar taxes) of the Trust's total asset value, as calculated by the REIT Manager and verified by the Trustee.

18.3 Registrar's fee

Operating expenses of the Trust Unit Registrar is monthly charged based on actual cost incurred.

18.4 Trust's property management fee

REIT Manager is entitled to Trust's property management fee (exclusive of value added tax or any other similar taxes) from the Trust, as detailed below:

- (1) A property management fee, paid monthly and calculated at a rate not exceeding 3.00% per annum on the Trust's net revenue from rental and service.
- (2) A incentive fee, paid monthly and calculated at a rate not exceeding 3.00% per annum on profit from operation of core assets of the Trust.
- (3) A commission fee from renewal of the rental and service agreement by retail tenants and provision of new retail tenants for vacant units, calculated not exceeding 1 month rental and service fee as specified in the rental and services agreement receivable from retail tenants.

18.5 Operating expenses

Operating expenses of the Trust include common area fee, insurance expense and property tax.

19. FAIR VALUE MEASUREMENT

The following table present assets that are measured at fair value as at 31 December 2023 and 2022. It does not include the financial assets and liabilities, which has the fair value approximated to book value.

	Baht	
	Level 3	
	31 December 2023	31 December 2022
<u>Assets</u>		
Investment in properties	2,680,146,509	2,844,923,910

20. COMMITMENTS

20.1 The Trust is committed to pay fees to counterparties under the terms and conditions as described in Note 19.

20.2 As at 31 December 2023, the Trust has commitments under three service and property management agreement of Baht 38 million for a period within 1 year and the service rate will increase by 1.50% per annum for the next year.

21. SEGMENT REPORTING

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

The Trust operates in only a business segment which leases of property investment and the single geographical area of its operations is Thailand.

22. FINANCIAL RISK

22.1 Financial risk management policies

The Trust has no policy to issue derivative financial instruments for speculative or trading purposes.

22.2 Interest rate risk

Interest rate risk is the risk of financial assets value and financial liabilities value changes due to the change of market interest rate.

22.3 Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Trust as and when they fall due. The Trust has no concentrations of credit risk due to the Trust having a large number of tenants in various businesses. Additionally, the Trust has a policy to collect in advance the rental deposits from customers as collateral in case of default. The REIT manager believes that the Trust does not have significant credit risk.

23. EVENT AFTER THE REPORTING PERIOD

At the Board of Directors Meeting of REIT Manager No. 1/2024 held on 28 February 2024, the Board of Directors passed resolutions as follow:

- 1) Approving the capital reduction at the rate of Baht 0.0673 per unit, amounting to Baht 19.38 million which will be repaid to the unitholder on 28 March 2024. The capital reduction is in accordance with the Trust established agreement.
- 2) Approving the appropriation of distribution from operating income for the period from 1 October 2023 to 31 December 2023 of Baht 0.0627 per unit, amounting to Baht 18.06 million. The distribution will be paid on 28 March 2024.

24. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorized for issue by REIT Manager's Board of Directors on 28 February 2024.