

# Annual Report 2023



**LHSC**

ทรัสต์เพื่อการลงทุนในสิทธิการเช่าอสังหาริมทรัพย์  
แอล เอช ช็อปปิ้ง เซ็นเตอร์

**LH Shopping Centers Leasehold Real Estate Investment Trust  
(LHSC)**

# Annual Report 2023

For the Year ending 31 December 2023

LH Shopping Centers Leasehold Real Estate Investment Trust

(LHSC)



*Disclaimer:*

*This document is the translated version of Thai document, in the case that there are conflicts in any of the contents specified herein, contents of the original version shall supersede such conflict contents.*

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## Part 1

### Summary of the Important Information

This Summary of the Important Information is part of the yearly Annual report and the trust's Prospectus which is only the summary of offering, characteristic and risk of the trust. Therefore, investors have to study further details in the full version of the trust's prospectus which could be requested from the underwriters and the REIT manager or study further in the Annual report or the prospectus which was submitted to the Securities and Exchange Commission ("SEC") at the SEC website.

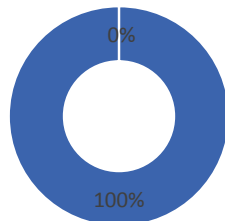
Details as of 31 December 2023

Name (in Thai)	ทรัสต์เพื่อการลงทุนในสิทธิการเช่าอสังหาริมทรัพย์ แอล เอช ซีออปปิ้ง เซ็นเตอร์
Name (in English)	LH Shopping Centers Leasehold Real Estate Investment Trust
Abbreviation	LHSC
REIT Manager	Land and Houses Fund Management Company Limited
Property Manager	L & H Retail Management Company Limited
Trustee	SCB Asset Management Company Limited
Auditor	EY Company Limited
Establishment Date	22 December 2014
Market Value	Baht 4,880,647,000 million
Closing Price on year end.	Baht 10.00
Number of Unit	488,064,700 units
Net Asset Value (NAV)	Baht 6,004,085,768.42
Paid up Capital	Baht 4,978,259,940.00
Par Value per unit	Baht 10.20
P/NAV	0.81 times
Weighted average leasehold life	16.66 years

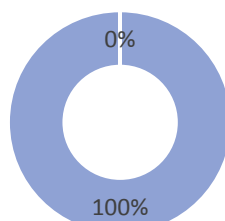


### Investment Portion

100% Direct Investment  
 0% Indirect Investment

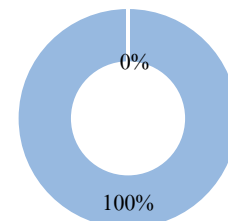


100% Freehold  
 0% Leasehold



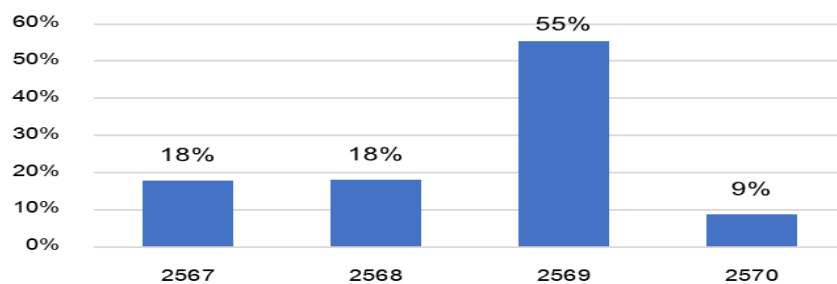
Investment Assets (according to appraisal value)

Retail 100%



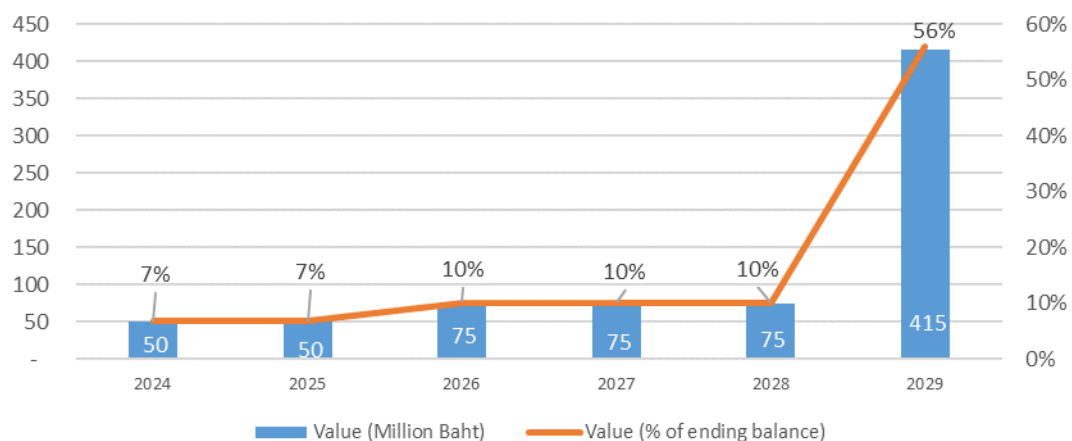
### Weighted Average Lease Expiry (WALE)

Average WALE 2.1 Years



The REIT has invested in Terminal 21 Shopping Center (Asok) project with a leasehold period until 31 August 2040

### Debt Maturity Profile



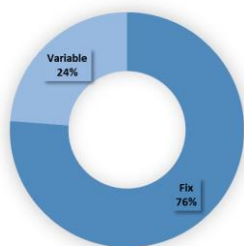
As of 31 December 2023, the REIT has outstanding principal amount of 740 million baht (in 2024, the repayment of the loan under the contract is estimated at not less than 50 million baht).

### Financial Structure of the REIT

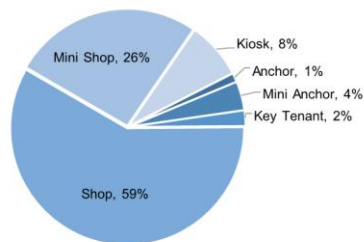
Total Asset	Baht 7,148,620,764	Retained Earning	Baht 1,025,825,828
Total Liability	Baht 1,144,534,996	Debt Ratio	10.29% of Total Asset
Total Equity	Baht 6,004,085,768	Credit rating	-None-

## Revenue Structure

Type of Agreement



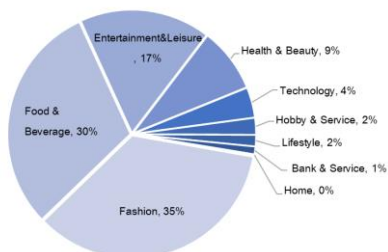
Revenue by Area



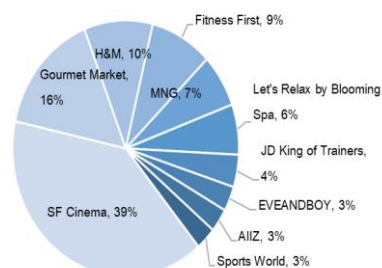
Area Name	Tenant	Area (sq.m)
Anchor	Big Tenant	More than 1,500 sq.m
Mini Anchor	Big Tenant	More than 1,000 sq.m
Key Tenant	Normal Tenant	More than 400 sq.m
Shop	Small Tenant	From 40 to 399 sq.m.
Mini Shop	Small Tenant	From 6 to 40 sq.m.
Kiosk	Rotation	According to the event

## Details of Tenants

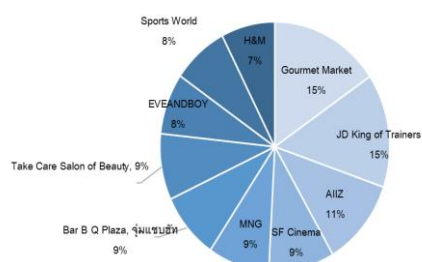
Tenants by Type of Business (Leasable Area)



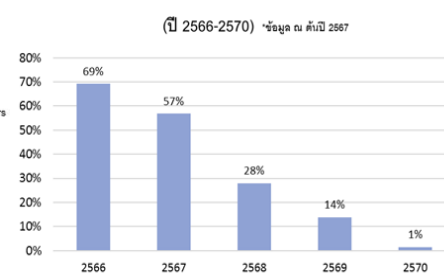
Top 10 Tenants (Leasable Area)



Top 10 Tenants (Revenue)



Expiry Profiles (2023-2027)



Retention Rate

Year	%
2019	72
2020	95
2021	83
2022	88

#### Details of Investment Assets

Investment Assets *as of December 31, 2023	Appraisal Value (Income Approach)	Appraiser
The Terminal 21 Shopping Center	Baht 6,483 million	TAP Valuation Co., Ltd

(Investors can study the assessment report at: <https://www.lhscreit.com/appraisalreport>)

#### Top 10 Major Unitholders on the book closing date of 28 December 2023

No.	Major Unitholder	No. of Units (units)	%
1.	SOCIAL SECURITY OFFICE	54,538,600.00	11.17
2.	LH MALL & HOTEL CO., LTD.	43,926,000.00	9.00
3.	THAI LIFE INSURANCE PUBLIC COMPANY LIMITED	26,398,900.00	5.41
4.	MUANGTHAI LIFE INSURANCE PUBLIC COMPANY LIMITED	26,331,700.00	5.40
5.	K PROPERTY INFRASTRUCTURE FLEXIBLE	24,104,800.00	4.94
6.	PRINCIPAL PROPERTY INCOME FUND	17,108,100.00	3.51
7.	SOUTHEAST INSURANCE PUBLIC COMPANY LIMITED	13,921,000.00	2.85
8.	GOVERNMENT SAVINGS BANK	9,198,600.00	1.88
9.	MUANG THAI LIFE ASSURANCE PUBLIC COMPANY LIMITED FUND	7,176,000.00	1.47
10.	TMB EASTSPRING PROPERTY AND INFRASTRUCTURE INCOME PLUS FLEXIBLE	7,027,400.00	1.44

#### Provisions on Distribution Policy and Methods of Distribution Payment

1. The REIT Manager shall pay the unitholders not less than 90 (ninety) percent of the adjusted net profit of the fiscal year, which shall be paid not less than 2 (two) times a year and shall be paid within 90 (ninety) days from the end of the fiscal year or the accounting period in which the benefits are paid, as the case may be. Adjusted net profit shall include net profit less specific reserve items for the following purposes:

(a) repairs, maintenance, or renovations of the REIT's immovable property in accordance with the clearly defined plans in the registration statements and prospectus, annual registration statements, annual reports, or as notified in advance by the REIT unitholders.

(b) the payment of the REIT's loans or loan obligations in accordance with the amount specified in the registration statement and prospectus, annual registration statement, annual report or notified in advance by the REIT unitholders.

(c) Payment of benefits to unitholders of the type entitled to the first benefit or return of capital (if any) In the event that the REIT has retained earnings in any accounting period.

The REIT Manager may also pay unitholders benefits from such retained earnings.

If the REIT is unable to pay benefits to unitholders pursuant to Clause (1), the REIT Manager and the Trust shall explain the reasons for the necessity to the SEC. SEC in accordance with the guidelines set by the SEC. Determine and disclose to unitholders in accordance with specified criteria.

2. In determining the payment of benefits to unitholders, the REIT manager must consider the need to maintain the REIT's cash appropriately. This is in accordance with the guidelines set by the SEC.

3. The REIT manager must not borrow money to pay benefits to unitholders.

4. If the REIT still has accumulated losses. The REIT Manager will not pay benefits to unitholders.

**Additional conditions:**

(1) In consideration of compensation If the declared benefit per trust unit during the accounting year is less than or equal to 0.10 (zero point one zero), the REIT manager reserves the right not to pay the benefit at that time and shall carry it forward to pay the benefit at the same time at the end of the fiscal year according to the method of payment of the remuneration. For the criteria for paying benefits. The REIT Manager shall act as specified, except in the case where the Board of Directors act in accordance with the provisions. The SEC, the SEC and/or any other agency with legal authority has amended, added, announced, prescribed, directed, approved and/or waived otherwise. The REIT manager will act accordingly.

(2) The REIT Manager shall pay benefits to unitholders in proportion to the shareholding of each unitholder. Everything. The REIT Manager reserves the right to pay benefits to unitholders who hold trust units more than the rate or do not comply with the criteria specified in Announcement No. Torjor 49/2012. and the benefits in respect that cannot be paid to such unitholders shall be vested in other unitholders in proportion to their shareholding.

(3) The REIT Manager will announce the payment of benefits. Book closing date and remuneration rate by notifying the unitholders whose names are in the register of unitholders as of the book closing date through the information system of the Stock Exchange of Thailand and notifying the trustee in writing.

(4) The REIT Manager shall pay the benefits in the form of money transferred to the unitholder's deposit account or as a crossed cheque payable on behalf of the unitholders according to the name and address appearing in the unitholders' registration book.

(5) In the event that the unitholders do not exercise their right to claim any amount within the period of claim under the Civil and Commercial Code. The REIT Manager shall not use the said amount for any purpose other than for the benefit of the REIT.

Guidelines for considering the need to maintain the REIT's cash appropriately and clarifying the reasons for the necessity in the event that the benefits cannot be paid according to the criteria. Due to the calculation of the net profit of the REIT according to the standard.

Accounting/Accounting Practices for Division 1 REITs, Infra Divisions and Infra Trust do not use cash baselines, and when there is a change in accounting measures/accounting practices, it may cause the numbers in the income statement to be reversed. For example, the Financial Reporting Standard No. 16 on lease agreements has been in force since January 1, 2020. If there are accounting transactions that are inconsistent with the REIT's cash position, the REIT Manager must consider the need to maintain the REIT's cash appropriately. Such items can be used to adjust adjusted net profit in addition to deductions under Clauses 1 (a), (b) and (c).

(1) unrealized gain from valuation or review the valuation of real estate/infrastructure business.

(2) The difference in rental income recognized in the income statement and rental income received under the lease.

(3) The difference in expenses/expenses recognized in the income statement and expenses/fees actually paid under the contract, such as loan payments, etc.

(4) Other items that do not correspond to cash status, such as: If the REIT leases real estate by entering into a lease agreement that requires the rent to be paid gradually throughout the term of the contract. The accounting records are as follows:

(a) Record of Right-of-use assets (ROU) and lease assets,

(b) Record of settlement of liabilities and interest expense in each period when rent is paid under the lease, with interest expense recognized in profit or loss,

(c) Adjustment of changes in fair value of ROU by adjusting changes in fair value will be recognized in profit or loss. Therefore, in line with its cash position, it adjusted its net profit with the following items: Profit on changes in fair value of ROU Interest expense The rent is actually paid according to the lease.

If the REIT Manager is unable to pay the unitholders the benefits at the rate specified in Clause 1., the Trust Manager and the REIT Manager shall explain the reasons for the necessity. to the office. The SEC also provides information that prevents it from paying benefits according to the criteria. This is within 3 working days from the date of announcement of the payment via electronic system at the office. During the period when such electronic system has not been completed, clarification shall be made in writing to the SEC and disclosed to unitholders at the unitholders' meeting.



## History of Distribution Payment

Operating Period	Distribution Payment (per Unit)	Unit	Distribution Payment Date (Date/Month/Year)
1 Nov 2023 – 31 Dec 2023	0.2050	Baht	28 Mar 2024
1 Sep 2023 – 31 Oct 2023	0.1650	Baht	28 Dec 2023
1 Jul 2023 – 31 Aug 2023	0.1600	Baht	29 Nov 2023
1 May 2023 – 30 Jun 2023	0.1500	Baht	7 Sep 2023
1 Mar 2023 – 30 Apr 2023	0.1300	Baht	25 Jul 2023
1 Jan 2023 -28 Feb 2023	0.1250	Baht	27 Apr 2023
1 Nov 2022 – 31 Dec 2022	0.1100	Baht	23 Mar 2023
1 Sep 2022 – 31 Oct 2022	0.0900	Baht	29 Dec 2022
1 Jul 2022 – 31 Aug 2022	0.0700	Baht	24 Nov 2022
1 May 2022 – 30 Jun 2022	0.0500	Baht	22 Sep 2022]
1 Mar 2022 – 30 Apr 2022	0.1200	Baht	20 Jul 2022
1 Jan 2022 -28 Feb 2022	0.0500	Baht	12 May 2022
1 Mar 2021 – 30 Apr 2021	0.05	Baht	22 Jul 2021
1 Jan 2021 – 28 Feb 2021	0.05	Baht	18 May 2021
1 Nov 2020 – 31 Dec 2020	0.05	Baht	19 Mar 2021
1 Sep 2020 – 31 Oct 2020	0.10	Baht	30 Dec 2020
1 Mar 2020 – 31 Aug 2020	0.10	Baht	5 Nov 2020
1 Jan 2020 – 29 Feb 2020	0.10	Baht	30 Apr 2020
1 Nov 2019 – 3 Dec 2019	0.155	Baht	12 Mar 2020
1 Sep 2019 – 31 Oct 2019	0.19	Baht	30 Dec 2019
1 Jul 2019 – 31 Aug 2019	0.16	Baht	5 Nov 2019
1 May 2019 – 30 Jun 2019	0.155	Baht	19 Aug 2019
1 Mar 2019 – 30 Apr 2019	0.149	Baht	2 Jul 2019
1 Jan 2019 – 28 Feb 2019	0.145	Baht	26 Apr 2019
1 Nov 2018 – 31 Dec 2018	0.16	Baht	14 Mar 2019
1 Sep 2018 – 31 Oct 2018	0.185	Baht	27 Dec 2018
1 Jul 2018 – 31 Aug 2018	0.126	Baht	2 Nov 2018
1 May 2018 – 30 Jun 2018	0.155	Baht	31 Aug 2018
1 Mar 2018 – 30 Apr 2018	0.145	Baht	3 Jul 2018
1 Jan 2018 – 28 Feb 2018	0.145	Baht	27 Apr 2018

Operating Period	Distribution Payment (per Unit)	Unit	Distribution Payment Date (Date/Month/Year)
1 Nov 2017 – 31 Dec 2017	0.144	Baht	13 Mar 2018
1 Sep 2017 – 31 Oct 2017	0.168	Baht	29 Dec 2017
1 Jul 2017 – 31 Aug 2017	0.158	Baht	27 Oct 2017
1 May 2017 – 30 Jun 2017	0.142	Baht	30 Aug 2017
1 Mar 2017 – 30 Apr 2017	0.136	Baht	28 Jun 2017
1 Jan 2017 – 28 Feb 2017	0.135	Baht	28 Apr 2017
1 Nov 2016 – 31 Dec 2016	0.18	Baht	23 Mar 2017
1 Sep 2016 – 31 Oct 2016	0.137	Baht	27 Dec 2016
1 Jul 2016 – 31 Aug 2016	0.142	Baht	4 Nov 2016
1 May 2016 – 30 Jun 2016	0.13	Baht	31 Aug 2016
1 Mar 2016 – 30 Apr 2016	0.1316	Baht	29 Jun 2016
1 Jan 2016 – 28 Feb 2016	0.1324	Baht	29 Apr 2016

#### Expected Short-Term Return (reviewed by an auditor)

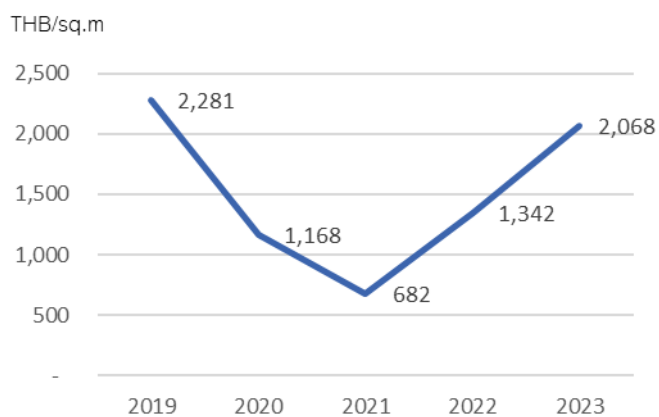
No available data

#### Expected Long-Term Return (IRR)

Investors are able to inquire the expected IRR of the REIT which is forecasted by an independent appraiser with the REIT manager during working hour.

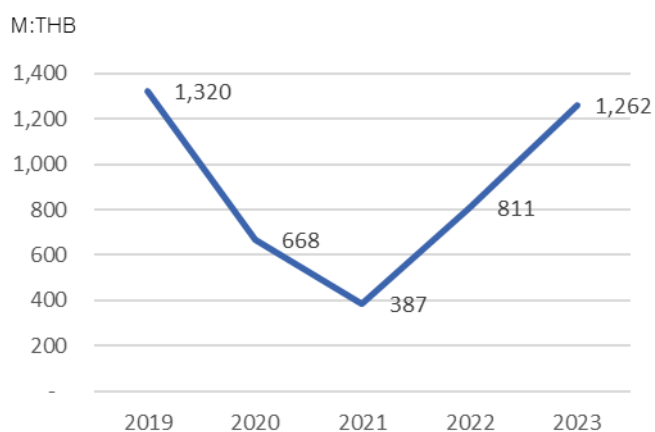
## Operating Performance

### Average Rental Rate

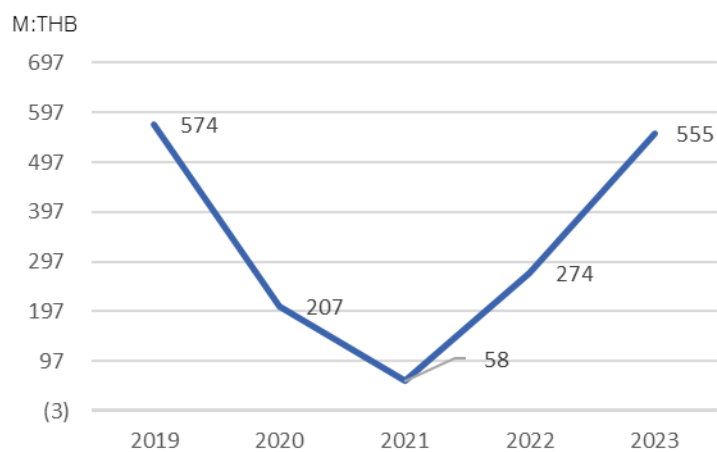


\*Noted: during 2020-2021 was under COVID-19 pandemic, which have some of discount to support the tenants

### Rental and Services Income



### Earning before Interest, Tax, Depreciation (EBITDA) (M:THB)



### Key Historical Financial Figures (3 years)

Key Financial Figures	2023	2022	2021
Revenue (THB)	808,647,627	808,647,627	381,989,077
Other Income (THB)	2,658,919	2,658,919	4,863,247
EBITDA (THB)	555,040,980	274,278,568	57,677,770
Net investment income (THB)	554,219,232	289,228,223	(2,555,346)
EPU (THB)	1.14	0.59	(0.01)
DPU (THB)	0.9350	0.49	0.10
Capital Reduction	-	-	-
Debt/Total Asset Value Ratio (%)	10.29%	11.86%	12.05%
Interest Cost (%)	4.56%	2.85%	2.80%
Operating Cash Flow (THB)	505,200,615	223,427,85	85,755,591
Investing Cash Flow (THB)	-	-	-
Financing Cash Flow (THB)	(538,066,972)	(207,877,462)	(100,724,719)
Net Cash Flow (THB)	(32,866,357)	15,550,353	(14,969,128)
NAV (THB)	6,004,085,768	5,859,840,885	5,756,077,248
P/NAV (Times)	0.81	0.93	0.87
Dividend Yield (%)	9.35%	4.38%	0.97%
Market Cap (THB)	4,880,647,000	5,466,324,640	5,027,066,410
Closing Price (THB)	10.00	11.20	10.30

## Management Discussion and Analysis

### Overview of Operating Results of the REIT

As of 31 December 2023, the REIT's total investment income was at Baht 1,261.67 million, comprising of rental and services income of Baht 1,257.91 million, interest income of Baht 0.58 million and other income of Baht 3.18 million. Moreover, during the same period, the REIT had a net expense of Baht 740.16 million, comprising of cost of rental and services of Baht 436.61 million, administrative expenses of Baht 56.25 million, selling expenses of Baht 95.74 million, professional fees of Baht 19.41 million and property management fee of Baht 98.63 million.

The REIT's net investment income was at Baht 521.52 million and posted a total realized gains and unrealized loss on investment of Baht 32.70 million. As a result, the REIT's net assets from operating activities increased by Baht 554.22 million. As of 31 December 2023, the REIT's net asset value was at Baht 6,004.09 million or equivalent to Baht 12.3018 per unit.

### Type of the Audit Report

☒ Unqualified Opinion with an emphasis of matters/others

### Summary of the Loan Agreements.

Details are shown in Part 2 (2.6 Borrowings)

Expenses Chargeable to the FUND	Amount (Unit: thousand Baht <sup>1</sup> )	% of Net Income
Fund management fee	12,079.06	2.18
Registrar's fee	1,478.03	0.27
Trustee's fee	4,890.41	0.88
Property management fee	98,625.63	17.80
Professional Fee	963.94	0.17
Financial Advisory Fee	-	ไม่เกี่ยวข้อง
Interest expenses	33,525.11	6.05
Cost of rental and service	436,607.33	78.78
Selling expense	151,988.10	27.42
Total expenses	740,157.59	133.55

Remarks: Fees and expenses charged to the Fund are inclusive of value added tax, specific business tax or other taxes of a similar nature (if any) whereas fees or expenses as per the Fund Scheme are exclusive of value added tax. Net income from period 1 Jan – 31 Dec 2023 is 554,219,232 Baht





investment amount during the offering of REIT units in the primary market.

- The net asset value of the REIT may not be the same as the current market price quoted on the Stock Exchange of Thailand
- The net asset value of the REIT is not the intrinsic value of the properties that the REIT will receive upon disposition of all such properties or upon termination of the REIT.

General Information	
REIT Manager	Land and Houses Fund Management Company Limited
Address	11 Q.House Sathon Building Fl.14, South Sathon Rd., Thungmahamek, Sathon, Bangkok 10120
Telephone	0-2286-3484, 0-2679-2155
URL	<a href="http://www.lhfund.co.th">www.lhfund.co.th</a>

Trustee	SCB Asset Management Company Limited
Address	7-8th Floors, SCB Park Plaza 1, No. 18 Ratchadapisek Road, Chatuchak, Bangkok 10900
Telephone	02-949-1500
URL	<a href="http://www.scbam.com">http://www.scbam.com</a>

## Part 2

### Operations of the REIT

#### LH Shopping Centers Leasehold Real Estate Investment Trust

#### (LHSC)

1. Information of the REIT: LH Shopping Centers Leasehold Real Estate Investment Trust

##### 1.1 Important Information

Name (in Thai)	ทรัสต์เพื่อการลงทุนในสิทธิการเช่าอสังหาริมทรัพย์ แอล เอช ซีออปอิง เอ็นเตอร์
Name (in English)	LH Shopping Centers Leasehold Real Estate Investment Trust
Abbreviation	LHSC
Type	A trust certificate representing the right of the holder as a beneficiary of the REIT (Unit)
REIT Manager	Land and Houses Fund Management Company Limited
Trustee	SCB Asset Management Company Limited
Financial Adviser	Siam Commercial Bank Public Company Limited
Investment Project	Terminal 21 Asok Shopping Center
Type of Investment	To invest in the leasehold right in the building for a term of approximately 26 years.
Paid-up Capital	Baht 4,978,259,940
Project Life	Indefinite (The REIT invests in the leasehold right in immovable properties of Terminal 21 Shopping Center for a term of approximately 26 years, The remaining leasehold period as of December 31, 2023 is approximately 16.66 years)

## 2. Policy, Overall Business Operations, and Provision for Benefits

### Investment Objective

The REIT has been established under the Trust Act with the objectives to issue the REIT's Units for offering for sale to the public and list the Units in the Stock Exchange of Thailand. The settlor of the REIT shall transfer the proceeds from the sale of the Units to the Trustee on trust to retain the proceeds in the name of the Trustee. The Trustee shall utilize the proceeds to invest in the Core Properties by ways of purchase and/or lease and/or sublease, and/or acceptance of the transfer of leasehold rights and/or the subleasehold rights in the Core Properties as well as improving, modifying, and/or developing and/or disposing of other properties with an aim at generating income and returns for the REIT and in the best interests of its Unitholders. The REIT may invest in other properties and/or other securities and/or to seek interest by any other means in accordance with securities law and any other applicable laws.

### 2.1 Investment Policy

The Trust will focus on investing in high quality freehold and/or leasehold right in the immovable properties and the ownership in the movable properties for example commercial property, shopping centers, retail outlets to be the main asset of the Trust, and will focus on the benefits in the form of rental income and service fees. Or any other income. The Trust aim to building long-term returns to unit trust holder, and intended to invest in additional assets for the continued growth of the Trust's revenue including investment in other assets and/or other securities and/or any other returns by investment as required by securities law and / or other relevant laws.

### 2.2 Significant Changes and Development

#### 2.2.1 Significant Changes

For the operating period during 1 January 2023 - 31 December 2023, there has been neither change of authority in the management of the REIT by the REIT Manager, the Trustee, and the Property Manager; nor significant change in the shareholding and management structure and the business conduct. Moreover, the REIT did not make any additional property investment and there has been no change or amendment of related agreements that may significantly impact the financial status of the REIT.

## 2.2. Significant developments



At the end of 2023, LH Shopping Center Leasehold Real Estate Investment Trust (LHSC), Thailand's leading shopping center REIT, received the Outstanding Performance Award. "Best REIT Performance Awards" In the Business Excellence award category from the SET Awards 2023, the REIT's management has recovered rapidly from the COVID-19 pandemic. The appeal of this award is for real estate investment trusts with outstanding performance.

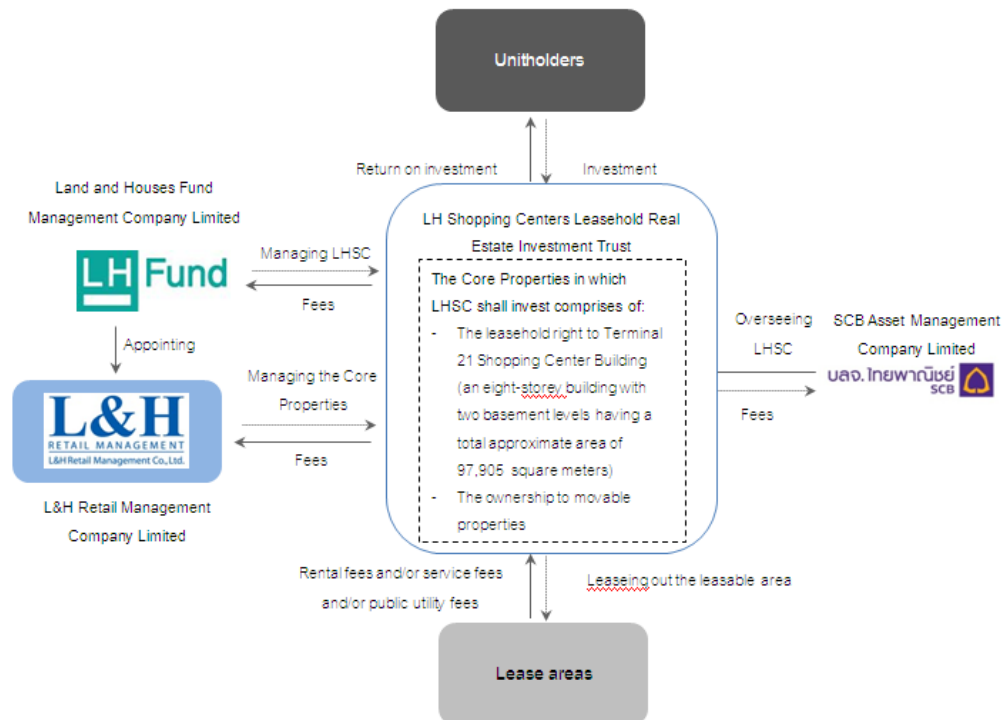
It is a REIT that creates added value for trust unitholders by generating passive income and generating continuous growth. This award will create motive for REIT managers to commit to managing REIT to achieve sustainable revenue growth, providing more options for investors who want consistent and stable returns.

The award criteria are based on the ability to generate returns to investors. Both in terms of profit generation, capital gain of trust units, and distribution, along with qualitative measures in terms of diversification of trust unitholders Implementation of relevant rules and laws, including regularity in generating returns as disclosed in the prospectus.



## 2.3 The Structure of the REIT

The structure of the REIT after its establishment can be displayed in the following chart.



## 2.4 Assets of the REIT

Details of Properties in which the REIT Invested as of 31 December 2023

Terminal 21 Shopping Center Project	
Location	The Terminal 21 Shopping Center Project is located at No. 88 Sukhumvit 19 (Wattana), North Klongtoei, Wattana, Bangkok.
Project Feature	The Terminal 21 Shopping Center Project is consisted of an 8-storey shopping center and 2 basements, including parking areas inside the building.
Land Size	Approximately 9 rai 1 ngan 44 square wah.
Cost Prices (Prices for the acquisition of leasehold right of immovable and movable properties, and other related rights)	The price of the REIT's initial investment was 5,941,624,840 Baht (inclusive of value added tax).
Date of Incorporation of the REIT	22 December 2014
Date of Initial Investment by the REIT	23 December 2014

Terminal 21 Shopping Center Project	
Appraised Value (2023)	<ul style="list-style-type: none"> <li>● TAP Valuation co.,Ltd.</li> <li>● As of 31 December 2023</li> <li>● Baht 6,483 million</li> </ul>
Owner of the Leasehold Right of Immovable Properties	LH Shopping Centers Leasehold Real Estate Investment Trust
Owners of the movable Properties	LH Shopping Centers Leasehold Real Estate Investment Trust
Commencement of Operation	The Building had been completed and commenced operation in October 2011.
Property Manager	L & H Retail Management Company Limited
Revenue for the period of 1 January - 31 December 2023	Revenue from rental and services amounted to Baht 1,257,912,065
General Features of the Project	<p>The Terminal 21 Shopping Center Project is consisted of an 8-storey shopping center and 2 basements, including parking areas inside the building, located on a land of approximately 9 rai 1 ngan 44 square wah which had been completed and opened for operation in October 2011 with a total space of 97,905 square meters.</p> <p>The public utility systems installed and used in the Terminal 21 Shopping Center Project comprise electrical system, water supply system, air-conditioning system, sanitary system, elevators system and escalators, telephone system, fire protection system, automatic fire extinguishing system, and engineering systems.</p> <p>The Terminal 21 Shopping Center Project is decorated and designed with a diversified theme based on well-known streets in cities such as Rome, Paris, and Tokyo. It is able to serve the diverse needs of customers by having international and domestic fashion boutiques, restaurants and the food court area, cinemas, and lifestyle stores. Moreover, it is conveniently</p>

-None-

-None-



#### **Tenants in the Same Group of Persons with the REIT Manager**

Juristic Persons/Companies with Possible Conflicts of Interest Land and Houses Fund Management Co Ltd as REIT Manager Land Houses Bank Public Co Ltd as Tenant

#### **Relationship**

Land and Houses Bank Public Co Ltd has common shareholder same as Land and Houses Fund Management Company Limited.

#### **Characteristics of Connected Transaction**

Land Houses Bank Public Co Ltd leases an area of approximately 102 sq.m. in Terminal 21 Shopping Center, with the leasing agreement expiring on 10 October 2025.

#### **Rationale of the Transaction**

The REIT Manager has the opinion that this is a normal transaction as Land and Houses Bank Public Co Ltd leases the area for its branch operations. The average rental rate paid by Land and Houses Bank Public Co Ltd is approximately 10% lower than the average rate of other tenants of the same business on the same floor. Land and Houses Bank Public Co Ltd is among the first group of tenants leasing the area in the Project which help promote public confidence in the Shopping Center. The REIT Manager shall adjust the rental rate to close to the average rental rate of other tenants for the next lease term in order to protect the benefits of the entire Unitholders.

#### **Tenants in the Same Group of Persons with the Trustee**

Juristic Persons/Companies with Possible Conflicts of Interest SCB Asset Management Co Ltd as Trustee of the REIT Siam Commercial Bank Public Co Ltd as Tenant

#### **Relationship**

Siam Commercial Bank Public Co Ltd holds directly 99.99% in SCB Asset Management Co Ltd.



### Characteristics of Connected Transaction

Siam Commercial Bank Public Co Ltd leases an area of approximately 123 sq.m. which is divided into service area of approximately 114 square meters, with the lease agreement ending on October 10, 2024, 1 ATM with the lease ending on October 1, 2025, and a total foreign exchange area of approximately 8 square meters, with the lease ending on April 10, 2024 (KIG401).

### Rationale of the Transaction

The REIT Manager has reviewed the leasing agreement and found that Siam Commercial Bank Public Co Ltd leases the area for its normal branch operations. The rental rate as well as other service and utility fees paid by Siam Commercial Bank Public Co Ltd is close to the average rate of other tenants of the same business on the same floor. Siam Commercial Bank Public Co Ltd is among the first group of tenants leasing the area in the Project which help promote public confidence in the potentiality of the Shopping Center.

In case of any transaction between the REIT and the connected person of the Trustee in the future, the following actions shall be taken:

- 1) Disclosure of the information through the Stock Exchange of Thailand or any other channels which the Unitholders are able to thoroughly access the information;
- 2) Giving reasonable period of time, which shall not be less than 14 days, for disclosure of information;
- 3) Providing appropriate channels, procedures and period of time for clearly demonstrating objection. The period of time for demonstrating objection shall not be less than 14 days, except for the case that such transaction is subject to the Unitholders' resolution which the objection must be demonstrated during the process of seeking Unitholders' resolution.

In case the Unitholders have demonstrated objection clearly through the procedures disclosed under Clause 3) in the amount of more than one fourth of the total sold units, the Trustee shall not conduct or allow executing such transaction.

## The Property Manager

### L&H Retail Management Company Limited

#### ● General Information

Location	:	1 Q. House Sathorn Building, 15 <sup>th</sup> Floor, South Sathorn Road, Tung Maha Mek, Sathorn, Bangkok 10120.
Company Registration No.	:	0105555014553
Telephone	:	02 343 8899
Facsimile	:	02 343 8890
Registered Capital	:	100,000 Baht
Paid-up Capital	:	100,000 Baht

#### - Qualification and Experience of the Property Manager

L&H Retail Management Company Limited is a subsidiary of L&H Property Company Limited, a subsidiary of Land and Houses Public Company Limited. It was registered as a limited company on 30 January 2012. Currently there is no other property under the management of the L&H Retail Management Company Limited. It has been the property manager of Terminal 21 Shopping Center since 1 February 2012.

#### - Relationship with the REIT Manager Pertaining to Shareholding or Business Connection

The relationship between L&H Retail Management Company Limited, the property manager of the REIT, and Land and Houses Fund Management Company Limited, the REIT Manager, is as follows:

- Land and Houses Fund Management Company Limited was indirectly owned (21.88%) by Land and Houses Public Company Limited.
- L&H Retail Management was directly owned by LH Mall and Hotel Company Limited (99.97%), whereas LH Mall and Hotel Company Limited was 99.99% owned by Land and Houses Public Company Limited.

Note: The above shareholding information is as of 31 December 2023

#### - Operating Period

The Property Manager has a term of 6 years as specified in the Property Management Agreement. In case each counter party wishes to extend the agreement upon its expiration, the agreement shall be in effect for each term of 6 years. The counter parties may review the terms and conditions of the agreement every 3 years or as agreed upon by both parties.

#### - Other Properties under the Management of the Property Manager that May Be Business Competitors for the Core Properties of the REIT

Currently, property managers manage properties that are shopping centers in the Bangkok area, adding the Terminal 21 Rama 3 shopping center project.

– Remunerations Received from the REIT

The Property Manager is entitled to a monthly remuneration which is collected from the REIT in accordance with the Property Management Agreement made between the REIT and the Property Manager.

Summary of Property Management Fee

Type of Property Management Fee	Rate of Fee	
	Estimated Ceiling	Unit
1. Fee for Rental Collection on behalf of the REIT.	Not exceeding 3.00%	of net rental income of the core properties
2. Commissions <sup>(1)</sup>		
▪ Agreement renewal by existing tenants	Not exceeding 0.50%	per month
▪ New agreements (Less than 1 year)	Not exceeding 1.00%	per month (calculated in proportion to actual lease period)
▪ New agreements (1-3 years)	Not exceeding 1.00%	per month
▪ New agreements (More than 3 years)	Not exceeding 1.50%	per month
▪ Rental of promotional area	Not exceeding 20.00%	of total rental income in each event
3. Property management fee	Not exceeding 0.50%	of net asset value of the core properties <sup>(2)</sup>
4. Special incentives	Not exceeding 3.00%	of net income of the core properties
5. Fees for property transactions	Not exceeding 1.50%	of total value of the additional property to be invested
	Not exceeding 0.75%	of total value of the property to be sold
6. Fee for supervisory of the repair, maintenance, improvement and/or development of the Core Properties	Not exceeding 2.00%	of the value of the respective repair, maintenance, improvement and/or development of the Core Properties
7. Shopping center system management fee	Not exceeding 6.00	Million baht

Notes: <sup>(1)</sup> The commission is based on the rental, service, and utility fees paid on the first month by that specific tenant.

<sup>(2)</sup> Net asset value of the Core Properties = Total value of the Core Properties including benefits derived from investment during a specific period minus total liabilities of the Core Properties.

## Information on Income Guarantee and the Guarantor as of 31 December 2022

- None –

### a. Borrowings

#### Summary of Key Provisions of the Borrowing Agreement

The REIT has received approval for a loan from Land and Houses Bank Public Company Limited. Details of the loan agreement dated October 11, 2018 with a loan amount of Baht 1,072 million and a memorandum amending the loan agreement dated June 2, 2020 specifying that the REIT will be obligated to start repaying the principal once a year. First installment payment started in 2020.

According to the criteria set by the SEC, in 2022, the REIT received a waiver from having to repay the principal. This is in accordance with the Memorandum of Agreement amending the loan agreement, which specifies the non-repayment of principal of the loan due in 2022 and adjusting the principal repayment schedule from 2023 onwards according to the amount specified in the contract, which must be completed by December 2029.

The REIT agrees to repay the principal in installments according to the Memorandum of Agreement to amend the loan agreement dated February 8, 2022 by repaying the principal once a year. At the end of June of every year, conditions are as follows:

- From the 4th year, except for repayment of the principal.
- From the 5th to the 7th year (2023 – 2025), installments to repay the principal. Not less than 50,000,000 baht per year.
- From the 8th year (2026) onwards until the debt is fully repaid, the principal installment is not less than 75,000,000 baht per year, and in the last installment, the borrower agrees to pay all outstanding principal debt until it is complete.

The REIT has outstanding principal as of December 31, 2023 of 740 million baht. During the operating period between 1 January 2023 and 31 December 2023, interest payments on loans amounted to 27.73 million baht. From the conditions of the above

*In 2024, the REIT Manager will set aside reserves to repay the principal amount of not less than 50,000,000 baht according to the above conditions or in case of request from the lender. By setting aside reserves to pay off such debts, the net profit will be adjusted to pay benefits to unitholders.*

However, to effectively manage the REIT's costs. If the conditions for repaying the loan change. The REIT Manager will notify the unitholders in the next step.

### 3. Market Overview of the Property Sector from which the REIT Procures Benefits

#### 3.1 Thai Economic Performance in Q4 of 2023 and the Outlook for 2024

According to data from the Office of the National Economic and Social Development Council (NESDC) as of February 2024, it reveals that Thai economy in 2023 expanded 1.9 percent, increasing at slower growth rate compared with 2.5 percent increase in 2022. The key reasons were deceleration of both government consumption and public investment at 4.6 percent owing to the delay in FY2024's budgetary process and slow disbursement of the current budget. In addition, the export value decreased by 1.7 percent, which is lower than its growth of 5.4 percent last year. The exporting counterparties with declining value included ASEAN market (7% decrease). European Union excluding the United Kingdoms (4.2% decrease). Meanwhile, the import value dropped by 3.1 percent when compared with 14.0 percent last year. In terms of private investment, its value decreased by 3.2, which was lower than the 4.7 percent growth in the previous year. Manufacturing and Construction sectors declined by 3.2 percent and 0.6 percent, comparing with 0.7 percent increase and 2.4 percent decrease respectively.

The private consumption expenditure increased favorably by 7.1 percent, continuing from 6.2 percent growth in the previous quarter. Such an increase came from the expenditure in services and goods, especially accommodation and food service activities sector with 18 percent growth. Considering the high growth rate of international tourist arrivals at approximately 152.5 percent, the number increased to 28.15 million from 11.15 million tourists last year. Additionally, the wholesale and retail trade sector consistently grew by 3.8 percent which was in line with 3.7 percent growth in the previous year, which partly derived from high sales in the category of accessories, cosmetics and medical supplies, and high sales from discount store, supercenter, and hypermarket. This year, the inflation rate dropped to 1.2 percent, lowering from 6.1 percent last year, and the policy rate increased to 2.50 percent.

Thai Economic outlook for 2024 is forecasted to grow in the range between 2.2 and 3.2 percent. There are Key supporting factors include:

1. The export value of goods is anticipated to rebound thanks to recovery of the global trade volume. The export items with increased value include rice, rubber, computer, parts of electrical appliances, and vehicle parts.
2. Continuous recovery of the tourism sector is consistent with number of the international tourist arrivals that is close to the number before the Covid-19 pandemic, and benefits from the government policy of VISA exemption for tourists from key source markets, such as China, Russia, India, and Taiwan.

3. Expansion of the private investment as the increase of industrial land sale and lease and trend of increasing request for investment promotion which increased to THB 0.85 trillion this year, up 43 percent.
4. Expansion of the private consumption as the relatively low inflation rate and high consumption confidence index and government policy of tax deduction for e-receipt

However, there are some limitations and risk factors which may affect the growth of Thai economy in 2024, including 1) Risk from lower support of the monetary policy 2) High household debt level and business concerns among high interest rate level 3) Impacts from climate change 4) Volatility of economic system and global financial market.

### 3.2 Overview of the Retail Market

TABLE 1: Total Supply, Demand and Vacancy by Area, Q4 2023

	Total Market	Downtown	Midtown	Suburbs
Total Supply	8.3 million	1.9 million	2.2 million	4.2 million
Total Take-up	7.9 million	1.8 million	2.0 million	4.1 million
Total Vacancy	0.4 million	0.1 million	0.1 million	0.1 million
% Vacant	4.6%	5.5%	6.1%	3.4%

Source: CBRE Research, Q4 2023

Source: CBRE Research

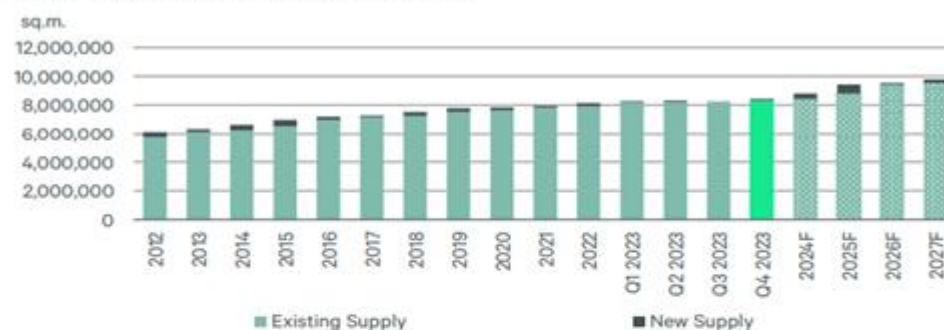
Bangkok's retail market experienced another positive quarter in Q4 2023 compared to the same period last year, driven by festive season spending and the revival of Thailand's tourism industry.

Thailand's consumer confidence index (CCI) increased for a fifth consecutive month, reaching 62.0 in December 2023, its highest level since February 2020. The government continued to introduce measures to try to facilitate spending by lowering energy prices and relaxing visa rules, with the aim of boosting the tourism sector. The CCI increased by 12.3 points, a 24.7% Y-o-Y increase.

Total retail supply in Bangkok increased from 8.0 million square meters in Q4 2022 to 8.3 square meters in Q4 2023, an increase of 2.9% Y-o-Y. There is more than 1.3 million square meters of retail space either planned or under construction.

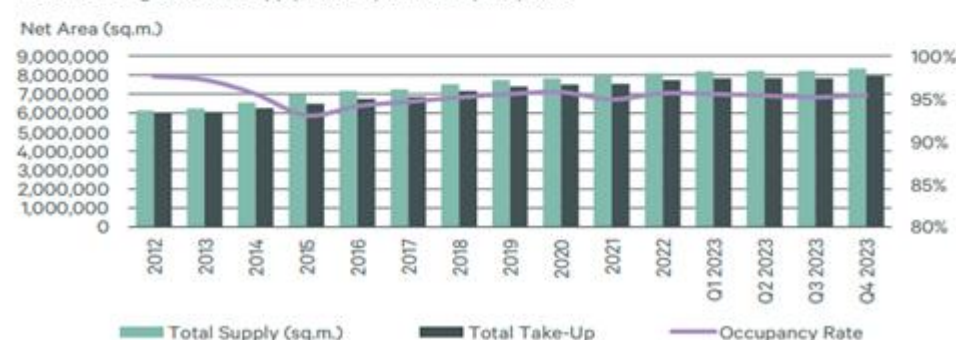
In 2024 With strong year forecasts in sight, Thailand's retail sector is poised to expand by double digits. Growth was largely driven by an increase in private consumption. This includes rising wages, tourism recovery, and government stimulus measures such as the Easy E-Receipt tax rebate scheme and the rapid growth of online retail. However, the rising cost of living is a concern.

FIGURE 1: Bangkok Existing and Future Retail Supply



Source: CBRE Research, Q4 2023

FIGURE 2: Bangkok Retail Supply, Take-up and Occupancy Rate



Source: CBRE Research

In Q4 2022, There is more than 1.3 million square meters of retail space either planned or under construction. Over 0.9 million square meters of retail space is currently under construction in Bangkok, with an additional 0.4 million square meters in the planning stages. Two major retail projects are expected to be completed in 2024 and 2025. One Bangkok, a mixed-use development (condominium, hotel, office) with four retail buildings and Dusit Central Park, a mixed-use development (residential, hotel, office).

The retail market in 2024 is expected to remain highly competitive, driven by ongoing expansion efforts and renovation plans from major retail developers, impacting market dynamics and increasing future supply.

The outlook for 2024 remains cautiously optimistic. While ongoing expansion and renovation plans will undoubtedly influence the market, positive indicators from strong holiday sales suggest potential growth in the first half of the year. However, economic uncertainties might hinder consumer spending later in the year, creating a mixed outlook for the overall retail performance.

#### 4. Risk Factors

##### a. Risks relating to the REIT or its Operations

- 1) *The success of the REIT depends on the ability of the REIT Manager and the Property Manager in managing and procurement of benefits from the Core Properties, the inadequacy and inefficiency of which could have a material adverse effect on the Core Properties' value, performance and the REIT's ability to make distribution payments.*

The REIT Manager shall be the party to determine marketing policies and management strategies pursuant to the Trust Deed and to assign the Property Manager to manage the Core Properties and to perform day-to-day duties pursuant to the Property Manager Appointment Agreement entered into by the REIT, the REIT Manager and the Property Manager. According to the Property Manager Appointment Agreement, the Property Manager has responsibility for carrying out various duties under the supervision of the REIT Manager, including those related to the Core Properties such as lease management, marketing, maintenance service, security and safety operations, and financial management.

In case where the REIT Manager is unable to carry out operations according to the marketing policies and management strategies, or the Property Manager fails to properly manage the Core Properties, the value of the Core Properties and/or the rental income that the REIT is expected to earn could be adversely affected, further affecting the REIT's performance and abilities to pay the distributions to the Unitholders and repay loan when due. Furthermore, any adverse changes which affect the relationship between the REIT Manager and the Property Manager may affect their abilities to manage the REIT and the Core Properties. In addition, should L&H Retail Management Co., Ltd. be unable to perform its duties as the Property Manager under the Property Manager Appointment Agreement, the REIT may not be able to appoint another entity to manage the Core Properties as effectively as the Property Manager has performed or to appoint any other entities at all, which could have an adverse effect on the REIT's performance and its financial condition.



2) *The REIT's revenue relies on tenants' economic viability and decision to renew the lease upon expiry.*

The REIT's financial condition is dependent on the procurement of tenants' leases in the Terminal 21 Shopping Center project with economically favorable terms. Since the REIT's Core Properties will entirely consist of properties in the retail sector and its income will be earned primarily from the rental and service fee generated from retail businesses, the REIT's revenue will be subject to general risks associated with investments in this sector. The deterioration of the financial condition of one or more significant tenants or a large number of small tenants at any one time could result in delayed payment, tenant's defaults and insolvency, including non-renewal of leases, or renewal on less favorable terms, any of which could have a material adverse effect on the REIT's financial condition, performance, and ability to make distribution payments.

Nevertheless, the historical rental collection information for the Terminal 21 Shopping Center project indicates that despite the political unrest, few tenants requested for payment extension and deferred payment and the Terminal 21 Shopping Center project did not experience a situation of reported incidence of default-related prosecution. Furthermore, most of the tenants whose leases are expired in 2014 have expressed intent to renew their leases, assuring an occupancy rate of 80-90 percent. The remaining 10-20 percent of vacant space will be reserved for new tenants in order to ensure that the ratio of occupancy rate and business types is appropriate for the shopping center business and customer needs.

3) *Risk that may be occurred as a result of loan by the REIT.*

The REIT has secured financing sources to supply part of the funds for investment in the Core Properties whereby the REIT Manager and the financial advisor, after careful examination of relevant details and loan repayment conditions as well as the REIT's projected financial statement, have viewed that the REIT has an ability to repay such loan. However, this may be subject to risks associated with economic and interest rate volatility, among others, which could adversely affect the REIT's operating results, liquidity and ability to repay interest and principal, and affect the distribution payments to the Unitholders.

Taking into account the aforementioned risks, the REIT Manager will prepare measures to regularly monitor the REIT's operating results and various external risk factors, including interest rate changes, as well as to probably utilize financial tools to leverage such risks such as interest rate swap transaction services and reactive agreements with debtors, i.e. loan repayment extensions and relaxation of certain conditions constraining the management of the REIT, etc., whereby such management will be in compliance with the relevant laws and taken the best interest of the Unitholders into consideration.

4) *The changes in the taxation policy applicable to investment in the Units of the REIT.*

Unitholders may be subject to a higher tax rate due to the investment in or purchase or sale of the Units or in the case of distribution payments to non-Thai investors may be subject to a different withholding tax regime as a result of a change of applicable taxation or other relevant laws and regulations.

5) *The REIT is not a direct party to the land lease agreement for the Terminal 21 Shopping Center project.*

The Terminal 21 Shopping Center project is constructed on land leased under the land lease agreement between L&H Property Co., Ltd. (the "Lessor") and the landlord. Under the Trust Deed, the REIT will invest in the leasehold right to the shopping center building of the Terminal 21 Shopping Center project; whereby the leasehold right to such land will not be transferred to the REIT. On that basis, the REIT will not be a direct party to the land lease agreement and has no control over the performance of the Lessor, who is a party under such land lease agreement. There can be no assurance, therefore, that the Lessor will not breach the terms and conditions of the land lease agreement which could result in the agreement being terminated. Although the termination of the land lease agreement would not result in the termination of the lease of the Terminal 21 Shopping Center building, it could affect the benefit procurement from the Terminal 21 Shopping Center project under the lease agreement between the REIT and the Lessor, and could therefore have a material adverse effect on the REIT's financial condition and operating results as well as ability to make distribution payments to the Unitholders.

Nonetheless, as the termination of the land lease agreement would not lead to the expiry of the lease of the Terminal 21 Shopping Center building, the landlord shall become the lessor of the building and the Lessor is obliged not to engage in any conduct that deprives the REIT of its rights or ability to use the leased property. In the case that the Lessor fails to perform this condition, it shall cause the Lessor's default which the REIT Manager views that this is an effective measure to prevent the Lessor's revocation of the land lease agreement to which the REIT is not a direct party. Please consider more details in the summary of the key provisions of the draft immovable property lease agreement in the sections of obligations of the lessor, causes of termination and consequences to the causes of termination

b. Risks Relating to the Core Properties

- 1) *The REIT and the tenants in the Terminal 21 Shopping Center project may face competition from other shopping centers and retail outlets with the same target markets located within their catchment areas as well as competition from other retail channels.*

Shopping centers and other retail outlets compete aggressively could affect the tenants' business in the Terminal 21 Shopping Center project which could have a material adverse effect on the tenants' sale volume, in a manner of the tenants' ability to attract shoppers and their ability to pay rent, especially if competitors upgrade and redecorate their retail shop areas or otherwise sway shoppers' purchasing decisions. In addition, the REIT's retail tenants face ever-changing consumer preferences resulting from changes in lifestyle and consumption behavior as well as increased retail business competition caused by internet shopping and telemarketing. Furthermore, the ability of some of the REIT's tenants to pay rent depends on the amount of sales revenue that they generate. Should they experience competition leading to decreased sales revenue, the REIT may have to lower rental rate, which would thus affect the REIT's cash flow.

Such impact could affect the sale volume of the tenants and thus ability to pay rent and the REIT's cash flow.

However, as the Terminal 21 Shopping Center project is conveniently located in a downtown business area surrounded by office buildings, hotels and residential buildings including condominiums, it has been successful in market positioning with its unique design concepts and identification of clear target customers.

**2) *The use of the area connecting some parts of the Core Properties to the BTS Asoke station is subject to expiry.***

The owner of the Core Properties has entered into an area connection agreement with the Bangkok Mass Transit System Public Company Limited (the “BTS System”) for the BTS Asoke station under which the owner of the Core Properties is entitled to use the area connected with the station for a span of time equivalent to that of the concession granted to the BTS by the Bangkok Metropolitan Administration (which will expire on 4 December 2029). The BTS System has its route over the Sukhumvit Road at the front of the Core Properties which is at the BTS Asoke station area. Expiry of such an agreement prior to that of the lease agreement of the Core Properties may result in the REIT’s inability to use the connecting area, potentially reducing shoppers’ access to the Core Properties and the REIT’s operating results and distribution payments to the Unitholders.

**3) *Risks relating to natural disaster, other force majeure, terrorist, and war could adversely affect the REIT’s revenues.***

The REIT will be subject to various risks such as natural disaster or other force majeure in the location where the Core Properties is as well as areas from which it draws a large number of customers, which may cause a decline in the level of consumption and leisure travel, and reduce demand for the space lease, such as flooding in Thailand in 2011, or actual or threatened war, terrorist, political unrest, civil strike, and other geopolitical uncertainty could have the similar effect. Any one or more of these incidents may reduce the overall demand in the Terminal 21 Shopping Center project or the REIT’s revenue, which may have a material adverse effect on its operating results, financial condition, and ability to make distribution payments as well as cause uninsurable damage to the Core Properties.

c. Risks relating to Investment in Real Estate Property

1) *General risks associated with investment in real estate property.*

Investment in real estate property is subject to various risks, including (1) adverse changes in political or economic conditions, such as domestic or international recessions and overall declines in consumer demand; (2) adverse local real estate market conditions; (3) changes in interest, inflation, and foreign exchange rates, (4) changes in Thai or international monetary policies or other economic policies; (5) unexpected increases in real estate operating expenses; (6) changes in environmental laws and regulations, zoning laws, and other governmental rules and fiscal policies; (7) environmental claims arising with respect of real estate property; (8) changes in market rental rates and real estate property prices; (9) changes in the price of petrol and other types of fuel; (10) changes in the relative popularity of certain property types and locations leading to an oversupply of space or a reduction in tenant demand for a particular type of property in a given market; (11) acts of a tenant that may impact the business or reputation of the lessor; (12) inability to renew leases or relet spaces upon the expiry of existing leases; (13) inability to collect rents from tenants on a timely basis or at all due to tenants' bankruptcy or insolvency or otherwise; (14) insufficiency of insurance coverage or increases in insurance premiums; (15) inability of the manager of a real estate property to provide or procure the provision of adequate maintenance and other services; (16) defects affecting real estate property that need to be rectified or other required repair and maintenance of real estate property leading to unforeseen capital expenditure; (17i) the relative illiquidity associated with investment in real estate property; (18) overreliance on cash flow for the maintenance of and improvement to any portfolio property; (19) increased operating costs, including relevant taxes; (20) any interests or encumbrances that cannot be or has not been revealed by a land search conducted at any relevant public registry at the time of the search; (21) force majeure, uninsurable losses, and other factors; and (22) changes in tax laws and regulations, and/or others.

The aforementioned factors may cause fluctuations in occupancy rates, rental rates, or operating expenses, causing a negative effect on the value of real estate property and income earned thereof.

The annual valuation of the Core Properties is subject to such factors, and the value of the Core Properties may therefore fluctuate upwards or downwards. The investment value of the Core Properties may significantly depreciate in the case of sudden downturns in real estate market prices or economic conditions in Bangkok and other cities or provinces in Thailand where the Core Properties and any other related properties are or may, in the future, be located.

**2) *The REIT may be adversely affected by the illiquidity associated with real estate investment and the lack of alternative uses for its Core Properties.***

The REIT will primarily invest in real estate property and assets related to real estate property, particularly investment in high-value property, such as that in which the REIT intends to invest, is relatively illiquid. Such illiquidity may affect the REIT's ability to vary its investment portfolio or liquidate a portion of its assets in response to changes in the economy, real estate market, or other conditions. For instance, the REIT may be unable to sell its Core Properties on short notice or may be forced to give a substantial reduction in the price in order to ensure a timely sale. Moreover, the REIT may face difficulty in securing timely and commercially favorable financing in asset-based lending transactions secured by the Core Properties due to the illiquid nature of real estate assets. In addition, the Core Properties might not be readily converted to alternative uses if it becomes unprofitable due to competition, ageing, decreased demand, or other factors. Finally, the conversion of a property to alternative uses will generally require additional capital expenditure. Such factors could adversely affect the REIT's financial condition and operating results, thereby affecting its ability to make distribution payments to the Unitholders.

**3) *The REIT's strategy of investing in properties connected to the shopping center or retail business may entail a higher level of risk as compared to having a more diverse range of investments.***

The REIT's principal strategy of investing in properties connected to the shopping center or retail business will subject the REIT to risks inherent in concentrating in real estate property, the level of which may be higher compared to other types of investment trusts offering a more diverse range of investments involving other business sectors.

The REIT's concentration of investment in the leasehold rights to properties connected to the shopping center or retail business entails the REIT the risks of downturns in the Thai market, which may lead to a decline in occupancy rates or rental rates for the Core Properties or any other properties related to the Core Properties. This would consequently affect the REIT's income earned from the Core Properties and/or result in a decline in the REIT's net asset value, potentially having an adverse impact on the distributions to be paid to the Unitholders and/or on the operating results and financial condition of the REIT.

**4) *The Core Properties may be expropriated.***

The Core Properties may be exposed to expropriation risks under the governmental policy, in which case the REIT may be compensated in an amount less than the net asset value or the investment value of such expropriated Core Properties. As a result, the return on investment associated with the expropriation may differ from projected results in terms of both distribution and return of capital. The amount of compensation, if any, to which the REIT is entitled will depend on the terms and conditions specified in the relevant agreements, including the remaining term of the lease agreement after the expropriation, or compensation amount from the expropriation.

According to the Settlor's review of the Thai royal decrees designating areas subject to expropriation, the area in which the Core Properties is located is not specifically subject to such expropriation at present. However, the Settlor cannot assure that such areas subject to expropriation will not change since expropriation involves the governmental policy and the need for particular land areas at a certain time. Any such expropriation could adversely affect the REIT's financial condition and operating results, thereby affecting its ability to make distribution payments to the Unitholders. Please consider more details in the summary of the key provisions of the draft immovable property lease agreement in the sections of consequences to causes of termination.

5) *The REIT is subject to political risks.*

The REIT's performance, financial condition, operating results, and business prospects may be influenced in part by the political situation in Thailand, which has been unstable from time to time, affecting the socioeconomic condition of the country.

The Settlor cannot assure that no incidents will arise leading again to political instability, which can have a material adverse effect on the REIT's performance, financial condition, operating results, and business prospects.

5. Disputes or Restrictions on Provision for Benefits from Immovable Properties

- None –

6. Other Material Information

- None -



## Part 3

### Management and Good Corporate Governance

#### 7. Units, Securities and Instruments Issued by the REIT

##### 7.1 Information of Units and Prices of Securities

###### 7.1.1 Information of Units

Investment Capital	Baht 4,978,259,940
Par Value of the Unit	Baht 10.20
Number of Unit	488,064,700 units
Type of Unit	Name of Unitholder Specified
IPO Price of Unit	Baht 10.20
NAV per Unit as at 31 December 2023	Baht 12.3018

###### 7.1.2 Information of Securities Prices

Closing Price on 31 December 2023	Baht 10.00
Highest Price in 2023	Baht 13.40
Lowest Price in 2023	Baht 6.80
Market Value on 31 December 2023	Baht 4,880,647,000
Trading Volume per Year (AOM Value)	Baht 267.47 million
NAV as 31 December 2023	Baht 6,004,085,768

###### 7.1.3 Details of Historical Capital Reduction

-None-

#### 7.2 Bonds issued by the REIT

-None-

### 7.3 Information of Unitholders

#### 7.3.1 Top 10 Major Unitholders on the book closing date of 30 December 2022

No.	Major Unitholder	No. of Units (units)	%
1.	SOCIAL SECURITY OFFICE	54,538,600.00	11.17
2.	LH MALL & HOTEL CO., LTD.	43,926,000.00	9.00
3.	MUANG THAI LIFE ASSURANCE PUBLIC COMPANY LIMITED	26,398,900.00	5.41
4.	THAI LIFE INSURANCE PUBLIC COMPANY LIMITED	26,331,700.00	5.40
5.	K PROPERTY INFRASTRUCTURE FLEXIBLE	24,104,800.00	4.94
6.	PRINCIPAL PROPERTY INCOME FUND	17,108,100.00	3.51
7.	SOUTHEAST INSURANCE PUBLIC COMPANY LIMITED	13,921,000.00	2.85
8.	GOVERNMENT SAVINGS BANK	9,198,600.00	1.88
9.	MUANG THAI LIFE ASSURANCE PUBLIC COMPANY LIMITED	7,176,000.00	1.47
10.	TMB EASTSPRING PROPERTY AND INFRASTRUCTURE INCOME PLUS FLEXIBLE FUND	7,027,400.00	1.44

#### 7.3.2 Major Unitholders (holding in aggregation 10% or more of the total units under the same group of persons)

- None -

#### 7.3.2 Group of Major Unitholders with Behavior Significantly Influencing the Management Policy, Management Style, and Business Conduct of the Fund Management Company

- None -

### 7.4 Payment of Distribution of the REIT

#### 7.4.1 Provisions on Distribution Policy and Methods of Distribution Payment

- (1) The REIT Manager shall distribute at least 90 percent of its adjusted net profit for each fiscal year to the Unitholders and at least twice a year. However, the REIT Manager may consider making extra distribution to the Unitholders other than the aforementioned twice-a-year distribution as it deems necessary and appropriate. The REIT Manager shall make distribution to the Unitholders within 90 days from the last date of the fiscal year or the end of the accounting period in which there is a distribution, as the case may be.

Such adjusted net profit in such paragraph one shall include the net profit referred in the cash flow status of the REIT in accordance with the guidelines specified by the Office of the SEC.

In the case that the REIT has an accumulated profit in any accounting period, the REIT Manager may make distribution to the Unitholders from such accumulated profit.

In the case where the REIT Manager is unable to make distribution to Unitholders in such period, it shall notify the Unitholders through the information system of the SET.

- (2) If the REIT has cumulative loss, the REIT Manager shall not make distribution to the Unitholders.

**Additional Conditions:**

- (1) In considering making distribution, if the distribution per unit to be declared during the fiscal year is lower than or equal to Baht 0.10 (zero point one zero) per unit, the REIT Manager reserves the right not to make those distribution and carry forward those distribution to be paid together with the distribution as of the end of the fiscal year in accordance with the prescribed distribution method.

With respect to the rules for making distribution, the REIT Manager shall comply with those stipulated herewith, unless otherwise amended, added, announced, stipulated, instructed, approved, and/or relieved by the SEC, the Office of the SEC and/or any other competent authority under the laws, which the REIT Manager shall comply accordingly.

- (2) The REIT Manager shall declare distribution, register book closing date, and the rate of distribution by sending a written notice to the Unitholders whose names appear in the Unitholders' register book as of the register book closing date through the information system of the SET, and to the Trustee.
- (3) The REIT Manager shall make distribution by means of transfer of money into the accounts of the Unitholders or by crossed cheques payable to the Unitholders according to the names and addresses shown in the Unitholders' register book.
- (4) In the case that any Unitholders fails to exercise the right to receive any distribution within the statutory limit relating to the claim of right under the Civil and Commercial Code, the REIT



## 8. Management Structure

### 8.1 The Management Company

#### 8.1.1 General Information of the Management Company

Name of the Management Company	: Land and Houses Fund Management Company Limited
Location	: 11 Q. House Sathorn Building, 14 <sup>th</sup> Floor, South Sathorn Road, Tung Maha Mek, Sathorn, Bangkok 10120.
Company Registration No.	: 0105551006645
Telephone	: 02 286-3484 and 02 679-2155
Facsimile	: 02 286-3585 and 02 679-2150
Website	: <a href="http://www.lhfund.co.th">http://www.lhfund.co.th</a>

#### Detail of the Management Company

Land and Houses Fund Management Co., Ltd. has registered to change of its name with the Ministry of Commerce since 23 November 2010. Its former name was United Fund Management Co., Ltd. The Company was established as a limited company on 17 January 2008. Presently, The company has a paid-up registered capital of 300 million baht and has obtained licenses to undertake various types of business as follows:

- Type C Securities Business License (License No. Lor.Kor.-0013-01) from the Ministry of Finance on 21 February 2011
- Derivatives License: Derivatives Fund Manager (License No. SorDor04-0013-10) from the Securities and Exchange Commission (SEC) on 2 March 2011
- Derivatives License: Derivatives Advisor (License No. SorDor03-0013-11) from the Securities and Exchange Commission (SEC) on 2 March 2011

The Company was authorized by the Office of the SEC to undertake the following businesses:

- Mutual fund and private fund management business on 6 June 2011
- Provident fund management business on 3 May 2012
- To become Real Estate Investment Trust (REIT) Management on 7 May 2014.
- To become a trustee of real estate investment trust on 10 November 2016.

## Shareholding Structure of the REIT Manager

The shareholder of the REIT Manager as of 31 December 2023 was as follows:

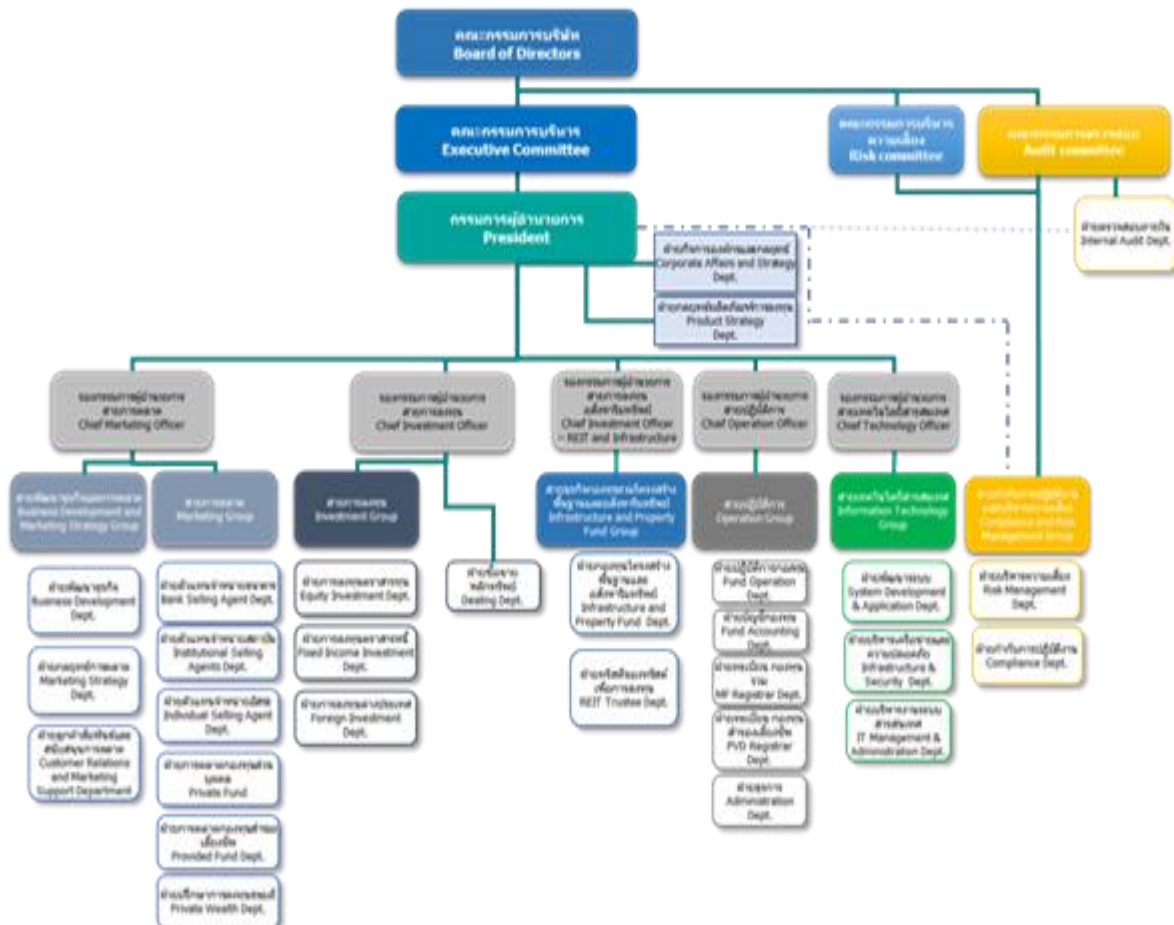
Name	No. of Shares	% of Total Shares
LH Financial Group Public Company Limited	2,999,995	99.99

### 8.1.2 Management Structure and Name List of Shareholders, Board of Directors, and REIT Managers

As of 31 December 2023, the REIT Manager commits to divide the responsibilities of each department clearly. Each department works independently and systematically based on the principles of trust and good corporate governance as well as the consideration of the control of any potential risk arising from corruption, fraudulent and conflicts of interest. Thus, the fund manager can manage the investment with honesty, with priority of customer's benefit before itself as well as to prevent any information leaks or illegal acts as well as the regards of the condition, size and complexity of the Company's business operations.

The organization structure of the FUND Manager is composed of 7 main groups, namely:

Business Development and Marketing Strategy Group, Marketing Group, Investment Group, Infrastructure and Property Fund Group, Operation Group, Information technology Group, Compliance and Risk Management Group.



## Structure of the Board of Directors and the Board Committees of the REIT Manager

With recognition of the importance of the duty to protect the interests of the unit holders, who are retail investors, Board of Directors has been appointed. They also established another 5 sub-committees. Then, the REIT Manager has 6 groups of committees as follows:

1. Board of Directors
2. Audit Committee
3. Risk Management Committee
4. Management Committee
5. Investment Committee
6. Property Investment Committee

### 1. Board of Directors

The Board of Directors consists of 9 members as follows:

- |                               |          |
|-------------------------------|----------|
| 1) Mr. Rutt Phanijphand       | Chairman |
| 2) Mr. Adul Vinaiphat         | Director |
| 3) Mrs. Sasitorn Phongsathorn | Director |
| 4) Mr. Kasem Akanesuwan       | Director |
| 5) Mr. Preecha Poramapojn     | Director |
| 6) Mr. Lai, Guang – Hua       | Director |
| 7) Mr. Monrat Phadungsit      | Director |
| 8) Mr. Tan, Shih - Ping       | Director |
| 9) Mr. Chang, Yu – Tse        | Director |

### Scope of Authority of the Board of Director

1. Perform duties in accordance with law, objectives, regulations of the REIT Manager and related external agencies, including the resolutions of the general meeting of shareholders, with integrity and in the interests of the REIT manager.
2. Establish overall strategic direction and goals of the REIT Manager, review and approve Management's proposed policy and operational direction of the REIT Manager. Monitor the performance of the management to ensure that the approved policies are implemented efficiently and effectively. With the regards of the benefits of the company, shareholders, and investors are protected.
3. Provide provisions regarding business ethics and ethics of Directors Executives and staff to be a practice guideline within the organization.

4. Establish a written corporate governance policy to approve and monitor the operation according to the said policy as well as requiring policy to be reviewed at least once a year.
5. Set guidelines for conflicts of interest and supervise the operation to be in accordance with the requirements.
6. Monitor and control the operations of the management company in terms of both financial reports and compliance with relevant regulations, policies, and laws and also set up effective internal control and audit systems.
7. Supervise to get the report in order to get a data reporting process so that the Board of Directors receive sufficient information from the management to enable them to fully comply with their duties and responsibilities.
8. To ensure that the management set important policies for the fund management business in line with the company policy especially Risk Management Oversight by setting policies and guidelines for managing risks that occur and approve policies and also review the practical strategies and policies on a regular basis.
9. Consider the appointment and approval of roles and responsibilities of various sub-committees to oversee the company's business as assigned by the Board of Directors.
10. Consider and approve the transaction according to the approval authority which shall be in accordance with the approval authority table amendments by the Board of Directors.

## 2. Audit Committee

### **Scope of Authority of the Audit Committee**

1. Review and approve the annual audit plan proposed by the Compliance and Internal Audit Department and review reports of the internal auditors on a regular basis.
2. Review and approve the appointment, transfer and dismissal of the Internal Audit Head and review the manpower plan of the Internal Audit Unit to ensure its independence.
3. Annually (At least once a year) review and approve the Internal Audit Charter.
4. Regularly review the company's internal control system and operational procedures to ensure their appropriateness, efficiency and compliance with relevant laws and regulations.
5. Consider, select, propose, appoint and offer remuneration for the company's auditor and set up a meeting with the auditor about issues that may affect the reliability of financial reports problems encountered in the operation
6. Review the company's financial reports according to the auditor's report in order to ensure the accuracy. And be aware of significant changes in accounting policies and adjustments of the auditor.
7. Consider the disclosure of company information. In the case that there is a connected transaction or transactions that may have conflicts of interest, according to the operation supervision department or the auditor. And also give opinions to the board regarding the said transaction.



8. To make a report of the Corporate Governance from audit committee by disclosing in the company's annual report
9. Review and acknowledge ethical performance for the Board of directors, employees and Corporate Governance.
10. Consider and approve the annual compliance report and / or related reports.
11. The audit committee must consist of at least 2 non-management directors and at least 1 committee member must have accounting or financial knowledge, with the supervisor of the supervision and audit department as secretary.
12. The audit committee must be appointed by the board of directors. Each term has a term of 3 years and is in accordance with the position of a director of the company.
13. The audit committee must hold a meeting at least once a quarter when necessary. The audit committee may invite the management team or related parties to attend the meeting and provide relevant information.
14. Receive information from the auditors when the auditors discover suspicious circumstances that Managing Director or a person responsible for the company's operations, having committed an offense under Section 281/2, Paragraph Two, Section 305, Section 306, Section 308, Section 309, Section 310, Section 311, Section 312 or Section 313 of the Securities and Exchange B.E. 2535 and immediately investigate the said situation without delay and submit the report of the said situation to the Office of the Securities and Exchange Commission and the auditor within 30 days from the date of receipt of notification from the auditor.
15. Other duties as assigned by the Board of Directors.

### 3. Risk Management Committee

#### Scope of Authority of the Risk Management Committee

1. Moderate and propose governance risk management and management systems to the Board of Directors and the Risk Supervision in order to consider business risk management by formulating the policy and procedures for overall risk management. This must cover the various types of risks, i.e., strategy risk, operational risk, and other significant risks to the company and the REIT.
2. Formulate the strategy on the organization structure and resources to be used for the risk management operation, in line with the risk management policy of the REIT Manager. This strategy must enable the effective analysis, assessment, evaluation and monitoring of the risk management system.
3. Supervise, review, and make recommendations to the Board of Directors regarding risk management policies. Standardized practices Strategy and overall risk measurement to ensure that the risk management strategy is implemented appropriately.
4. Monitor the risk evaluation of the REIT Manager at least once a year or upon occurrence of the event with significant impact on the REIT.

5. Approve the criteria for the selection of various factors in the analysis of financial statements and also weight each factor which will be reviewed at least once a year or when there are events of a significant impact. If an unanimous vote occurs, the Chairman of the Risk Management Committee is to be vote one more vote to be the decisive vote.

#### **4. Management Committee**

##### **Scope of Authority of the Management Committee**

1. Manage the overall business operations of the company in accordance with the policies and plans approved by the Board of Directors.
2. Review and set policies, criteria, and / or limitations relating to the company's operations in various areas such as procurement / procurement of company assets, staffing, marketing etc.
3. Consider and screen or approve action plan and budget allocation for each line of work
4. Consider assigning and / or appointing staff as company representatives in external organizations.
5. Consider and set the principles for assessing the fair value of securities and various types of assets in accordance with accounting standards of investment measurement methods.
6. Review the results of various operations of the company such as the results of internal and external audits and implementation of company policies and goals.
7. Consider and approve the appointment of a third party to do transactions with the company, such as the appointment of funds, custodians, selling agents, fund management companies, etc.
8. Consider and approve various expenses which are related to product development and marketing or other services of the company.
9. Consider the appointment of a committee or working group to carry out various tasks as assigned by the management committee.
10. Acknowledge the establishment of the fund and cost fees including expenses fees for registering funds to increase capital or amend projects.

#### **5. Investment Committee**

##### **Scope of Authority of the Investment Committee**

1. Set the investment framework or strategy, investment policy and investment plan of the REIT, determine the approval authority for securities that are in the investment criteria (Securities Universe) or cannot be invested. Also, approve the allocation of investment weight according to the level of investment attractiveness
2. Consider selection and evaluation Bond Trading Partners and allocation of trading volume to trading partners
3. Supervise and monitor the investment of the REIT to ensure that it is in compliance with the investment framework, policy, ethics and relevant rules and regulations.
4. Consider voting rights in shareholders' meetings on behalf of clients, mutual funds, and private funds of the company (Proxy Voting).

5. Monitor and evaluate fund performance.
6. Acknowledge the maximum investment limit and Counter Party Limit which can be invested in debt instruments based on Risk Limit divided into Company Limit, Issue Size Limit, Product Limit and allocated according to the received limit.

#### **6. Property Investment Committee**

##### **Scope of Authority of the Property Investment Committee**

1. Monitor and evaluate the operational performance of the REIT.
2. Determine rules and/or other regulations related to the investment of the REIT.
3. Review and approve the selection of properties in which the REIT will consider to invest.
4. Review and approve the selection of property manager of the REIT.
5. Review and approve the selection of various service providers for the REIT.
6. Review and approve the type and limit of insurance of the REIT.
7. Review and approve the borrowing of the REIT.
8. Review and approve the appointment of the revenue guarantor of the REIT.
9. To consider and approve any other matters necessary or related to the operation other than those specified in Sections 1 to 8.

#### **Outsourcing of Operational Functions**

The management company has outsourced works in some departments to Land and Houses Bank Public Company Limited as a consultant and proceed various related activities in order to ensure the operations of the management company to be in accordance with the rules of the specified authorities.

In terms of property management, the fund manager has assigned the expert property manager who has expertise and experience to perform the duties in managing and maintaining the property efficiently in order to be in such a good condition and get ready to generate income in accordance with the announcement of the SEC.

### 8.1.3 Rights, Duties and Responsibilities of the Management Company and the REIT Manager

The primary duties and responsibilities of the REIT Manager are to manage the REIT, invest in the properties of the REIT and supervise the performance. The REIT Manager shall perform its functions under the supervision of the Trustee. The REIT Manager's duties and responsibilities are as follows.

#### 1. Duties to the REIT

1.1 The REIT Manager shall conform to the principle of business conduct as follows:

1. Perform its duties as professionals with knowledge, skills ,diligence, care, and loyalty. In this regard, the REIT Manager shall respond to the unitholders fairly and for the best benefit for the unitholders. It is also to comply with the Trust establishment agreement, Trust Manager Appointment Agreement, the purpose of establishing Trust, Trust unitholders' resolution and relevant laws
2. Maintain sufficient capital continuously to operate the business and responsibilities which may occur from the performance of duties as the REIT Manager.
3. Disclose, give an opinion, or provide important and relevant information which is sufficient for making investment decision by the investors. In this regard, such information shall be clearly communicated, without distortion and misleading;
4. Do not exploit any information acquired from performing as REIT Manager for its own interest, which may lead to damage or cause the overall benefits of the REIT.
5. Perform its duties carefully in order to avoid conflicts of interests. If they occurs, the REIT Manager shall proceed to ensure that the unitholders' interest will be treated fairly and appropriately.
6. Comply with the laws and regulations regarding to the operations of the REIT and the code of ethics and standards of professional conduct as defined by the associations related to securities business or by organizations in connection with securities business recognized by the allowance to be granted by the Office of the SEC. In addition, the REIT manager shall not conspire, employ or collaborate with anyone to break the laws and regulations.
7. Cooperate with the Trustee or the SEC Office to perform their duties, and disclose information which may significantly affect the management of the REIT or other information which should be notified to them.

- 1.2 The REIT Manager must manage to have a quality operating systems, including an efficient check and balance system, to entirely support the work under its responsibility. To ensure proper and efficient management of the REIT entrusted by the Trustee, the operating systems shall at least cover the following issues:
- (1) Setting up the management policy of the REIT, the structuring of the investment capital of the REIT, the decision to make investment in immovable properties and the formulation of policy and strategy relating to the investment of benefits from immovable properties in line with the investment policy under the Trust establishment agreement and the securities and other laws related to the operation of the REIT and also to protect the benefit of the REIT and the unitholders generally
  - (2) A managing system of the risks associated with the REIT management in order to prevent and manage the risks efficiently.
  - (3) A system to prevent the conflict of interest, especially among the REIT, the REIT Manager and its connected persons, including measures or guidelines for generally keeping the best interests of the REIT or the unitholders , when a conflict of interest is found.
  - (4) Screening of personnel of the REIT Manager and service providers of functions related to the operations of the REIT (if any) to ensure knowledgeable and skilled personnel with appropriate qualifications in accordance with the nature of work assigned to them.
  - (5) Supervision the performance of the REIT Manager and its staff for work related to the REIT management including staff assigned to work related to the REIT management in order to comply with the securities laws, other related laws and the contract to establish the Trust.
  - (6) Disclosure of complete, accurate, and adequate information of the REIT in order to be in accordance with the establishment of Trust agreement and securities law.
  - (7) A back office system.
  - (8) An internal audit and control system.
  - (9) Communication with investors and handling of investors' complaints.
  - (10) Handling of legal disputes. The REIT Manager may assign other persons to deal with and proceed the issues related to REIT management which must be in accordance with the regulations specified in clause 1.3.

1.3 The REIT Manager may outsource the functions related to REIT management to other persons as necessary under the following regulations, in order to enable the operations effectively under the following rules:

- (1) Without an impact on the performance of the REIT Manager
- (2) With a standardized method to run the business when being unable to proceed the work
- (3) In case of outsourcing functions related to investment in other assets of the REIT, the service provider shall have the authority to perform such functions as prescribed by laws.

The outsourcing of operational functions under this clause shall not apply to the outsourcing of operating systems and works under clauses 1.2 (1) (2) (3) (4) and (9).

1.4 The REIT Manager shall prepare its financial statement in accordance with financial reporting standards and also submit the financial statements to the SEC within three months from the end of the accounting year.

1.5 The REIT Manager shall not take any actions resulting in a lack of ability to work independently of the Trust; such as, investing in immovable properties owned or possessed by the connected persons of the Trustee.

1.6 The REIT Manager shall provide liability insurance that may arise from the operation of business or performance as the Trust manager as well as the operations of the the directors, executives, and their staff during the time of this contract in according to the system of the REIT manager.

1.7 The REIT Manager shall arrange a unitholders' meeting to consider and vote on various matters as specified in the Trust establishment such as the modification or amendments of the Trust establishment, capital increase of the REIT, change of Trustee, etc.

1.8 In case of an appointment of adviser to provide advice or recommendations related to investment and management of immovable properties, the RIET Manager shall act in accordance with the following regulations:

- (1) Let the advisers declare the conflicts of interest in the issue under consideration.

- (2) Do not allow the advisers who have direct or indirect conflicts of interest in the issue under consideration get involved in the decision making of any issue.
- 1.9 In undertaking transactions related to immovable properties on behalf of the REIT, the REIT Manager shall comply with the following regulations;
  - (1) Ensure that the sale, transfer of immovable properties or the engagement in agreement relating to the properties as the REIT is done properly and enforceable by law.
  - (2) Ensure that the investment in immovable properties of the REIT is done properly with requirement at least of the following actions:
    - (a) Self-assessment to manage the property before accepting the assignment as the REIT Manager or before making additional investment in properties as the case may be.
    - (b) Carrying out of analysis and feasibility study, and undertake due diligence for the property including the assessment of various risks that may arise from the investment in property together with guidelines for risk management including completion risk (if any) such as the risks that may arise from the delay of construction and the inability to procure benefits from the property, etc.
- 1.10 Arrange for the the valuation of the main assets invested by the REIT to be appraised by an appraisal company authorized by the SEC Office in accordance with related laws and under the regulations stipulated in the Trust Deed; such as appraisals before the acquisition or disposals of the Core Properties of the REIT, reviews of the appraised value of the Core Properties, periodical appraisal of the Core Properties' value in compliance with related regulations, etc.
- 1.11 The immovable properties to be invested by the REIT shall be appraised in accordance with the criteria stipulated by relevant laws, and also the inspection and review. Moreover, the REIT Manager must manage to take various actions in order to inspect the real estate which is to be invested as a practitioner including the condition of the property, the contractual ability, financial and legal information, the appropriateness of other aspects, etc. to support investment decisions and information disclosure. Regardless of any cases, if the REIT Manager is unable to perform his duties, it is a must to specify that the trustee will manage the REIT as

necessary to prevent, stop or limit any serious damage to the benefits of the REIT or all unitholders in which the trustee may appoint another person to manage the Trust during the period.

- 1.12 Proceed to acquire core properties or immovable properties to be invested by the REIT in case of capital increase within 60 days from the establishment of the REIT for the first offering of trust units or from the closing date of the offering of units in the case of offering of units for capital increase.
- 1.13 The property investment shall be applied to the acquisition of ownership or possessory right of the property only. In case of the acquisition of possessory rights, it shall be the acquisition of document of entitlement in the form of Nor. Sor. 3 Kor or the acquisition of leasehold right with the document of ownership or document of possessory right in the form of Nor. Sor. 3 Kor only.
- 1.14 The immovable properties acquired shall not be under the enforcement of real right or have any disputes unless the REIT Manager and the Trustee have provided the opinion in official writing that enforcement of real right or disputes does not have any significant impact on the provision for benefits from properties and the conditions for the acquisition of such property are still generally beneficial to the unitholders.
- 1.15 The agreement of the contract of property's acquisition shall not be related to any provision or obligation that may lead the REIT unable to sell the property at fair price at the time of selling, Such as agreements that give rights to the contractual parties to purchase real estate of the Trust before others which the price is fixed in advance, etc., or may result in the more Trust's duties than the normal duties that the lessee should have when the lease contract is terminated.
- 1.16 Arrange for insurance for loss or other insurance to protect the benefits of the unitholders, which is similar to or can replace the insurance against loss to cover damage which may occur to the core properties, as mutually agreed by the counterparties without violating related laws and regulations and third party liability insurance against damage or loss caused by the core properties or operations related to the core properties. The insurance shall be from acceptable insurer with



an insured sum at least sufficient and appropriate for the provision for benefits from the core properties.

- 1.17 Provide opinion on the transactions related to the acquisition of the core properties together with rationale and related supporting information in the document seeking approval from the unitholders or the invitation letter calling unitholders' meeting to consider capital increase for additional investment in the core properties by the REIT Manager.
- 1.18 The disposal of the main property must provide a valuation of the property. Unitholders' meeting for approval resolution is required, to obtain consent from the Trustee. And disclose the information according to the regulations specified in the Trust Deed and related laws.
- 1.19 In case of any change in REIT Manager, the new REIT Manager shall agree to perform the duties in accordance with the Trust Deed and related laws and regulations. Meanwhile, the former REIT Manager shall provide necessary cooperation to ensure successful handover of the works.
- 1.20 In case of a modification or an amendment of the Trust Deed, the REIT Manager shall carefully proceed to ensure that the modification or amendment is in line with the conditions and methods specified in the Trust Deed and related regulations. Following the completion of the modification or amendment, the REIT Manager shall submit a copy of the new Trust Deed to the SEC Office within 15 (fifteen) days from the signing date or the date on which the Trust Deed was modified or amended, as the case may be.
- 1.21 In case of a change in Trustee, the REIT Manager shall proceed to notify the unitholders and the SEC Office of the change within the time specified in the Trust Deed.
- 1.22 Apply for approval to offer the units of the REIT in case of capital increase by certifying the correctness and completeness of the information relating to the performance of one's duties

- 1.23 Give opinion on the ability of the revenue guarantor obligations under the guarantee of revenue agreement (if any).
- 1.24 Proceed to list the sold units or the newly issued units (in case of capital increase) on the Stock Exchange of Thailand within 45 days from the closing date of unit offering.
- 1.25 Proceed to allocate the Units to any person or group of persons in accordance with the ratio and rules stipulated by relevant laws and regulations.

## 2. Duty in Managing the REIT and the Properties of the REIT

- 2.1 Give opinion to relevant officers regarding the qualifications or characteristics of the immovable properties invested by the REIT upon request by relevant agencies.
- 2.2 Supervise and monitor the renovations, improvements, and maintenance of the core properties to ensure that they are always in good conditions and ready for use to procure benefits as specified in the annual action plans.
- 2.3 Arrange to reform, restore, or modify core properties as necessary and appropriate and also it must be not inconsistent with the trust agreement and relevant laws including the land lease agreement with the land owner which is the location of the main property and a land, having been amended (Main lease), which must notify the trustee first.
- 2.4 Supervise and monitor the management of the core properties and the maintenance as necessary for the benefit in the management of security systems, fire protection system, communication system and management in the case of an emergency and repairing real estate. In the case of major repairs, the trustee must be notified first.
- 2.5 Manage and procure benefits from the core properties of the REIT as well as take any other actions necessary for the main asset management to be in accordance with the annual operation plan, Trust Deed agreement and related laws.
- 2.6 Take any actions to procure and / or accept transfers and / or perform other actions in conjunction with the Trustee for the purpose of letting trustee obtain a license, permit, waiver letter and / or other relevant and necessary document.

- 2.7 Facilitate with the Trust or the person assigned by the Trustee to audit the main property by the deadline of the working days and hours of the REIT manager, including giving information, words and / or delivering any documents (Except information, words and / or other documents relating to the intellectual property of the REIT manager, or an affiliate of the REIT manager) as requested by the Trustee in case of necessity and suitability.
- 2.8 Facilitate the survey of core properties for value appraisal by the property appraisal company of the REIT or other persons designated by a property appraisal company. The REIT Manager shall also give information and message and/or deliver any documents (except for the information and message and/or any documents related to the intellectual property rights of the REIT Manager or its subsidiaries) upon request of the property appraisal company as deemed necessary and appropriate.
- 2.9 Prepare any documents related or relevant to the core properties possessed by the REIT Manager and/or possessed by the REIT Manager on behalf of the REIT including any accounting documents and evidences related or relevant to the REIT in place for the Trustee or persons designated by the Trustee and/or the auditors to inspect within the operating days and hours of the REIT Manager. The REIT Manager shall also deliver any documents related or relevant to the REIT requested by the Trustee or persons designated by the Trustee and/or the auditors within 15 (fifteen) business days from the date on which such request is acknowledged or should be acknowledged, except on reasonable ground or otherwise agreed by the counterparties of the agreement.
- 2.10 Coordinate, provide information, submit documents, and deliver fees and house and land taxes arising from the main property on behalf of the Trustee for the REIT. Also deliver the withholding tax that the Trustee has a duty to withhold due to the management of the main assets and / or any other taxes related to the main property and / or the management of primary assets to the related government officers.
- 2.11 Notify the Trustee of the following issues in due time: (a) The existence of any damage or defect of the core properties including other equipment and facilities or upon occurrence of the event the will result in the reduction in the value of the core

properties significantly, and (b) in case that there is any significant breach of contract by any tenant or contract party of the REIT related to the main property.

- 2.12 Undertake any other actions as deemed necessary and appropriate by the REIT to ensure that the core properties are in good condition and ready for procuring benefits or exactly in line with the objectives of the REIT Manager Appointment Agreement. In addition, the REIT Manager shall also provide suggestion on market situation in case that the REIT wishes to sell or assign the leasehold or sublease the core properties.

### 3. Duty in Carrying Out Accounting and Financial Reports, and Reports on Management and Internal Audits

- 3.1 Prepare and disclose information of the REIT to the SEC Office, the Trustee, and the Unitholders in compliance with the provisions stipulated in the Trust Deed and the securities laws including submitting the annual report of the REIT together with the invitation letter to annual general meeting to the Trustee and the unitholders.
- 3.2 Arrange to have the accounting and various financial reports related to the management of the REIT and its core properties, as assigned by the Trustee or as deemed necessary and appropriate, in place; and submit such reports and documents to the SEC Office, the Stock Exchange of Thailand, the Trustee, and the Unitholders within the time frame specified by the Trustee in order to correspond with the securities law, other relevant laws, and the orders of relevant competent officers. In this regard, the REIT Manager shall prepare such accounting and financial reports in compliance with the generally accepted accounting principles by separating the properties and/or any interests arising from the core properties invested by the REIT and/or any properties that had been accepted and/or should be accepted by the REIT Manager on behalf of the REIT; from its own properties. The REIT Manager shall file the documents and evidences supporting the accounting process in complete condition and ready for the inspection of the Trustee for a period of at least 1 (one) year.

- 3.3 Deliver the following documents to the Trustee within the time frame assigned by the Trustee in order to comply with the securities law, other relevant laws, and the orders of relevant competent officers.
- (1) Submit a full report on property appraisal to the Trustee at least 7 (seven) days before the date on which the net asset value of the REIT is scheduled to be notified to the Unitholders.
  - (2) Submit reports on the net asset value and the Unit value of the REIT at the last business day of each quarter to the Trustee for certification before submitting them to the SEC Office within 45 (forty five) days from the end of each quarter.
  - (3) Submit the updated information about the names of connected persons of the REIT Manager and information of the connected transactions between the REIT and the REIT Manager or its connected persons within 30 (thirty) days from 30 June and 31 December of each year and submit such information for the consideration of the Trustee before entering into each transaction.
  - (4) Disclose the information of connected transactions between the REIT and the REIT Manager or its connected persons for the previous and current accounting periods in the annual report and the financial statements of the REIT.
  - (5) Report the information about the conflicts of interest between the REIT and owner of the core properties invested by the REIT together with measures for preventing conflicts to the investors on the first day of Initial Public Offering of the Units and upon occurrence of any conflict.
  - (6) Disclose the information pertaining to the interests or benefits accepted by the REIT Manager or its connected persons from the company or person that is supplier or service provider of the REIT in the registration statement, the Trust Deed, the invitation letter to unitholders' Meeting seeking approval for the transaction, and the annual report. The information shall be used by the Unitholders and the Trustee in considering the independence of the REIT Manager in executing the transaction for the REIT and the validity of transaction.

The interest or benefits that must be disclosed include the status of creditor/debtor and guarantor/recipient of the guarantee, cross shareholding, sharing of same major shareholders or management, intra-group transaction, paying expenses on behalf of another company, etc.

- (7) Publicize information related to the REIT's investment in immovable properties every 6 (six) months or immediately in the case of significant change and submit a report to the Trustee upon request by the Trustee for inspection.
- (8) Submit the updated information related to the acquisition and disposition of core properties of the REIT to the Trustee and the Unitholders at least 30 (thirty) days before executing the transaction and disclose to the public and the SEC Office within 15 (fifteen) days following the date on which the core properties are acquired or disposed of.
- (9) Disclose the information of the acquisition or disposition of the core properties and equipment of the REIT for the previous and current accounting periods in the annual report and the financial statements of the REIT.
- (10) Submit the updated information about borrowing and creation of encumbrances of the REIT together with the borrowing agreement to the Trustee for information before the date on which the REIT enters into an agreement.
- (11) Submit the information regarding loan transactions and contingent liabilities of the REIT in the previous and current fiscal year by disclosing in the annual report and the financial statements of the REIT.
- (12) Submit the information related to the transaction deemed by the Trustee as having significant impact on the properties of the REIT as requested by the Trustee at least 14 (fourteen) days before executing any transaction.
- (13) Submit the financial statements of the REIT Manager together with related information to the Trustee at least 3 (three) days before the due date for filing the financial statements to the SEC Office.

The aforementioned reports are just samples of primary requirement. There may be modifications, increase or reduction in number and type of the reports, or change of reporting format in the future in order to correspond with the securities law, other relevant laws, and the orders of relevant competent officers.

**4. Duty in Executing Agreement Relating to the Provision for Benefits from Immovable Properties**

- 4.1 The REIT shall procure benefits from its core properties which are immovable properties only through leasing and/or subleasing. The leasing/subleasing value shall not be lower than 75 (seventy five) % of the total sold units plus borrowings (if any).
- 4.2 The REIT Manager shall control, supervise, implement controlling measures, and undertake any other actions as deemed necessary and appropriate to ensure that lessee and/or the sub-lessee perform their functions in accordance with the duties, conditions and/or agreements specified in the lease/sublease contract, the rules, criteria, regulations and any provisions of the core properties or policy related to the core properties.
- 4.3 Prepare the rental contract, service contract, utility service contract, the service agreement with the external service provider and any other agreements related to the main assets to have a period consistent with the real estate lease agreement between the Trust and the main property owner.

#### 8.1.4 Personnel

As of 31 December 2023, Land and Houses Fund Management Co., Ltd. had a total of 92 employees.

Details of the persons in charge of the major work units of the company are as follows:

Unit	No. of Personnel	Person in Charge	Qualifications and Experiences
Infrastructure and Property Fund Department	7	Mr. Natkawin Jiamchoatpatanakul	Vice President of Infrastructure and Property Fund Department/Property Fund Manager/REIT Manager; 14-year experience in finance, asset management, and property investment fields.
		Mrs. Nattapat Tonkittirattanakul	Vice President/ Property Fund Manager/REIT Manager;15-year experience in finance, asset management, and property investment fields.
		Miss Panchanit Nilrat	Assistant Vice President/REIT Manager 8 year experience in finance and property investment fields.
		Miss Rattaporn Nawarat	Manager/REIT Manager 8 year experience in finance and property investment fields.
		Miss Thumavadee Inpoowa	Manager 12-year experience in finance and property investment fields.
		Miss Supranee Ninlaor	Senior Officer 7-years' experience in finance and property investment fields.
		Miss Supawita Jinsai	Officer 0.5-years' experience in finance and property investment fields.
Equity Investment Department	1	Mr.Phuchsagunt Tanaworakitsakun	Manager 15-year experience in asset management business.
Dealing Department	6	Miss Chantira Thadanipon	Vice President 19-year experience in finance field and asset management business.
Fund Operations Group	5	Miss Laddawan Kongsri	Vice President 15-year experience in finance field and asset management business.



Unit	No. of Personnel	Person in Charge	Qualifications and Experiences
Fund Accounting Department	5	Mrs. Narumol Senthong	Vice President; 22-year experience in finance field and asset management business.
Registrar Department	7	Mr. Nitipat Kamolsuppajiroj	Vice President; 14-year experience in finance field and 16-year in asset management business.
Strategy Department	4	Mr. Ittaboon Jenchaijitwanich	Vice President; 9-year experience in finance field and 11-year in asset management business.
Customer Relations and Marketing Support Department	2	Mr. Tongchart Sirinon	Manager 18-year experience in finance field and asset management business.
Information Technology Department	11	Miss Nisanart Wongsawasit	Assistant Managing Director; 33-year experience in securities business.
Compliance, Audit and Risk Management Group	5	Ms. Pawanud Iamnawachatul	Assistant Managing Director; 32-year experience in Compliance, Audit and Risk business.
Customer Relationship & Marketing Support	1	Mr. Tongchart Sirinon	Manager 17-year experience in finance field and asset management business.
Information Technology Department	11	Miss. Nisanart Wongsawasit	Executive Vice President; 32-year experience in securities business.
Compliance, Audit and Risk Management Group	6	Ms. Pawanud Iamnawachatul	Executive Vice President; 31-year experience in Compliance, Audit and Risk business.

## 8.1.5 The process of changing the REIT Manager (Methods and Conditions)

### 8.1.5.1 Reasons for the change of the REIT Manager

- The REIT Manager is required to notify the Securities and Exchange Commission, Thailand (SEC) in writing of the intention to resign from a position to get approved of the resignation.
- The Office of the SEC revokes the approval of the REIT manager or suspends the REIT manager's duties for over 90 days.
- In case of the approval of the REIT Manager expires and he/she does not request for an extension to the SEC Office.
- The REIT Manager is ordered by a court. The court issues an order for the rehabilitation of the REIT Manager or the REIT Manager as juristic person comes to an end.
- The Trust unitholders' meeting resolves to remove the REIT Manager because the REIT manager violates or fails to perform duties or does not appear to comply with the relevant laws as stipulated in the REIT Manager Appointment Agreement and the Trustee has already issued a letter to notify the REIT manager of the termination of the agreement to appoint the REIT manager.
- The REIT Manager wishes to leave the position under the REIT Manager Appointment Agreement as the he/she has no intention of ceasing to be the REIT Manager as approved by the SEC Office.
- According to the Agreement, the REIT Manager has exercised the right to terminate the agreement as specified in the REIT Manager Appointment Agreement in case that the Trustee violates or fails to perform or breach any condition as specified in the REIT Manager Appointment Agreement.

### 8.1.5.2 Resignation and duties after the REIT Manager's resignation

#### Resignation of the REIT Manager

If the REIT Manager wishes to resign, he/she must notify the Trust unitholders through the information system of the SET and submit a written notice to the Trustee at least 90 days prior to the effective resignation date. This resignation must not cause damage to the beneficiaries and the Trustee. While the Trustee is on process to appoint a new REIT Manager, he/she must be in charge until the new REIT Manager is able to be ready to be in charge in accordance with the REIT Manager Appointment Agreement. The period shall not exceed 90 days from the effective date of the termination of the REIT Manager Appointment Agreement.

## Duty after resignation

After the REIT Manager has submitted the resignation letter mentioned above, he/she is required to:

- a. hand over the work: work system, customer list, account, documents and any information relating to the performance of the REIT Manager's duties whether they are secret information or not, to the Trustee and / or the new REIT manager as well as any actions reasonably requested by the Trustee enabling the new REIT Manager to carry on the jobs as a new REIT Manager for the maximum benefit for the Trust and the Trust unitholders.
- b. Keep the confidential information of the REIT and do not disclose any customer lists, drafts as well as any other documents which are the REIT's trade secret to third parties without obtaining the prior written consent of the Trustee unless it is a disclosure to government agencies according to the requirements of the law or public disclosure at the time of disclosure or distribution.
- c. perform other required duties enabling the new REIT Manager to carry on duties continuously in accordance with the REIT Manager Appointment Agreement.

### 8.1.5.3 Appointment Process of a New REIT Manager

The Trustee shall request a resolution of the unitholders to appoint a new Trust's REIT Manager within 60 days after the date of the occurrence appeared in No.8.1.5.1 and the trustee shall proceed to appoint a new REIT Manager within 30 days from the date of receiving the resolution or a date specified in the notification of the SEC Office. In addition, if a resolution is not provided even it was requested, the Trustee shall appoint a new REIT Manager by considering the best benefit for the Trust unitholders.

If the Trustee is not able to recruit a new REIT Manager because there is no qualified person or no interested person, he/she is required to be in charge on behalf of the REIT Manager as stipulated in the REIT Agreement and under the rules stipulated in the Securities Law and other relevant laws.

#### 8.1.6 Management of Other Trust.

<b>Name (in Thai)</b>	ทรัสต์เพื่อการลงทุนในสิทธิการเช่าอสังหาริมทรัพย์ แอล เอช โฮเทล
<b>Name (in English)</b>	LH Hotel Leasehold Real Estate Investment Trust
<b>Abbreviation</b>	LHHOTEL
<b>Type</b>	A trust certificate representing the right of the holder as a beneficiary of the REIT (Unit)
<b>REIT Manager</b>	Land and Houses Fund Management Company Limited
<b>Trustee</b>	SCB Asset Management Company Limited
<b>Financial Adviser</b>	Siam Commercial Bank Public Company Limited
<b>Investment Projects</b>	<p>1) The Grande Centre Point Hotel Terminal 21 Project on 16 December 2015</p> <p>2) The Grande Centre Point Hotel Ratchadamri Project on 15 June 2017</p> <p>2) The Grande Centre Point Hotel Sukhumvit 55 Project on 22 November 2019</p>
<b>Type of Investment</b>	<p>1) Investment in the leasehold right of building for a period of approximately 25 years for the Grande Centre Point Hotel Terminal 21 Project. (Currently 16.7 years left)</p> <p>2) Investment in the sub-leasehold right of building for a period of approximately 21 years for the Grande Centre Point Hotel Ratchadamri Project. (Currently 14.4 years left)</p> <p>3) Investment in the leasehold right of building for a period of approximately 27 years for the Grande Centre Point Hotel Ratchadamri Sukhumvit 55. (Currently 23.3 years left)</p> <p>4) Investment in the leasehold right of building for a period of approximately 27 years for the Grande Centre Point Hotel Pattaya. (Currently 25.0 years left)</p> <p>5) Investment in the leasehold right of building for a period of approximately 27 years for the Grande Centre Point Hotel Space Pattaya. (Currently 28.7 years left)</p>
<b>Paid-up Capital</b>	Baht 10,489,199,000.00
<b>REIT Life</b>	Open ended type

## 8.2 The Property Manager

### L&H Retail Management Company Limited

- General Information

Location	: 1 Q. House Lumpini Building, 15 <sup>th</sup> Floor, South Sathorn Road, Tung Maha Mek, Sathorn, Bangkok 10120.
Company Registration No.	: 0105555014553
Telephone	: 02 343 8899
Facsimile	: 02 343 8890
Registered Capital	: Baht 100,000.
Paid-up Capital	: Baht 100,000.

The REIT Manager shall mention in the Trust Deed when it wish to delegate pert of the duties of property management to the Property Manager by specifying the remuneration in performing the function of Property Manager as well as the duties and responsibilities of the Property Manager as follows:

1. Manage and maintain the core properties of the REIT effectively to ensure that they are in good conditions and ready for generating regular income for the REIT.
2. Arrange for the core properties to be reformed, restored, or modified as deemed necessary and appropriate.
3. Collect revenue from the core properties and other related properties,
4. Perform the function of Property Manger under the principal of duty of loyalty and duty of care by taking into consideration the standard of professionalism as a property manager and the benefits of the REIT.
5. Undertake any other actions specified in the Trust Deed, or as delegated by the REIT and the property investment committee, or any actions prescribed by the SEC Office as duties of the Property Manager.

## 8.3 The Trustee

### 8.3.1 General Information

Name of the Trustee	: SCB Asset Management Company Limited
Location	: 7 <sup>th</sup> –8 <sup>th</sup> Floors, SCB Park Plaza 3, No.18 Ratchadapisek Road, Jatujak , Bangkok 10900
Company Registration No.	: 0105535048398
Telephone	: 02 949 1500
Website	: <a href="http://www.scbam.com/">http://www.scbam.com/</a>
Registered Capital	: Baht 200,000,000.
Paid-up Capital	: Baht 100,000,000.

### 8.3.2 Shareholder's Structure

The Siam Commercial Bank Public Company Limited:	99.99%
Others:	0.01%
<b>Total:</b>	<b>100.00%</b>

### 8.3.3 Duties and Responsibilities of the Trustee

- (1) Perform duties with due care and loyalty for the best benefits of the Unitholders as a whole and in compliance with the Trust Deed and the relevant laws as well as any additional commitments provided in the document disclosed to investors (if any). In case there is any damage arising from the failure to undertake its duties, the Trustee shall be liable to such damage without any limitation of liability.
- (2) Monitor and oversee the activities of the REIT Manager and other assigned person according to 8.3.2 (7) (if any) to ensure that they perform their functions in compliance with the Trust Deed and other relevant agreements.
- (3) Attend every Unitholders' meeting and undertake the following actions if the Unitholders' resolution with respect to any proposed action is sought for:
  - (3.1) Respond to inquiries or give opinions whether or not such action is in compliance with the Trust Deed or the relevant laws;
  - (3.2) Lodge a protest and notify the Unitholders that such proposed action could not be pursued if it is in contravention of the Trust Deed and the relevant laws.
- (4) Enforce the repayment of debts or supervise the enforcement of debt repayment to comply with the agreements between the REIT and third parties.
- (5) Manage the REIT on behalf of the REIT Manager in case that there is no REIT Manager or the REIT Manager is unable to perform its duties. Such action shall be pursued in accordance with the regulations stipulated in the Trust Deed and the relevant laws.
- (6) Have other rights, duties and responsibilities as specified in the securities law and other relevant laws.
- (7) Assign the REIT Manager to manage the properties which are not core properties of the REIT on behalf of the Trustee.
- (8) Rectify the Trust Deed as per order of the SEC Office.

- (9) Prohibited to set off the obligation arising beyond the performance in trusteeship owed by the trustee to a third party against the obligation arising from the management of trust owed to the trust by the third party. In case of contravention to this regulation, the action shall be voided.
- (10) In proceeding with a juristic act or a transaction with a third party, the Trustee shall notify the third party in writing that it acts in trusteeship, and apparently stipulates in the evidence of that juristic act or transaction that it acts in trusteeship.
- (11) Prepare an account of the REIT's property separately from any other accounts under its responsibility. In cases where the Trustee manages several REITs, it shall prepare the account of trust property of each REIT separately. In doing so, the Trustee shall keep such account correct and up-to-date.

In managing a REIT, the Trustee shall segregate the REIT's property from those held in its own capacity and any property in its possession. In cases where the Trustee manages several REITs, it shall segregate the property of one REIT from another.

- (12) In cases where the Trustee fails to perform the duty under the aforementioned clause which causes the REIT's property to be commingled with the property held in its own capacity in the manner that it is unable to distinguish the REIT's property from those held in its own capacity, it shall be presumed that:

(12.1) The commingled property is held in the REIT;

(12.2) The damage and liability arising from the management of commingled property are the Trustee's own bearing;

(12.3) The benefit arising from commingled property belongs to the REIT.

The commingled property according to paragraph one shall include property which has been changed or transformed from the commingled property.

- (13) In cases where the Trustee fails to perform duty under the aforementioned clause which causes the property of two or more REITs to be commingled in the manner that it is unable to identify to which respective REIT the property belongs, it shall be presumed that the commingled property, including property that is transformed into a different form or state, and any benefits or obligations incurred from the management of such commingled property shall belong to each REIT in proportion of an amount brought to commingle.

(14) The trustee shall not delegate its duty to other persons except where:

- (14.1) The Trust Deed provides otherwise;
- (14.2) It is a transaction that is not personal in nature and needs no capability of trustee's profession;
- (14.3) It is a transaction that a reasonable prudent owner of the property of the same characteristics as the REIT's property, who manages such property with similar objectives to those of the REIT, may delegate a third person to manage such property;
- (14.4) It is the function of safekeeping of assets, preparation of Unitholder Register, or back office operation.
- (14.5) Any other cases that are responsible by the REIT Manager and comply with the Trust Deed or the regulations specified by the SEC in its notification as delegable matters.

In cases where the Trustee contravenes the first paragraph, the management shall bind the Trustee personally, and not bind the REIT.

(15) In case where the Trustee delegates the duties in relation to the management of the REIT to other persons, the Trustee shall act prudently and carefully in such selections and shall oversee and inspect the performance of such delegated duties adequately by establishing measures related to the delegation of duties in accordance with the regulations stipulated in the Notification of the Securities and Exchange Commission No. KorKhor.1/2553 Re: Work System, Contact with Investors and General Business Operation of Trustees as follows:

- (15.1) Selection of appropriate persons for delegation of duty which takes into account the readiness of the work system and of the delegated persons as well as any possible conflict of interest between the delegated persons and the REIT's property;
- (15.2) Control and monitoring of performance of the delegated persons;
- (15.3) Actions to be taken by the Trustee in the event that the delegated persons become inappropriate for further delegation of duties.

In this respect, the SEC may stipulate details of proceeding to be abided by the Trustee on such matters.

(16) In case of change of Trustee, if the new Trustee finds that before taking its trusteeship, the previous management of the REIT has contravened the provisions stipulated in the



Trust Deed or the Trust Act, and consequently caused damage to the REIT's property, the new Trustee shall proceed as follows:

- (16.1) Claim compensation from the Trustee who is liable to the damages;
- (16.2) Recover a property from a third person regardless of whether such third person directly acquired such property from the former trustee and whether such property is transformed into a different form or state, except the acquisition of the property was done in good faith and for value, providing further that the person acquired that property did not know or should not have known that the acquired property has been disposed or transferred in breach of trust.

- (17) In managing a REIT or delegating any person to manage a REIT in accordance with (14), if there is any expenses, proceeds or other properties obliged to pay a third person which the Trustee rightfully pays from property held in its own capacity with due necessity, the Trustee shall be entitled to obtain reimbursement from proceeds or property out of the REIT's property unless the Trust Deed specifies that the payment shall be borne by the Trustee.

The right to obtain reimbursement from the proceeds or property under the first paragraph shall have priority over the claim of a beneficiary and the claim of a third person against the REIT's property and may be immediately exercised, at any time before the REIT is terminated. In cases where the transformation of the REIT's property is necessary in order to reimburse the proceeds or property to the Trustee, the Trustee is empowered to do so but only to the extent that it is done in good faith.

For the purpose of protecting the REIT's property, the SEC shall have the power to issue notifications prescribing rules, conditions and procedures concerning the payment of the Trustee's own money or property to the third person under the first paragraph or the exercise of trustee's right under the second paragraph.

- (18) The Trustee shall be prohibited from exercising the right under (17) unless it has performed all of its obligations owed to the REIT except where those obligations can be set off under the Civil and Commercial Code.
- (19) In cases where the Trustee fails to manage the trust in accordance with the Trust Deed or the Trust Act, the Trustee shall be liable to indemnify the REIT.

In cases where it is necessary and there is a reasonable ground for the benefit of the REIT, the Trustee may apply for the SEC Office's approval prior to the management of trust in a different manner from those stipulated in the Trust Deed. The Trustee shall not be liable under the first paragraph if the Trustee manages the trust property as approved, in good faith and for the best interest of the REIT.

(20) The Trustee shall ensure that the Trust Deed complies with all material aspects of the relevant laws and shall act in accordance with the following rules:

- (20.1) Ensure that any amendment to the trust deed complies with the procedures and conditions as specified in the Trust Deed and the rules as stipulated in the relevant law;
- (20.2) In case an amendment to the Trust Deed fails to meet the requirements as prescribed under Sub-clause (20.1), the Trustee shall proceed in accordance with its power and duties as specified in the Trust Deed and the Trust Act in order to protect the rights and interest of the Unitholders as a whole;
- (20.3) In case there is any subsequent change to the rules relating to the offering of Units or REIT management promulgated under the Securities and Exchange Act and the Trust for Transactions in Capital Market Act, the Trustee shall amend the Trust Deed in compliance with such rules according to the procedures specified in the Trust Deed or in accordance with the SEC Office's order.

(21) The Trustee shall govern, control and monitor the REIT Manager or any other assigned person (if any) to ensure compliance with the Trust Deed and the relevant laws. The governing, control and monitoring shall include the following duties:

- (21.1) Ensuring that the REIT is managed by the REIT Manager whose approval from the SEC Office shall last throughout the entire existence of the REIT, except for the case of (23);
- (21.2) Governing, monitoring and proceeding as necessary to ensure that the assigned person has maintained the qualifications and has performed duties in compliance with the Trust Deed and the relevant laws, including dismissal of the current assigned person and appointment of a new one;
- (21.3) Governing that the investment of the REIT complies with the Trust Deed and the relevant laws;
- (21.4) Governing that the information of the REIT is disclosed accurately and completely in compliance with the Trust Deed and the relevant laws;

- (21.5) Giving opinions relating to management or execution of transactions for the REIT by the by the REIT Manager or other assigned person (if any) in support of seeking resolutions of the Unitholders' meetings, disclosure of REIT information to investors, or upon request of the SEC Office.
- (22) In case the REIT Manager has acted or failed to act causing damage to the REIT, or the REIT Manager has failed to perform its duties in accordance with the Trust Deed, the Trustee shall proceed as follows:
- (22.1) Submit a report to the SEC Office within 5 business days as from the date when such circumstance becomes known or should have been known;
- (22.2) rectify, desist or mitigate such damage as deemed appropriate.
- (23) In case the REIT Manager is unable to perform its duties, the Trustee shall manage the REIT as necessary to prevent, refrain or limit severe damage to the REIT or the Unitholders as a whole, and shall proceed in accordance with the powers and duties as specified in the Trust Deed and the Trust for Transactions in Capital Market Act B.E. 2550 (2007) in appointing a new REIT Manager.
- Whereas the Trustee shall replace the management of the REIT under the first paragraph, it may appoint another person to manage the REIT in the interim, provided that such appointment is in accordance with the scope, rules and conditions as specified in the Trust Deed.
- (24) In case the Trustee is also a Unitholder of the REIT, the Trustee shall cast any vote or take any action by taking into account the best interest of the overall Unitholders by adhering to the principles of good faith and care, including avoidance of any conflict with or effect on the performance of its duties as Trustee of the REIT.
- (25) The Trustee shall prepare the Unitholders' Register, or assign a licensed securities registrar to prepare such register on behalf of the Trustee. The Unitholders' Register shall contain at least the particulars specified in the Notifications of the SEC.
- (26) The Trustee shall provide evidence representing the rights in units and shall deliver it to the Unitholders, which shall convey at least the information specified in the Notifications of the SEC, except where the evidence is provided by the system of a securities depository center.

- (27) Subject to the rules under (26), in case a Unitholder requests the Trustee or the Securities Registrar to issue new evidence representing rights in units to replace the one having been lost, faded, or materially damaged, the Trustee shall proceed to conform to the request within a reasonable period of time.

### 8.3.3 Trustee and Custodian Fees

The Trustee of the REIT is entitled to receive remunerations in terms of trustee fee and custodian fee on a monthly basis at the rate of 1.00% per annum of the adjusted net asset value of the REIT, which is equivalent to total asset value minus non-interest bearing liabilities and borrowings of the REIT to the extent that these do not exceed 10% of total assets. The fee is calculated by the REIT Manager and certified by the Trustee. The REIT Manager shall calculate the trustee fee at the end of the last day of every month and collect such fee by monthly amortization from the REIT's account, with a minimum fee of Baht 2,000,000 per annum.

## 8.4 Investment Committee of the REIT

- None -

## 8.5 Name, Address, and Telephone Number of Related Parties

### 8.5.1 Auditors

Name	: EY Office Company Limited
Address	: 33 <sup>rd</sup> Floor, Lake Rajada Office Complex, 193/136-137 New Rajadapisek Road, Khlong Toei, Bangkok 10110
Telephone	: 0-2264-0909
Facsimile	: 0-2264-0789-90

### 8.5.2 Registrar

Name	: Thailand Securities Depository Company Limited
Address	: 93 Ratchadaphisek Road, Dindaeng, Bangkok 10400
Telephone	: 0-2009-9000
Facsimile	: 0-2009-9991

### 8.5.3 Appraisal Firms

Name	: TAP Valuation Company Limited
Address	: 121/101 Ratchadaphisek Road, Dindaeng, Bangkok 10400
Telephone	: 0-2642-2712-4
Facsimile	: 0-2642-2711

### 8.6 Historical Records of Administrative Sanctions and Fines Being Imposed

- None -

## 9. Corporate Governance

### 9.1 Corporate Governance Policy

The Management Company has maintained a policy to adhere strictly to the securities laws as well as the notifications, rules, regulations, orders, or circular notices amended or promulgated by the SEC, the Capital Market Supervisory Board, the SEC Office, and the Stock Exchange of Thailand. It has set up an Investment Advisory Committee and an Investment Committee to deliberate matters related to investment and has a Fund Supervisor to review the Company's operations.

The Company has committed to ensure good corporate governance through the preparation of reports on conflicts of interest, as well as the establishment of an appropriate asset management operating system, code of ethics in asset management business, and other related measures.

### 9.2 Sub-Committee

Property Investment Committee of the Management Company consists of:

- |    |                                  |          |
|----|----------------------------------|----------|
| 1) | Mr. Monrat Phadungsit            | Chairman |
| 2) | Mr. Natkawin Jiamchoatpatanakul  | Member   |
| 3) | Mrs. Nattapat Tonkittirattanakul | Member   |
| 4) | Miss. Panchanit Nilrat           | Member   |

However, Property Investment Committee requires a Member who have special interest in the particular meeting agenda will not be attend that agenda.

### 9.3 Committee Meeting

The meeting will be in accordant with the Investment Committee Meeting of the REIT

### 9.4 Indirect Investment through Company's Equity

-None-

### 9.5 Control of Inside Information

The Management Company has proper control of using inside information by adopting the following measures:

#### 1. Separation of Work Area and Accessibility Control

- 1.1 The Management Company has arranged for the working space of the Investment Division, of which major responsibility involves decision making in investment and sending trading orders to brokers, to be separated from other work units. An Access Control System is introduced to ensure effective security control of inside information.
- 1.2 Any access to the control area must seek prior authorization from the Head of Investment and being recorded in the access registration list.
- 1.3 The Risk Management Department and the Compliance Unit have separate working areas, each accompanying by a clear-cut organizational structure, job details and floor plans that demonstrate appropriate segregation of duties and responsibilities.

#### 2. Staff Dealing Rules

The Management Company has set forth regulations pertaining to securities trading of its employees. Such regulations cover procedures in granting approval to the trading of securities and the RIET units with which all employees are required to comply strictly.

#### 3. The Compliance Unit closely monitors the transactions related to securities in the Watch List and Restricted List. Details of such transactions are as follows:

- The issuer of such securities enters into an agreement or signs a contract assigning the REIT Manager to establish the REIT;
- The issuer of such securities enters into an agreement or signs a contract assigning the REIT Manager to raise/reduce the capital of the REIT;
- The REIT Manager is in the process of making distribution payment of the REIT.

4. Disclosure of Connected Transactions according to the Notifications of the SEC Office as well as the SET Regulations. Procedures for the disclosure are as follows:

- 4.1 The Compliance Unit shall control the connected transactions by identifying the persons who have connection with the liquidity management in the Bonanza Investment System. In this respect, the entry of information shall be done by the Risk Management Department subject to the approval of the Compliance Unit. Whenever the Investment Department makes a transaction with such connected persons, approval from the authorized person is required before any further execution.
- 4.2 In case of property investment, when the Investment Department invests in the property for the REIT, the REIT Manager shall disclose such connected transaction to the Stock Exchange of Thailand on the same date of the transaction.

The measures for preventing conflicts of interest are determined on the ground that the Board of Directors are not involved in day-to-day operations and the REIT Manager does not have access to the investment database everyday, except for the necessary case such as debt services default by the issuer of the securities, etc., and the issue is reported to the Board of Directors. Since the information has not made known to the public yet, the name of the securities therefore shall appear on the Watch List and Restricted List.

## 9.6 Decision Making on Investment and Management of the REIT

The REIT Manager has established the processes and procedures in selecting immovable properties for investment. The criteria for selection include marketing and financial feasibility, validity of certificates of ownership, inspection of building, value appraisal of the property, and opinion of financial advisor. In managing the REIT, the REIT Manager possesses a total of 14 operating systems as mentioned below and a team of qualified and experienced staff including REIT management, operations functions, and back office operations, with the main objective to manage the REIT for the benefits of the Unitholders.

## Operating Systems of the REIT Manager

Main Systems	Sub-Systems
Property Selection and Investment Consideration	<ul style="list-style-type: none"> <li>Property selection procedures and risk appraisal</li> <li>Approval system for core property acquisition</li> <li>Property examination system</li> </ul>
Strategy Formulation and Management of the REIT	<ul style="list-style-type: none"> <li>Annual action plans and annual audit plans</li> <li>Market positioning</li> </ul>
Selection of Property Manager	<ul style="list-style-type: none"> <li>Initial short-listing procedure</li> <li>Criteria for selecting Property Manager</li> </ul>
Selection of Service Provider	<ul style="list-style-type: none"> <li>Criteria for selecting Service provider</li> </ul>
Review of Insurance Type and Sum Insured	<ul style="list-style-type: none"> <li>Criteria for considering property insurance</li> </ul>
Supervision of Property Management	<ul style="list-style-type: none"> <li>Determination of duty and responsibility of Property manager</li> <li>Supervision of Property Manager's performance</li> <li>Methods for inspecting property</li> <li>KPI for supervising Property Manager in performing their functions</li> </ul>
Supervision of Revenue Collection and Expense Disbursement	<ul style="list-style-type: none"> <li>Supervision of revenue collection</li> <li>Control of expense disbursement</li> </ul>
Supervision of Borrowing and Creation of Encumbrances	<ul style="list-style-type: none"> <li>Consideration of borrowing objective and details</li> </ul>
Analysis of the Capability of the Revenue Guarantor (if any)	<ul style="list-style-type: none"> <li>Analysis of financial position and the ability to generate revenues</li> </ul>
Prevention of Conflicts of Interest between the REIT and Connected Persons	<ul style="list-style-type: none"> <li>Control of connected persons with potential conflicts of interest</li> <li>Connected transactions between the REIT and the REIT Manager or its connected persons</li> <li>Prevention of Conflicts of Interest in Managing the REIT</li> </ul>
Monitoring system to ensure that the personnel related to REIT Management maintain appropriate qualifications according to their job.	<ul style="list-style-type: none"> <li>Monitoring system to ensure that the REIT Manager maintain appropriate qualifications and properly perform his duties.</li> <li>Operating system of the Compliance Unit.</li> </ul>



Main Systems	Sub-Systems
System supporting information disclosure of the REIT.	<ul style="list-style-type: none"> <li>Information Disclosure System of the REIT</li> </ul>
Back Office Operating System	<ul style="list-style-type: none"> <li>Preparation of Financial Statements</li> <li>Calculation of asset value and Unit's value</li> <li>Monitoring system of the Compliance Unit</li> <li>Director and Officers Liability Insurance</li> </ul>
Internal Control and Handling of Complaints and Disputes	<ul style="list-style-type: none"> <li>Internal control and audit systems</li> <li>Guidelines for handling of complaints</li> <li>Dispute resolutions</li> </ul>

### 9.7 Selection of Property Manager

The Management Company has implemented procedures for selecting the property manager, taking into consideration the qualifications prescribed by the SEC Office (if any). The qualified property manager must be capable of managing the assigned property. In addition, it must have a team of knowledgeable and experienced personnel in property management, strong financial position (demonstrated by the operating results over the past 3 years), credible management structure, and adequate measures for preventing conflicts of interest, with the main objective to protect the benefits of the Unitholders.

### 9.8 Supervision of the Performance of the Property Manager

The REIT Manager has assigned the Property Manager to manage and procure benefits from the properties invested by the REIT and set forth the following guidelines for supervising the Property Manager in undertaking such functions:

- 1) The Property Manager shall prepare the annual budget subject to approval of the Management Company in the capacity of the REIT Manager.
- 2) The Management Company shall undertake regular site visit to ensure that the properties are in good condition, ready to utilization, and are used in accordance with the objective and details specified in the Project.
- 3) The Management Company shall arrange meetings with the Property Manager in order that the operating results are reported regularly.

- 4) The Management Company shall review the operating results of the Property Manager or monitor the interests of the REIT from the REIT's financial statements both on the aspects of revenue collection and expenditure management on a monthly and quarterly basis.
- 5) Other related measures.

## 9.9 Monitoring of the Interests of the REIT

The REIT Manager has the primary objective to ensure that the Unitholders of the REIT receive regular and on-going interests from investment by taking into consideration the benefits derived from the development and quality enhancement of the core properties. The REIT Manager has the guidelines and mechanisms in monitoring and supervising the interests arising from the core properties of the REIT as follows:

- 1) The REIT and the Trustee shall monitor the operating performance of the REIT each year by making comparison with the annual budget and the performance of the REIT over the past year in order to ensure that the properties invested by the REIT are generating profits for the REIT. In case that the operating results of core properties fail to meet the target, the REIT Manager and the Trustee shall undertake detailed analysis to find out the cause and closely cooperate with the Property Manager to develop future action plans to improve the performance of the core properties in accordance with the targets or projections.
- 2) The REIT Manager and the Property Manager shall cooperate to enhance growth of the REIT and develop good relationship with all types of clients. Moreover, they shall manage the occupancy rate and the rental fee properly in order to generate maximum benefits for the REIT. At the same time, the REIT Manager and the Property Manager shall cooperate to control and manage the cost of marketing and the risks arising from management of the core properties.
- 3) The REIT Manager and the Property Manager shall cooperate to increase the efficiency in managing the core properties and shall control and manage the spending on operations without having adverse impact on the quality of services.
- 4) The REIT Manager and the Property Manager shall work closely to enhance the capacity of the core by undertaking the following:
  - Determine target group of the core properties through adjustment of marketing strategy and level of services. The rental rate shall also be set appropriately in correspondence with the needs of each target group.

- Oversee and maintain the area of the core properties such as improvement of the public and common areas as well as improvement of specific area for appropriate use.
- Improve the image of the core properties, maintain them up to professional standard, and repair them for proper use in order to ensure customers' satisfaction.

#### **9.10 Remunerations of the REIT Manager**

The REIT Manager is entitled to receive a monthly management fee of not exceeding 2.00% p.a. of the net asset value, which is calculated by the REIT Manager and certified by the Trustee. The REIT Manager shall calculate the management fee on a monthly basis on the last day of each month and collect from the REIT by monthly amortization from the REIT's account. The total of management fee shall not be lower than 3,000,000 Baht per year.

#### **9.11 Disclosure of Information**

##### **9.11.1 Reports of the REIT**

The Management Company shall prepare an annual report of the REIT as of the end of each accounting period and submit such report to the Unitholders whose name appear on the Unitholders' Register as well as the SEC Office within 4 months from the end of the accounting period. Such report shall contain the information specified in the Notification of the SEC Office.

##### **9.11.2 Report on Investment in or Disposition of Immovable Properties or Leasehold Right**

The Management Company shall submit the summary of material information regarding investment in or disposition of immovable properties or leasehold right of the REIT to the Unitholders and the SEC Office within 15 days from the date on which the property or the leasehold right was invested or disposed of and shall arrange for such material information to be placed at every premises of the Management Company and the Head Office of the Trustee within 15 days from the date on which such property or leasehold right was invested or disposed of in order to enable the investors to have a review on such matters. The summary document shall contain material information prescribed in the Notification of the SEC Office.

### 9.11.3 Report on Other Incidents as Specified by the SEC and the Stock Exchange of Thailand

The REIT Manager shall disclose the information in compliance with the provisions of the SEC and the Stock Exchange of Thailand via the website: [www.set.or.th](http://www.set.or.th).

## 9.12 Unitholders' Meeting

The REIT Manager shall arrange meetings for the Unitholders as follows:

- (a) An annual general meeting shall be held within 4 months from the end of the accounting period of the REIT;
- (b) An extraordinary meeting shall be held upon occurrence of the following events:
  - 1. When the Unitholder deems it appropriate to call a meeting for the benefits of the REIT;
  - 2. When the Unitholders holding an aggregate of not less than 10% of the total sold units express their intention in writing with clear rationale to the Trustee to call a meeting in writing with clear reasonableness for such a calling. In this connection, the REIT Manager shall arrange a Unitholders' meeting within 1 month from the date of receiving the request from the Unitholders.

If the REIT Manager fails to arrange the Unitholders' meeting within the time frame specified in the above paragraph, the Trustee may proceed to call the meeting instead.

### Calling of Unitholders' Meeting

The REIT Manager shall prepare a calling notice specifying the venue, date, time, agenda, and matters to be proposed at the meeting together with appropriate details and clearly identifying whether such matter is for acknowledgment, approval or consideration, as the case may be, including the opinion of the REIT Manager on such matter and any possible impact on the Unitholders as a result of passing a resolution on such matter. Such calling notice has to be delivered to the Unitholders not less than 7 days prior to the meeting date. In addition, the calling of meeting has to be announced on at least 1 local daily newspaper for not less than 3 days prior to the meeting date.

## Proxy Authorization

The Unitholders may authorize a proxy to attend the meeting and vote on their behalf. The proxy form must be duly dated and signed by the Unitholders who authorize the proxy and delivered to the REIT Manager or the person designated by the REIT Manager at the meeting venue before the proxy attending the meeting.

## Quorum for the Meeting

- (a) A quorum has to consist of not less than 25 Unitholders or proxies, or not less than half of the total number of the Unitholders who hold an aggregate amount of not less than one third of the total units sold;
- (b) If a quorum is not present within 1 hour after the appointed time for the commencement of the meeting, the meeting shall be dissolved in the case that the meeting is convened upon the request of the Unitholders. If the meeting is not convened at the request of the Unitholders, the REIT Manager shall call another meeting by sending the calling notice to the Unitholders not less than 7 days prior to the meeting. In this latter case, a quorum is not required.

## Presiding at the Meetings

The REIT Manager shall appoint any of its directors, who is the representative of the REIT Manager, to preside as Chairperson at the Unitholders' meeting. The Chairperson shall have the power and duties to ensure that the meeting proceeds smoothly and properly. Notwithstanding, in the case that the REIT Manager has interests in the matter under consideration, the Trustee or the representative of the Trustee shall appoint another person to act as the Chairperson for the respective agenda.

## Vote Counting

One unit has one vote. Moreover, the Unitholders who have the voting right must not hold a special interest in the matter under consideration.

## Unitholders' Resolution

- (1) For an ordinary issue, the resolution shall be passed by the majority vote of the Unitholders who attend the meeting and have the right to vote;
- (2) For the following issues, the resolution shall be passed by not less than three fourths of the total number of votes cast by the Unitholders who attend the meeting and have the right to vote:
  - (a) An acquisition or disposal of the core properties with the value not less than 30% of the total asset value of the REIT;
  - (b) Raising or reducing of the paid up capital which has not already been specified in the Trust Deed in advance;
  - (c) Raising of capital by general mandate;
  - (d) Execution of a transaction with the REIT Manager or related person of the REIT Manager at an amount not less than 20 million baht or more than 3% of the net asset value of the REIT, whichever is higher;
  - (e) Changing in the distribution and the return of investment to the Unitholders;
  - (f) Change of Trustee;
  - (g) Amendment to the Trust Deed regarding a matter which affects the right of the Unitholders materially;
  - (h) Dissolution of the REIT.
- (3) The resolution of the Unitholders which will cause the REIT or the REIT Management contrary to or in contravention of the Trust Deed or other rules under the Securities and Exchange Act or the Trust Act shall not take effect.

## 9.13 Nomination and Appointment of Directors and Top Management

- None -

## 9.14 Remunerations of the Auditors

For the previous accounting period, the REIT paid an auditors' fee of Baht 0.842 million, which is collected by the Auditors as actually incurred, to EY Office Company Limited.

## 9.15 Other Actions in Accordance with the Principle of Corporate Good Governance (if any)

- None -

## 10 Corporate Social Responsibilities

### 10.1 Overall Policy

The Management Company in the capacity of the REIT Manager is aware of its social responsibility and is committed to the policies of business conduct with fairness, anti-corruption practice, human right esteem, workforce handling with fairness, consumer responsibility, preserving and taking good care of environment, social and community development cooperation, and gaining and disseminating of innovation acquired from responsibility operation to the society, environment and the stakeholders.

### 10.2 Undertaking of CSR Activities

The REIT Manager has demonstrated its social responsibility in 2022 by conducting business with fairness through proper internal control and work procedures. The Company has in place a Compliance Manual stipulating the Code of Conduct of employee based on the principles of duty of loyalty and duty of care, regulations and procedures related to employees, regulations and procedures for undertaking REIT management business, disclosure of information related to REIT management and the conflicts of interest, protection of material information, and the procedures for handling customer's complaints and regular reporting to the Audit Committee and the Board of Directors, etc.

Moreover, the Management Company is committed to anti-corruption practice by entering as a signatory member of Thailand's Private Sector Collective Action Coalition against Corruption and has ever since undertaken its operations in compliance with the collective agreement.

### 10.3 Activities Beneficial to the Society and Environment (After Process)

The REIT has supported activities that are beneficial to the society, communities and the environment on appropriate occasions as follows:

- Activity to support equality for all genders (SWU Pride Month)
- Open house activities for students interested in entering universities of Srinakharinwirot University to learn details of various faculties (SWU Open House).
- Bottle request as a gift activity and Magic Hand Project with GMM Grammy: GreenWave radio broadcasts to publicize clear plastic bottles from the center and nearby areas, supported the production of reflective vests for waste collectors-street sweepers in Bangkok
- Termina21 Runway activity: open space for visitors to show their talents within the center

## 11. Internal Control and Risk Management

The Compliance Unit has the duties to supervise, audit, and monitor the business operations in accordance with the regulations of the SEC Office, the provision stipulated by related laws, and the policies and regulations of the Company, in order to ensure that the business conduct and operations of the Management Company is in compliance with the regulations of the regulators and the rules and regulation of the Company. The Compliance Unit shall prepare a Compliance Manual which specifies the Code of Ethics and Business Conduct serving to guide the actions of the employee under the standard of duty of loyalty and duty of care, regulations and procedure guidelines related to the employees, regulations and procedure guidelines in undertaking REIT management business, disclosure of information related to REIT management and the conflicts of interest, supervision of material information, and handling of clients' complaints. Moreover, the Compliance Unit shall independently report the results of the reviewing and auditing of compliance to the Audit Committee and the Board of Directors on a regular basis.

The Compliance Unit is responsible for preparing an annual audit plan which is subject to approval of the Audit Committee and covers material issues by taking into consideration the probability of occurrence of any possible incident of noncompliance, the damages incurred by such incident, and risk assessment through cooperation with the Risk Management Unit. The Compliance Unit shall supervise and audit the operations of each business unit in accordance with the action plans, assess the adequacy of the internal control system, and monitor the operations of each unit to ensure compliance with the policy, regulations, procedure guidelines, as well as the code of conduct.

The Audit Committee has the duties to consider the appropriateness in terms of qualifications and performance of the Head of Compliance Unit and grant approval for the appointment, removal, transfer, or terminate, and performance evaluation of the Head of Compliance in order to ensure independency of the Compliance Unit.



## Background of the Head of Compliance

Name: Ms.Pawanud lamnawachat  
 Position: Assist Managing Director,  
 Compliance and Internal Audit and Risk Management Group  
 Education: Bachelor's Degree: Economics (English Program), Thammasat university  
 Master's Degree: Economics (English Program), Thammasat university

## Work Experience in the Field of Compliance

Institution	Position Period
Land and Houses Fund Management	Assist Managing Director, Compliance April 2019-present and Internal Audit and Risk Management Group
Government Pension Fund	Associate Director, Investment Risk Dept. April 2007-March 2019
SCB Securities	Deputy Vice President, Derivatives April 2006-April 2007 Market Risk Dept.
Government Pension Fund	Manager, Risk Management and May 2005-March 2006 Investment Monitoring Dept.
Securities and Exchange Commission	Deputy Division Chief, Broker and Dealer July1992-April 2005

## 12. Prevention of Conflicts of Interest

The REIT has entered into transactions with natural persons or juristic persons which may lead to conflicts of interest as follows: (Please refer to the notes to financial statements for additional information)

No.	Natural Person/Juristic Person	Relationship (as of 31 December 2023)	Details of Transactions
1	Land and Houses Fund Management Company Limited	- REIT Manager	- REIT management fee
2	SCB Asset Management Company Limited	- Trustee	- Trustee's fee
3	L&H Retail Management Company Limited	- Property Manager	- Property management fee - Personnel administration fee
4	LH Mall and Hotel Company Limited	- Major unitholder	- Receive benefits from the REIT - shopping center system service fee
5	Land and Houses Bank Public Company Limited (LHBANK)	- Tenant of commercial space in the shopping center in which the REIT invested - Common shareholder of Land and Houses Fund Management Company Limited	- Income from space rental and public utilities services - cash at bank - Interest expense - Financial products for hedging against interest rate risk
6	Siam Commercial Bank Public Company Limited	- Tenant of commercial space in the shopping center in which the REIT invests - Shareholder of SCB Asset Management Company Limited - Lender of the REIT	- Space rental and public utilities service income; - Interest income
7	L&H Property Company Limited	- Property owner	- Entering into the Property Lease Agreement as Lessor
8	LHHOTEL	- Same REIT Manager	- No transaction

Note: Investors can review the transactions with related parties of the REIT at the Management Company or via the Management Company's website: [www.lhfund.co.th](http://www.lhfund.co.th) and the SEC Office's website: [www.sec.or.th](http://www.sec.or.th)

## 12.1 Transaction between the REIT and the REIT Manager and the Connected Person of the REIT Manager

Transaction between REIT ("Service Provider") and LH Mall Company Limited ("Service Recipient") To enter a contract to provide space within Terminal 21 Asoke for a period of 3 years from 1 January 2024 to 31 December 2026.

The service recipient is the same person as the owner of the (former) real estate in which the REIT has invested. It is related because Land and Houses Public Company Limited is an indirect shareholder of Land and Houses Asset Management Company Limited (the "Service Provider") through LH Financial Group Public Company Limited (LHFG) holding approximately 21% of the shares. The shareholder holding approximately 99.99% of the shares is Land and Houses Public Company Limited.

### 12.1.1 Investment by leasing the buildings of the Terminal 21 Shopping Center Project

#### Juristic Persons/Companies with Possible Conflicts of Interest

Land and Houses Fund Management Co Ltd	as	REIT Manager
L&H Property Co Ltd	as	Owner of the Property

#### Relationship

Land and Houses Fund Management Co Ltd. and L&H Property Co Ltd have the same major shareholder, i.e., Land and Houses Public Co Ltd who holds directly 60% shares of L&H Property Co Ltd and holds indirectly 21.88% shares of Land and Houses Fund Management Co Ltd.

#### Characteristics of Connected Transaction

The REIT has made investment by leasing the building of Terminal 21 Shopping Center Project and purchasing related movable properties amounting to Baht 5,874.25 million from L&H Property Co Ltd who is the owner of the buildings in Terminal 21 Shopping Center Project and related movable properties. Moreover, the REIT has appointed Land and House Fund Management Co Ltd as the REIT Manager.

## Rationale of the Transaction

The REIT Manager has the opinion that such investment has the objective to acquire core properties for the REIT and the value invested by the REIT was reasonable since it was based on the appraised value of Baht 6,256 million and Baht 6,250 million, conducted by 2 independent appraisal companies, namely, Grand Asset Advisory Co Ltd and TAP Valuation Co Ltd, respectively, before making investment.

### 12.1.2 Appointment of Property Manager

#### Juristic Persons/Companies with Possible Conflicts of Interest

Land and Houses Fund Management Co Ltd	as	REIT Manager
L&H Retail Management Co Ltd	as	Property Manager

#### Relationship

Land and Houses Public Co Ltd holds indirectly about 59.97% shares of L&H Retail Management Co Ltd and holds indirectly about 21.88% shares of Land and Houses Fund Management Co Ltd.

#### Characteristics of Connected Transaction

After making investment in the said properties, the REIT by the REIT Manager has appointed L&H Retail Management Co Ltd as Property Manager of the REIT.

## Rationale of the Transaction

The REIT Manager has the opinion that the appointment of L&H Retail Management Co Ltd as Property Manager by the REIT was based on the reason that it has experience in managing the core properties invested by the REIT and the remuneration to be received by the Property Manager is close to the market rate. Therefore, such appointment is deemed reasonable as specified in the Prospectus of the REIT.

Land and Houses Fund Management Co Ltd	as	REIT Manager
Land and Houses Bank Public Co Ltd	as	Tenant in the Project

Land and Houses Bank Public Co Ltd has common shareholder same as Land and Houses Fund Management Company Limited.

Land Houses Bank Public Co Ltd leases an area of approximately 102 sq. m. in Terminal 21 Shopping Center for its banking operations. The leasing agreement will expire on 10 October 2023.

The REIT Manager has the opinion that this is a normal transaction as Land and Houses Bank Public Co Ltd leases the area for its branch operations. The average rental rate paid by Land and Houses Bank Public Co Ltd is approximately 10% lower than the average rate of other tenants of the same business on the same floor. Land and Houses Bank Public Co Ltd is among the first group of tenants leasing the area in the Project which help promote public confidence in the Shopping Center. The REIT Manager shall adjust the rental rate to close to the average rental rate of other tenants for the next lease term in order to protect the benefits of the entire Unitholders.

The above transaction is a connected transaction between the REIT and the REIT Manger or its related persons according to Notification No. 26/2555 of the SEC Office which requires an approval of the Trustee or the Unitholders unless such information has been clearly demonstrated in the registration document and the prospectus.

In case of a connected transaction between the REIT and the REIT Manager or its connected persons, the following action shall be pursued according to the Securities Law:

- 1) The definition of “Connected Person of the REIT Manager” shall be in accordance with the definition stipulated in the notification of the Capital Market Supervisory Board regarding rules governing the execution of connected transactions.
- 2) General conditions and provisions for the REIT in entering into transaction with connected persons are as follows:
  - The execution of connected transaction between the REIT and the REIT Manager or its connected persons must be in compliance with the Trust Deed and relevant laws, and for the best benefits of the REIT.
  - The connected transaction between the REIT and the REIT Manager or its connected persons must be based on reasonable and fair price.
  - The persons who have direct or indirect interest in the transaction shall not involve in the decision making of such transaction.
- 3) Approval for the execution of connected transaction between the REIT and the REIT Manager or its connected persons shall be obtained through the following procedures:
  - Approved by the Trustee that such transaction is in accordance with the Trust Deed and relevant laws.
  - In case the value of the transaction is higher than Baht 1 million or equal to or higher than 0.03% of the net asset value of the REIT, whichever is higher, approval from the Board of Directors of the REIT Manager is required.
  - In case the value of the transaction is equal to or higher than Baht 20 million or equal to or higher than 3.0% of the net asset value of the REIT, whichever is higher, approval from the Unitholders’ resolution at the Unitholders’ meeting is required. In this connection, the Unitholders’ resolution must not be less than three-fourth of the total votes of the Unitholder attending the meeting and having the right to vote.

In case that the connected transaction is the acquisition or the disposition of the core property, the value of transaction shall be calculated based on the value of acquisition or disposition of the total properties as well as other related properties of the project which are ready for use to procure benefits for the project.



## 12.2 Transaction between the REIT and the Trustee and the Connected Person of the Trustee

### 12.2.1 Rental of Area in Terminal 21 Shopping Center Project

#### Juristic Persons/Companies with Possible Conflicts of Interest

SCB Asset Management Co Ltd as Trustee of the REIT

Siam Commercial Bank Public Co Ltd as Tenant

#### Relationship

Siam Commercial Bank Public Co Ltd holds directly 99.9% in SCB Asset Management Co Ltd.

#### Characteristics of Connected Transaction

Siam Commercial Bank Public Co Ltd leases an area of approximately 114 sq. m. in Terminal 21 Shopping Center for its banking operations and approximately 8 sq. m. for a currency exchange booth as well as 1 ATMs. The leasing agreement will expire on 10 October 2023 and 22 April 2023, respectively.

#### Rationale of the Transaction

The REIT Manager has reviewed the leasing agreement and found that Siam Commercial Bank Public Co Ltd leases the area for its normal branch operations. The rental rate as well as other service and utility fees paid by Siam Commercial Bank Public Co Ltd is close to the average rate of other tenants of the same business on the same floor. Siam Commercial Bank Public Co Ltd is among the first group of tenants leasing the area in the Project which help promote public confidence in the Shopping Center.

### 12.2.2 Policy for Future Transaction and Tendency for Future Transaction

In case of any transaction between the REIT and the connected person of the Trustee in the future, the following actions shall be taken:

- 1) Disclose the information through the Stock Exchange of Thailand or any other channels which the Unitholders are able to thoroughly access the information;



- 2) Have reasonable period, which shall not be less than 14 days, for disclosure of information;
- 3) Provide appropriate channels, procedures and period of time for clearly demonstrating objection. The period of time for demonstrating objection shall not be less than 14 days except for the case that such transaction is subject to the Unitholders' resolution under which the objection must be unless demonstrated during the process of seeking Unitholders' resolution.

In case the Unitholders have demonstrated objection clearly through the procedures disclosed under Clause 3) in the amount of more than one fourth of the total sold units, the Trustee shall not conduct or allow executing the transaction arising conflict of interest with REIT.

According to the provisions pertaining to the management of conflicts of interest stipulated in the Trust Deed, the Trustee shall not undertake any action arising conflict of interest with the REIT or causing the Trustee to lose its independent status on the management of the REIT, unless the transaction is in line with the following criteria:

- (a) There are check and balance measures or mechanisms in place to ensure fairness of the transaction;
- (b) There has been sufficient disclosure of information regarding possible conflict of interest of such transaction to the Unitholders and there is no objection demonstrated by the Unitholders, or the objection is demonstrated by the Unitholders in the amount less than one fourth of the total sold units.

### 12.3 Tendency to Undertake Transactions in the Future between the REIT and the Connected Persons of the REIT Manager and the Trustee

The REIT may enter into transactions with connected persons of the REIT Manager and the Trustee in the future as follows:

No.	Natural/Juristic Person	Relationship (As of 31 December 2023)	Details of Transaction
1	SCB Asset Management Co Ltd	- Trustee	- Trustee fee
2	L&H Retail Management Co Ltd	- Property Manager	- Property management fee - Personnel administration fee
3	LH Mall and Hotel Management Co Ltd (Note: LH Mall and Hotel Management Co Ltd registered its name change from Pacific Real Estate Co Ltd to the current name on 24 December 2015)	- Major unitholder of the REIT	- Distribution (Dividend) payment from the REIT - shopping center system service Fee
4	Land and Houses Bank Public Co., Ltd (LHBANK)	- Tenant of commercial space in the shopping center in which the REIT invested - Subsidiary of Land and Houses Public Company Limited - Provider of financial products for hedging against interest rate risk	- Income from space rental and utility services - cash at bank - Investment in fixed deposits - Investment in certificates of deposit - Loan interest income - Fee from the service of financial products for hedging against interest rate risk
5	Siam Commercial Bank Public Co Ltd	- Tenant of commercial space in the shopping center in which the REIT invested - Major shareholder of the Trustee - Lender of the REIT - Provider of financial products for hedging against interest rate risk	- Income from space rental and utility services - Loan interest income - Fee from the service of financial products for hedging against interest rate risk
6	L&H Property Co Ltd	- Property owner	- Entering into the Property Lease

No.	Natural/Juristic Person	Relationship (As of 31 December 2023)	Details of Transaction
			Agreement as Lessor

#### 12.4 Soft Commission

No.	Company	Type of Soft Commission	Rationale for Accepting Soft Commissions
1	Kasikornbank Public Co Ltd	Information/ Research Analysis	For the benefits of the REIT's investment
2	Siam Commercial Bank Public Co Ltd	Information/ Research Analysis	For the benefits of the REIT's investment
3	Bangkok Bank Public Co Ltd	Information/ Research Analysis	For the benefits of the REIT's investment
4	Bank of Ayudhya Public Co Ltd	Information/ Research Analysis	For the benefits of the REIT's investment
5	Krung Thai Bank Public Co Ltd	Information/ Research Analysis	For the benefits of the REIT's investment
6	TISCO Bank Public Co Ltd	Information/ Research Analysis	For the benefits of the REIT's investment
7	CIMB Thai Bank Public Co Ltd	Information/ Research Analysis	For the benefits of the REIT's investment
8	UOB Bank Public Co Ltd	Information/ Research Analysis	For the benefits of the REIT's investment
9	Government Savings Bank	Information/ Research Analysis	For the benefits of the REIT's investment
10	Asia Plus Securities Public Co Ltd	Information/ Research Analysis	For the benefits of the REIT's investment
11	KT Zmico Securities Public Co Ltd	Information/ Research Analysis	For the benefits of the REIT's investment
12	Capital Nomura Public Co Ltd	Information/ Research Analysis	For the benefits of the REIT's investment
13	KGI Securities (Thailand) Public Co Ltd	Information/ Research Analysis	For the benefits of the REIT's investment
14	Thanachart Bank Public Co Ltd	Information/ Research Analysis	For the benefits of the REIT's investment

No.	Company	Type of Soft Commission	Rationale for Accepting Soft Commissions
15	Second Mortgage Corporation	Information/ Research Analysis	For the benefits of the REIT's investment
16	Trinity Securities Co Ltd	Information/ Research Analysis	For the benefits of the REIT's investment
17	Phillip Securities (Thailand) Public Co Ltd	Information/ Research Analysis	For the benefits of the REIT's investment
18	Kiatnakin Bank Public Co Ltd	Information/ Research Analysis	For the benefits of the REIT's investment
19	Bank of China	Information/ Research Analysis	For the benefits of the REIT's investment
20	Government Housing Bank	Information/ Research Analysis	For the benefits of the REIT's investment
21	Land and Houses Bank Public Co Ltd	Information/ Research Analysis	For the benefits of the REIT's investment
22	Industrial and Commercial Bank of China (Thai) Public Co Ltd	Information/ Research Analysis	For the benefits of the REIT's investment
23	TMB Bank Public Co Ltd	Information/ Research Analysis	For the benefits of the REIT's investment
24	AEC Securities (Thailand) Public Co Ltd	Information/ Research Analysis	For the benefits of the REIT's investment
25	KTB Securities Co Ltd	Information/ Research Analysis	For the benefits of the REIT's investment

## Part 4

### Financial Position and Operating Results

#### 13. Financial Highlights

##### 13.1 Summary of Auditors' Report as of 31 December 2023

The financial statements of LH Shopping Centers Leasehold Real Estate Investment Trust for the year 2023 had been audited by Ms. Rosaporn Decharkom, Certified Public Accountant, Registration No. 5659, of EY Office Company Limited, who expressed her opinion that such financial statements presented fairly, in all material respects, the financial position of the REIT as at 31 December 2023, its financial performance, changes in its net assets and cash flows for the year then ended, in accordance with the Accounting Guidance for Property Funds, Real Estate Investment Trusts, Infrastructure Funds and Infrastructure Trusts issued by the Association of Investment Management Companies and approved by the Securities and Exchange Commission of Thailand.

##### 13.2 Summary of Financial Statements

###### a) Summary of the Balance Sheet of LH Shopping Centers Leasehold Real Estate Investment Trust

Assets	2023		2022		2021	
	Baht	Baht	%	Baht	Baht	%
<b>สินทรัพย์</b>						
Investments in properties at fair value	6,476,317,255	90.70	6,451,107,700	91.74	6,413,413,787	92.88
Investments in securities at fair value	477,566,634	6.68	319,074,073	4.54	223,762,659	3.24
Cash at banks	128,074,315	1.79	160,940,672	2.29	145,390,319	2.11
From interest	8,580	0.00	6,654	0.00	1,906	0.00
From rental and services	59,910,929	0.84	93,492,329	1.33	104,581,713	1.51
Other receivables - Net	202,660	0.00	-	0.00	11,382,638	0.16
Prepaid expenses	194,179	0.00	360,669	0.01	738,360	0.01
Other assets – Net	6,346,212	0.09	6,626,496	0.09	5,661,486	0.08
<b>Total Assets</b>	<b>7,148,620,764</b>	<b>100.00</b>	<b>7,031,608,593</b>	<b>100.00</b>	<b>6,904,932,868</b>	<b>100.00</b>

Liabilities	2023		2022		2021	
	Baht	Baht	%	Baht	Baht	%
<b>Liabilities</b>						
Trade accounts payable	37,920,81	0.53	35,785,765	0.51	23,919,486	0.35
Other payables	4,559,086	0.06	8,640,021	0.12	6,024,163	0.09
Accrued expenses	27,709,90	0.39	13,623,416	0.19	8,116,181	0.12
Advance receipt for rental and services	7,848,558	0.11	14,253,242	0.20	13,641,487	0.20
Deposits from rental and services	318,591,275	4.46	254,294,587	3.62	259,195,158	3.75
Long-term loan	735,641,733	10.29	833,994,262	11.86	832,240,018	12.05
Lease liabilities	896,260	0.01	1,226,235	0.02	1,547,139	0.02
Other liabilities	11,367,33	0.16	9,950,180	0.14	4,171,988	0.06
<b>Total liabilities</b>	<b>1,144,534,996</b>	<b>16.01</b>	<b>1,171,767,708</b>	<b>16.66</b>	<b>1,148,855,620</b>	<b>16.64</b>
<b>Net Assets</b>	<b>6,004,085,768</b>	<b>83.99</b>	<b>5,859,840,885</b>	<b>83.34</b>	<b>5,756,077,248</b>	<b>83.36</b>
Capital from Unitholders	4,978,259,940	69.64	4,978,259,940	70.80	4,978,259,940	72.10
Retained Earnings (losses)	1,025,825,828	14.35	881,580,945	12.54	777,817,308	11.26
Net Assets	6,004,085,768	83.99	5,859,840,885	83.34	5,756,077,248	83.36
Net Assets per Unit (Baht)	12.3018		12.0062		11.7936	

Remark: Referring to the financial statements of the REIT for the year ending 31 December 2023 and report of the authorized auditors.

b) Summary of the Statement of Income of LH Shopping Centers Leasehold Real Estate Investment Trust

Statement of Income	2023		2022		2021	
	Baht	%	Baht	%	Baht	%
Rental income	1,257,912,065	99.70	808,647,627	99.67	381,989,077	98.74
Interest income	577,462	0.05	628,190	0.08	1,215,394	0.31
Other income	3,183,934	0.25	2,030,729	0.25	3,647,853	0.94
<b>Total Income</b>	<b>1,261,673,461</b>	<b>100.00</b>	<b>811,306,546</b>	<b>100.00</b>	<b>386,852,324</b>	<b>100.00</b>
Cost of rental and service	436,607,329	34.61	336,907,630	41.53	203,697,048	52.65
Management fee	12,079,057	0.96	7,336,426	0.90	7,312,571	1.89
Trustee's fee	4,890,412	0.39	4,807,536	0.59	4,795,343	1.24
Registrar's fee	1,478,025	0.12	1,416,074	0.17	1,535,010	0.40
Property management fee	98,625,626	7.82	58,565,619	7.22	29,623,767	7.66
Professional fee	963,936	0.08	948,924	0.12	1,037,677	0.27
Sales expenses	95,739,117	7.59	76,929,935	9.48	31,906,273	8.25
Administrative expenses	56,248,979	4.46	50,115,834	6.18	49,266,865	12.74
Interest expenses	33,525,108	2.66	23,807,120	2.93	23,290,315	6.02
<b>Total Expenses</b>	<b>740,157,589</b>	<b>58.66</b>	<b>560,835,098</b>	<b>69.13</b>	<b>352,464,869</b>	<b>91.11</b>
<b>Net Investment Income</b>	<b>521,515,872</b>	<b>41.34</b>	<b>250,471,448</b>	<b>30.87</b>	<b>34,387,455</b>	<b>8.89</b>
Net realized gains (losses) on investments	3,837,874		300,279		16,883	
Net unrealized gains on investments	28,865,486		38,456,496		(36,959,684)	
Total realized gains (losses) on investments	32,703,360		38,756,775		(36,942,801)	
Net increase in net assets resulting from operations	554,219,232		289,228,223		(2,555,346)	

Remark: Referring to the financial statements of the REIT for the year ending 31 December 2023 and report of the authorized auditors.





## 14. Management Discussion and Analysis

### 14.1. Analysis of Past Performance

#### (a) Overview of Operating Results of the REIT

As of 31 December 2023, the REIT's total investment income was at Baht 1,261.67 million, comprising of rental and services income of Baht 1,257.91 million, interest income of Baht 0.58 million and other income of Baht 3.18 million. Moreover, during the same period, the REIT had a net expense of Baht 740.16 million, comprising of cost of rental and services of Baht 436.61 million, administrative expenses of Baht 56.25 million, selling expenses of Baht 95.74 million, professional fees of Baht 19.41 million and property management fee of Baht 98.63 million.

The REIT's net investment income was at Baht 521.52 million and posted a total realized gains and on investment of Baht 32.70 million. As a result, the REIT's net assets from operating activities increased by Baht 554.22 million. As of 31 December 2023, the REIT's net asset value was at Baht 6,004.09 million or equivalent to Baht 12.3018 per unit.

#### (b) Performance of Project Invested by the REIT

##### (1) Revenue Analysis

In 2023, the REIT derived income from the rental and services amounting to Baht 1,257.91 million, compared with Baht 808.65 million in 2022. It also gained Baht 0.58 million of interest income, an increase of Baht 0.55 million from the amount of 1.63 million in 2022.

The operating performance of Terminal 21 Shopping Center Project, the core property invested by the REIT, as of 2023 and 2022 were as follows:

##### (2) Expenses Analysis

In 2023, the REIT's total expenses were at Baht 740.16 million, an increase of Baht 179.32 million from Baht 560.84 million in 2022.

The expenses are comprising of cost of rental and services of Baht 436.61 million, administrative expenses of Baht 56.25 million, selling expenses of Baht 95.74 million, professional fees of Baht 19.41 million and property management fee of Baht 98.63 million.

### (3) Net Property Income

As of 31 December 2023, the operating profits before realized and unrealized gains (losses) on investment of the REIT was Baht 521.52 million, compared with Baht 250.47 million of operating profits in 2022. As a result, net investment income of the REIT increased by Baht 271.04 million.

### (4) Fees related to REIT Management, Trustee, Registrar, and Property Management, and Professional Fee.

In 2023, the REIT paid a total of Baht 118.04 million fees, consisting of Baht 12.08 million of REIT Management Fee, Baht 4.89 million of Trustee Fee, Baht 1.48 million of Registrar Fee, Baht 98.63 million of Property Management Fee, and Baht 0.96 million of Professional Fee paid to independent appraisal company and auditors.

#### Fee Structure

Fees	2023 (Baht)	2022 (Baht)	2021 (Baht)
Management Fee	12,079,057	7,336,426	7,312,571
Trustee's Fee	4,890,412	4,807,536	4,795,343
Registrar's Fee	1,478,025	1,416,074	1,535,010
Property Management Fee	98,625,626	58,565,619	29,623,767
Professional Fee	963,936	948,924	1,037,677

### (5) Gross Profit Margin

The gross profit margin from leasing out of the REIT's core property in 2023 was as follows:

Profitability Ratios	2023	2022	2021
Gross Profit Ratio	65.29%	58.34%	46.67%
Operating Margin Ratio	43.82%	33.59%	13.83%
Other Net Profit Ratio	0.30%	0.33%	1.27%
Net Profit Ratio	41.34%	30.87%	9.00%
Return on Unitholders	8.69%	4.27%	0.60%

(6) Financial Expenses of the REIT

The financial expenses of the REIT in 2023 comprised interest expenses arising from borrowing to fund the investment in Terminal 21 Shopping Center Project. The interest expenses of the REIT in 2023 amounted to Baht 33.53 million due to an increase of MLR rate from Bank of Thailand.

(7) Property Management Capacity

The increase of average rental fee in 2023 contributed to a rise of 0.26% of the appraised value of property. In 2023, the appraised value carried out by TAP Valuation Co Ltd was Baht 6,466 million

**Appraised Value by Income Approach during the Past 3 Years**

Property	Appraised Value in 2022 (Million Baht)	Appraised Value in 2021 (Million Baht)	Appraised Value in 2020 (Million Baht)
Appraisal Firm	TAP Valuation Co., Ltd.	TAP Valuation Co., Ltd.	Southeast Asia International Co., Ltd.
Terminal 21 Shopping Center Project	6,483.00	6,466.00	6,456.00

**Financial Ratios Related to Property Management Capacity**

Efficiency Ratios	31 December 2023	31 December 2022	31 December 2021
Return on Assets Ratio (%)	7.76	3.90	0.84
Fixed Asset Turnover Ratio (time)	0.18	0.12	0.06

(8) Debt Serving Capacity

The REIT had Baht 1,144.53 million of total liabilities, compared with Baht 1,171.77 million in the previous year. The total liabilities comprised deposits for rental and services, amounting to Baht 318.59 million, which was collected from the tenants as a rental guarantee. Moreover, the REIT had a long-term loan of Baht 735.64 million.

On October 11, 2018, the trust changed the source of borrowing to Land and Houses Bank Public Company Limited in the amount of 900 million baht as part of the investment in the Terminal 21 with the interest at a fixed rate of not more than 5.25% per annum for the first 3

years. The following year interest is charged at the rate of not more than MLR minus 1.50 percent per annum, with the condition of repayment of principal and interest quarterly which will start repaying the first principal in June 2020 and must be repaid in full in October 2028

Subsequently, the REIT repaid the loan in the year 2020 in the amount of 60 million baht, causing the balance as of December 31, 2022 in the amount of 840 million baht. Including deferred interest based on the interest rate, the REIT will have a net loan balance of 833.99 million baht, where the REIT has a long-term loan that is due within one year in the amount of 50 million baht. Besides, in February 2022, the REIT made a memorandum Amend the loan agreement without repayment of the principal of the loan due in 2022 and adjusting the principal repayment schedule from 2023 onwards according to the amount specified in the contract, must be paid to be completed by December 2029

(9) Liquidity and Capital Adequacy

As of 31 December 2023, the REIT had Baht 128.07 million of cash and cash at banks, accounting for 1.79% of total assets. This amount is composed of Baht 10.71 million of cash and 117.37 million of cash deposits at banks

The liquidity of the REIT in 2023 was the cash flows from rental and service income which totaled Baht 505.20 million whereas the use of net cash flows from financing activities amounted to Baht 538.07 million.

Taking into consideration the significant financial ratios such as current ration, debt service coverage ratio, quick ratio, and debt to equity ratio, together with the related factors including the fair value of property, current credit line from financial institution, etc, the REIT Manager is of the opinion that the capital structure of the REIT is adequate for debt servicing according to the obligations and its working capital needs.

### Financial Ratios Related to Liquidity and Capital Adequacy

Liquidity Ratios		31 December 2023	31 December 2022	31 December 2021
Current Ratio	(time)	1.47	1.50	1.56
Quick Ratio	(time)	0.46	0.76	0.83
Cash Ratio	(time)	0.31	0.48	0.46
Account Receivable Turnover	(time)	21.00	8.65	3.65
Average Collection Period	(day)	17	42	100
Account Payable Turnover	(time)	11.51	9.41	8.52
Payable Payment Period	(day)	32	39	43

### Cash Flows from Operating Activities

Statement of Changes in Net Assets	31 December 2023 (Baht)	31 December 2022 (Baht)	31 December 2021 (Baht)
<b>Cash flows from operating activities</b>			
Net cash flows used in operating activities	505,200,615	223,427,815	85,755,591
<b>Cash flows from financing activities</b>			
Net cash flows from financing activities	(538,066,972)	(207,877,462)	(100,724,719)
<b>Net increase in cash and cash at banks</b>	(32,866,357)	15,550,353	(14,969,128)
Cash and cash at banks at the beginning period	160,940,672	145,390,319	160,359,447
<b>Cash and cash at banks at the end of period</b>	128,074,315	160,940,672	145,390,319

(10) Distribution Payment

The REIT made a total distribution payment of Baht 0.9350 per unit in 2023, representing 9.17% and 9.35% of the IPO and the market price at year-end 2023. The distribution payment is in compliance with the distribution payment policy stipulated in clause 7.3

**Distribution Payment History**

Operating Period	Dividend Yield per unit (Baht)	Payment Date
01 Jan 2023 - 28 Feb 2023	0.1250	27 Apr 2023
01 Mar 2023 - 30 Apr 2023	0.1300	25 Jul 2023
01 May 2023 - 30 Jun 2023	0.1500	7 Sep 2023
01 Jul 2023 - 31 Aug 2023	0.1600	29 Nov 2023
01 Sep 2023 - 31 Oct 2023	0.1650	28 Dec 2023
01 Nov 2023 - 31 Dec 2023	0.2050	28 Mar 2024

**Disclosure of Information Regarding Distribution Payment**

Year	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014*
(1) Dividend per unit (BTH)	0.935	0.490	0.100	0.350	0.9540	0.9160	0.8830	0.8530	0.7750	0.0220
(2) Distribution to Unitholders per unit (BTH)	0	0	0	0	0	0	0	0	0	0
Total Distribution per Unit (BTH)	0.935	0.490	0.100	0.350	0.9540	0.9160	0.8830	0.8530	0.7750	0.0220
(3) Percentage to IPO Price**(Baht 10.20 per unit on 22 December 2014)										
(3.1) Dividend Rate (%)	9.17	4.80	0.98	3.43	9.35	8.98	8.66	8.36	7.60	0.22
(3.2) Distribution to Unitholders Rate (%)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Distribution Rate (3.1+3.2) (%)	9.17	4.80	0.98	3.43	9.35	8.98	8.66	8.36	7.60	0.22
(4) Percentage to Market Closing Price as 31 December 2023*(Baht 10.00 per unit)										
(4.1) Dividend Rate (%)	9.35	4.38	0.89	3.13	8.52	8.18	7.88	7.62	6.92	0.20
(4.2) Distribution to Unitholders Rate (%)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Distribution Rate (4.1+4.2) (%)	9.35	4.38	0.89	3.13	8.52	8.18	7.88	7.62	6.92	0.20

Note: \* between 22 Dec 2014 – 31 Dec 2014 , \*\*Calculated from the dividend yield plus repayment of proceeds from capital reduction over the past year divided by price per unit of the REIT.

## 14.2 Factors or Events that May Have an Impact in the Future (Forward Looking)

### 14.2.1 External Factors

According to the Office of the National Economic and Social Development Board as of February 2024, Thailand's economic outlook for 2024 is likely to recover from 2023, supported by the resumption of merchandise export expansion in line with the recovery of global trade. Favorable expansion of domestic demand, both consumption and private investment, and the continued recovery of the tourism sector. However, Thailand's economic recovery still has significant risks and constraints that may cause the Thai economy to expand less than expected, including fiscal constraints, high household and business debt burdens, drought risks to agricultural production, and risks from global economic and financial system volatility that may cause trading partner economies and global trade volumes to deteriorate more than expected.

The continued recovery of the tourism sector follows the increase in the number of foreign tourists, which is expected to return to more normal levels. This is reflected in the number of tourists from most origin countries, which is like pre-COVID-19 levels. This was supported by (1) measures to exempt tourists from several key countries, including China, Russia, India, and Taiwan, and (2) additional measures by the government to stimulate tourism from both foreign tourists and tourists. For example, the Maha Songkran World Water Festival, which will be held in April 2024, and the Tourism Authority of Thailand's 365 Days of Wonders Everyday project.

In 2024, REIT is likely to continue to improve its performance as shopping centers can operate normally. In addition, due to the positive factors in the trend of increasing tourist arrivals in the country, the REIT expects that the Terminal 21 project will be able to achieve higher core operating income respectively.

### 14.2.2 Other factor

-None-

## 15. Trustee's Report



### TRUSTEE REPORT

February 29<sup>th</sup>, 2024

To: Trust Unitholders

LH Shopping Centers Leasehold Real Estate Investment Trust

SCB Asset Management Company Limited (the "Trustee"), as the Trustee of LH Shopping Centers Leasehold Real Estate Investment Trust (the "REIT") managed by Land and Houses Fund Management Co., Ltd. (the "REIT Manager"), would like to inform you that for the period of January 1<sup>st</sup>, 2023 to December 31<sup>st</sup>, 2023, the REIT Manager had managed the REIT properly and efficiently as well as in compliance with applicable laws, regulations and the trust deed in a way that protects the interests of the REIT and Trust unitholders as a whole.

Yours faithfully,

SCB Asset Management Company Limited

(Mrs. Tipaphan Puttarawigorm) (Mr. Paeree Ichayapreug)

Trustee

บริษัทหลักทรัพย์จัดการกองทุน ไทยพาณิชย์ จำกัด (สำนักงานใหญ่)  
ชั้น 7-8 อาคาร 1 ไทยพาณิชย์ปาร์ค พลาซ่า เลขที่ 18 ถนนรัชดาภิเษก แขวงจตุจักร เขตจตุจักร กรุงเทพฯ 10900  
โทรศัพท์ 0 2949 1500 โทรสาร 0 2949 1501

SCB Asset Management Co., Ltd. (Head Office)  
7<sup>th</sup>- 8<sup>th</sup> SCB Park Plaza 1 No. 18 Ratchadapisek Rd., Chatuchak, Bangkok 10900 Thailand Tel. 0 2949 1500 Fax 0 2949 1501

WWW.SCBAM.COM



### Expenses Collected from the Unitholders or the REIT

For the Period during 1 January 2023 - 31 December 2023

Expenses Chargeable to the REIT	Amount	% of NAV	
	Baht thousand	Actually Charged	As Per the Project
Management Fee	12,079.06	0.20	Not exceeding 2.0%
Registrar Fee	1,478.02	0.02	Not exceeding 1.0%
Trustee Fee	4,890.41	0.08	Not exceeding 1.0%
Property Management Fee	98,625.63	1.66	As Actually Incurred
Professional Fee	963.94	0.02	As Actually Incurred
Interest Expenses	-	-No-	As Actually Incurred
Rental and Service Cost	33,525.10	0.56	As Actually Incurred
Selling and Administration Expenses	436,607.33	7.33	As Actually Incurred
<b>Total Expenses</b>	<b>151,988.10</b>	<b>2.55</b>	

Remarks: 1 Fees and expenses charged to the REIT are inclusive of value added tax, specific business tax or other taxes of a similar nature (if any) whereas fees or expenses as per the project are exclusive of value added tax.

2 The averaged monthly NAV calculated from 1 January 2023 to 31 December 2023 is equivalent to Baht 5,958,965,272

## Auditors' Report and Financial Statements

LH Shopping Centers Leasehold Real Estate  
Investment Trust  
Report and financial statements  
31 December 2023

## Independent Auditor's Report

To the Unitholders of LH Shopping Centers Leasehold Real Estate Investment Trust

### Opinion

I have audited the accompanying financial statements of LH Shopping Centers Leasehold Real Estate Investment Trust (the Trust), which comprise the statement of financial position, including the details of investments as at 31 December 2023, and the related 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 financial statements referred to above present fairly, in all material respects, the financial position of LH Shopping Centers Leasehold Real Estate Investment Trust as at 31 December 2023, its financial performance, changes in its net assets and cash flows for the year then ended, in accordance with the Accounting Guidance for Property Funds, Real Estate Investment Trusts, Infrastructure Funds and Infrastructure Trusts issued by the Association of Investment Management Companies and approved by the Securities and Exchange Commission of Thailand.

### 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 Trust 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 judgement, 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.

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

### Revenue recognition

The Trust recognises rental and service income at the amount stipulated under the lease agreements, as disclosed its accounting policies in Note 3.1 to the financial statements. The Trust recognised rental and service income for the year 2023 amounting to Baht 1,258 million, which represents 100% of total income. Moreover, the Trust has entered into agreements with a large number of customers and there are a variety of conditions in these agreements. Therefore, I addressed the recognition of rental and service income as a key audit matter.

I have examined the recognition of rental and service income of the Trust including:

- Assessing and testing the Trust's internal controls related to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls.
- On a sampling basis, examining supporting documents for actual revenue transactions occurring during the year and near the end of the accounting period to assessing whether revenue recognition was consistent with the conditions of the relevant agreement, and whether it was in compliance with the Trust's policy.
- Reviewing credit notes that the Trust issued after the period-end.
- Performing analytical procedures on disaggregated data to detect possible irregularities in revenue transactions throughout the period.



## **Valuation of investments in properties**

As disclosed in Note 3.3 and Note 6 to the financial statements, the Trust had investments in properties presented in the statement of financial position as at 31 December 2023 at their fair value of Baht 6,476 million, representing 91% of total assets. These investments are not traded on an active market and a comparable quoted price for the same or similar investments on an inactive market cannot be found. The REIT Manager therefore determined the fair value of these investments based on the value appraised by an independent appraiser using the income approach. As the REIT Manager is required to exercise significant judgement with respect to the estimation of future operating results and the determination of a discount rate and key assumptions, there is therefore a significant risk with respect to the measurement of such investments.

I assessed the internal controls of the Trust related to the calculation of fair value of investments in properties by making enquiry of responsible executives and gaining an understanding of the operation of controls designed by the executives. I considered the extent and objectives of the assessment of fair value made by the independent appraiser and assessed the techniques and models used by the independent appraiser to measure the fair value, as specified in the appraisal report prepared by the appraiser, by comparing them to my knowledge and past experience regarding the valuation of the same or similar assets. I also considered the consistency of the application of such techniques and models, and assessed the competence and independence of the independent appraiser by checking publicly available data. In addition, I reviewed the data and key assumptions used in the measurement of fair value, by comparing past estimates of operating results with the Trust's actual operating results to evaluate the judgement of the REIT Manager in terms of projections of operating results, checked them to the rental and service agreements, and tested the calculation of the fair value made based on the above models and assumptions. Moreover, I reviewed the disclosure of information related to the measurement of the fair value of investments in properties in the note to the financial statements.

## **Other Information**

The REIT Manager is responsible for the other information. The other information comprise the information included in annual report of the Trust, but does not include the financial statements and my auditor's report thereon. The annual report of the Trust 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 do 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 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 of the Trust, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

## **Responsibilities of REIT Manager and Those Charged with Governance for the Financial Statements**

The REIT Manager is responsible for the preparation and fair presentation of the financial statements in accordance with the Accounting Guidance for Property Funds, Real Estate Investment Trusts, Infrastructure Funds and Infrastructure Trusts issued by the Association of Investment Management Companies and approved by the Securities and Exchange Commission of Thailand, and for such internal control as management 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 the REIT Manager either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are 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 judgement 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 those charged with governance 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 those charged with governance 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 those charged with governance, 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.

I am responsible for the audit resulting in this independent auditor's report.



Rosaporn Decharkom

Certified Public Accountant (Thailand) No. 5659

EY Office Limited

Bangkok: 23 February 2024

**LH Shopping Centers Leasehold Real Estate Investment Trust**

**Statement of financial position**

**As at 31 December 2023**

(Unit: Baht)

	Note	2023	2022
<b>Assets</b>			
Investments in securities at fair value through profit or loss	5, 13	477,566,634	319,074,073
Investments in properties at fair value	6	6,476,317,255	6,451,107,700
Cash and cash equivalents	7, 13	128,074,315	160,940,672
Accounts receivable			
From rental and services	8, 13	59,910,929	93,492,329
From interest	13	8,580	6,654
Others	13	202,660	-
Prepaid expenses		194,179	360,669
Other assets		6,346,212	6,626,496
<b>Total assets</b>		<b>7,148,620,764</b>	<b>7,031,608,593</b>
<b>Liabilities</b>			
Trade accounts payable		37,920,801	35,785,765
Other payables		4,559,086	8,640,021
Accrued expenses	13	27,709,940	13,623,416
Advance receipt for rental and services		7,848,558	14,253,242
Deposits from rental and services	13	318,591,275	254,294,587
Long-term loan	9, 13	735,641,733	833,994,262
Lease liabilities		896,260	1,226,235
Other liabilities		11,367,343	9,950,180
<b>Total liabilities</b>		<b>1,144,534,996</b>	<b>1,171,767,708</b>
<b>Net assets</b>		<b>6,004,085,768</b>	<b>5,859,840,885</b>

The accompanying notes are an integral part of the financial statements.

**LH Shopping Centers Leasehold Real Estate Investment Trust**

**Statement of financial position (continued)**

**As at 31 December 2023**

(Unit: Baht)

	Note	2023	2022
<b>Net assets:</b>			
Trust registered			
488,064,700 units of Baht 10.20 each		4,978,259,940	4,978,259,940
Capital from unitholders			
488,064,700 units of Baht 10.20 each		4,978,259,940	4,978,259,940
Retained earnings	10	1,025,825,828	881,580,945
<b>Net assets</b>		<b>6,004,085,768</b>	<b>5,859,840,885</b>
Net asset value per unit (Baht)		12.3018	12.0062
Number of units issued at the end of year (units)		488,064,700	488,064,700

The accompanying notes are an integral part of the financial statements.



(Mr. Natkawin Jiamchoatpatanakul)

Senior Vice President

Infrastructure and Property Fund Department



(Mrs. Narumol Senthong)

Vice President

Fund Accounting Department

LH Shopping Centers Leasehold Real Estate Investment Trust  
Detail of Investments  
As at 31 December 2023

Detail of Investments were classified by asset type.

				2023			2022		
Type of investments	Areas held by the Trust	Issued No. / Issue name	Maturity date	Cost	Fair value	Percentage of investment	Cost	Fair value	Percentage of investment
				(Baht)	(Baht)	(Percent)	(Baht)	(Baht)	(Percent)
Investments In properties (Note 6)									
Project Terminal 21 Shopping Center									
Location: Sukhumvit 19 (Wattana)									
Klongtoey-Nua,									
Wattana, Bangkok									
	97,905 Sqm.		31 August 2040	5,964,063,767	6,476,317,255	93.13	5,964,063,767	6,451,107,700	95.29
Total investment in properties				5,964,063,767	6,476,317,255	93.13	5,964,063,767	6,451,107,700	95.29
Investments in securities									
Unit trust									
LH Treasury Fund									
		LHTREASURY-L	-	473,137,158	477,566,634	6.87	318,300,529	319,074,073	4.71
Total investments in securities				473,137,158	477,566,634	6.87	318,300,529	319,074,073	4.71
Total investments				6,437,200,925	6,953,883,889	100.00	6,282,364,296	6,770,181,773	100.00

The accompanying notes are an integral part of the financial statements.

**LH Shopping Centers Leasehold Real Estate Investment Trust**

**Statement of comprehensive income**

**For the year ended 31 December 2023**

(Unit: Baht)

	Note	2023	2022
<b>Investment income</b>			
Rental and service income	13	1,257,912,065	808,647,627
Interest income		577,462	628,190
Other income		3,183,934	2,030,729
<b>Total income</b>		<b>1,261,673,461</b>	<b>811,306,546</b>
<b>Expenses</b>			
Cost of rental and services	13	436,607,329	336,907,630
REIT management fee	12.1, 13	12,079,057	7,336,426
Trustee's fee	12.2, 13	4,890,412	4,807,536
Registrar's fee	12.3	1,478,025	1,416,074
Property management fee	12.4, 13	98,625,626	58,565,619
Professional fees		963,936	948,924
Selling expenses		95,739,117	76,929,935
Administrative expenses	13	56,248,979	50,115,834
Finance cost	13	33,525,108	23,807,120
<b>Total expenses</b>		<b>740,157,589</b>	<b>560,835,098</b>
<b>Net gains from investing</b>		<b>521,515,872</b>	<b>250,471,448</b>
<b>Net gains on investments</b>			
Net gains on investments	5	3,837,874	300,279
Gains on change in investments at fair value	5, 6	28,865,486	38,456,496
<b>Total net gains on investments</b>		<b>32,703,360</b>	<b>38,756,775</b>
<b>Increase in net assets resulting from operations</b>		<b>554,219,232</b>	<b>289,228,223</b>

The accompanying notes are an integral part of the financial statements.

**LH Shopping Centers Leasehold Real Estate Investment Trust**

**Statement of changes in net assets**

**For the year ended 31 December 2023**

		(Unit: Baht)	
	Note	2023	2022
<b>Increase in net assets resulting from operations during the year</b>			
Net gains from investing		521,515,872	250,471,448
Net gains on investments		3,837,874	300,279
Gains on change in investments at fair value		28,865,486	38,456,496
<b>Increase in net assets resulting from operations</b>		<b>554,219,232</b>	<b>289,228,223</b>
Distribution to unitholders	11, 13	(409,974,349)	(185,464,586)
<b>Increase in net assets during the year</b>		<b>144,244,883</b>	<b>103,763,637</b>
Net assets at the beginning of year		5,859,840,885	5,756,077,248
<b>Net assets at the end of year</b>		<b>6,004,085,768</b>	<b>5,859,840,885</b>

The accompanying notes are an integral part of the financial statements.

**LH Shopping Centers Leasehold Real Estate Investment Trust**

**Statement of cash flows**

**For the year ended 31 December 2023**

(Unit: Baht)

	2023	2022
<b>Cash flows from operating activities</b>		
Net increase in net assets resulting from operations	554,219,232	289,228,223
Adjustments to reconcile the increase in net assets resulting from operations to net cash provided by (used in) operating activities		
Net gains on investments	(3,837,874)	(300,279)
Gains on change in investments at fair value	(28,865,486)	(38,456,496)
Purchases of investments in securities	(819,915,561)	(890,746,988)
Sales of investments in securities	668,980,886	796,969,603
Decrease in accounts receivable from rental and services	33,581,400	11,089,384
Increase in accounts receivable from interest	(1,926)	(4,748)
Decrease (increase) in other receivables	(202,660)	11,382,638
Decrease in prepaid expenses	166,490	377,691
Decrease (increase) in other assets	280,284	(965,010)
Increase in trade accounts payable	2,135,036	11,866,279
Increase (decrease) in other payables	(4,080,935)	2,615,858
Increase in accrued expenses	9,941,510	5,507,235
Increase (decrease) in advance receipt for rental and services	(6,404,684)	611,755
Increase (decrease) in deposits from rental and services	64,296,688	(4,900,571)
Increase in other liabilities	1,417,163	5,778,192
Amortisation of discount on investments	(64,081)	(471,167)
Interest expenses	33,525,108	23,807,120
Interest from lease liabilities	30,025	39,096
<b>Net cash flows from operating activities</b>	<b>505,200,615</b>	<b>223,427,815</b>
<b>Cash flows from financing activities</b>		
Interest paid	(27,732,623)	(22,052,876)
Repayment of long-term loan	(100,000,000)	-
Payment of principal portion of lease liabilities	(360,000)	(360,000)
Distribution to unitholders	(409,974,349)	(185,464,586)
<b>Net cash flows used in financing activities</b>	<b>(538,066,972)</b>	<b>(207,877,462)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(32,866,357)</b>	<b>15,550,353</b>
Cash and cash equivalents at the beginning of year	160,940,672	145,390,319
<b>Cash and cash equivalents at the end of year (Note 7)</b>	<b>128,074,315</b>	<b>160,940,672</b>

The accompanying notes are an integral part of the financial statements.

# **LH Shopping Centers Leasehold Real Estate Investment Trust**

## **Notes to financial statements**

**For the year ended 31 December 2023**

### **1. General information**

#### **1.1 Description of LH Shopping Centers Leasehold Real Estate Investment Trust**

LH Shopping Centers 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 22 December 2014 between Land and Houses Fund Management Company Limited as the Trust Settlor and SCB Asset Management Company Limited as the Trustee. On 22 December 2014, the Trust was established as a specific closed-end real estate investment trust with an indefinite term in order to invest in specific property. The Trust's objectives are to raise funds from general investors and to use the proceeds from such fundraising for purchase and/or lease and/or sub-lease and/or take the transfer of leasehold rights and/or the transfer of sub-leasehold rights to immovable properties, and seek benefits from those properties, whether in the form of improving, changing, developing and/or disposing of the properties for the purpose of generating income and returns for the Trust and its unitholders. This includes investment in other properties and/or securities and/or seeks interest by any other means as prescribed by securities laws and/or other relevant laws.

On 26 December 2014, the Stock Exchange of Thailand approved the listing of the trust units and permitted their trading from 26 December 2014 onwards.

The Trust is managed by Land and Houses Fund Management Company Limited ("the REIT Manager"), SCB Asset Management Company Limited acts as the Trustee and L&H Retail Management Company Limited acts as the Property Manager.

The Trust's major unitholders are Social Security Office and LH Mall & Hotel Company Limited, which hold 11.2% and 9.0% respectively, according to the registry of unitholders on 28 December 2023 (30 December 2022: 9.7% and 9.0%, respectively).



## **1.2 Distribution policy**

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

- (1) The REIT Manager shall pay distributions to unitholders that, in aggregate, amount to not less than 90% of adjusted net profit for the year and not less than two times per annum. However, the REIT Manager may consider payment of additional distribution to unitholders when it is determined to be necessary and appropriate and will to pay distribution by 90 days after the closing of financial year or accounting period of distribution payment.

The adjusted net profit means the net profit of the Trust determined on a cash basis.

In the event that the Trust has retained earnings in any accounting period, the REIT Manager may pay distribution to the unitholders from the retained earnings.

- (2) In case the Trust has accumulated losses, the REIT Manager will not pay the distributions to the unitholders.

In considering the payment of distribution, if the value of interim distribution per unit to be paid is lower than or equal to Baht 0.10, the REIT Manager reserves the right not to pay distribution at that time and to bring such distribution forward for payment together with the distribution as at the end of fiscal year.

## **2. Basis of preparation**

The financial statements have been prepared in accordance with the Accounting Guidance for Property Funds, Real Estate Investment Trusts, Infrastructure Funds and Infrastructure Trusts issued by the Association of Investment Management Companies and approved by the Securities and Exchange Commission of Thailand.

The financial statements in Thai language are the official statutory financial statements of the Trust. The financial statements in English language have been translated from the Thai language financial statements.

## **3. Significant accounting policies**

### **3.1 Revenues and expenses recognition**

Rental and related services income is recognised as revenue in profit or loss on a straight-line basis over the lease term. The recognised revenue which is not yet due per the operating lease agreements has been presented under the caption of "Unbilled lease receivables" at the end of reporting period.

Premium or discounts on debt instruments are amortised evenly over the remaining term of the debt instruments, using the effective interest rate, and are treated as part of interest income.

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

Expenses are recorded on an accrual basis.

Interest expense from financial liabilities at amortised cost is calculated using the effective interest method and recognised on an accrual basis.

## **3.2 Financial instruments**

The Trust initially measures financial instruments at its fair value, and net of transaction costs in the case of financial liabilities that are not measured at fair value through profit or loss. However, trade receivables, that do not contain a significant financing component, are measured at the transaction price as disclosed in the accounting policy relating to revenue recognition.

### **Classification and measurement of financial instruments**

All financial assets are classified as financial assets at fair value through profit or loss and subsequently measured at fair value through profit or loss.

All financial liabilities are classified as financial liabilities to be subsequently measured at amortised cost using the EIR method.

#### ***Accounts receivable from rental and services***

Accounts receivable from rental and services are stated at the net realisable value which considered to be the nearest equivalent to fair value.

#### ***Investments in bank deposits***

Investments in bank deposits are presented using the sum of principal and accrued interest as of the date on which the investment is valued to determine fair value. Accrued interest is separately presented in the statement of financial position as "Accounts receivable from interest".

### **Regular way purchases and sales of financial assets**

Regular way purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace are recognised on the trade date, i.e., the date on which the Trust commits to purchase or sell the asset.

### **Derecognition of financial instruments**

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Trust has transferred substantially all the risks and rewards of the asset, or the Trust has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

### **Impairment of financial assets**

For accounts receivable from rental and services, the Trust applies a simplified approach in calculating ECLs. Therefore, the Trust does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. It is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

## **3.3 Investments in properties at fair value**

Investments in properties are recognised as assets at cost on the date which the Trust has rights on investments. The cost of investments comprises the purchase price and all direct expenses paid by the Trust in order to acquire such investments.

The REIT Manager measured fair value at the first reporting date after acquisition of the properties based on the cost of investments, and will remeasure them at subsequent reporting dates at fair value, using the appraisal value assessed by an independent appraiser approved by the Thai Valuer Association and the Valuers Association of Thailand (Pursuant to the Notification of the Office of the Securities and Exchange Commission concerning the granting of approval of valuation companies and principle valuers for public use). Valuation will be made when economic conditions change, but at least every two years, commencing from the date of the appraisal made for the purposes of investing or leasing the properties. In addition, the valuation will be reviewed within one year after the latest valuation date. The REIT Manager will not appoint any Appraiser to appraise the property or leased property for more than two consecutive times.

Gains or losses on valuation of such investments in properties are presented as gains or losses on change in investments at fair value in the statement of comprehensive income.

### **3.4 Related party transactions**

Related parties of the Trust comprise individuals or enterprises that control, or are controlled by, the Trust, whether directly or indirectly, or which are under common control with the Trust.

They also include the REIT Manager, the Trustee and their related parties and include associates and individuals 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 the REIT Manager with authority in planning and direction of the Trust's operations.

### **3.5 Distribution to unitholders**

Decreases in retained earnings are recognised as at the date a cash distribution is declared.

### **3.6 Leases**

At inception of contract, the Trust assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### **The Trust as a lessee**

The Trust applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. At the commencement date of the lease (i.e. the date the underlying asset is available for use), the Trust recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

#### ***Right-of-use assets***

The Trust recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost and will be subsequently measured at fair value. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made at or before the commencement date of the lease less any lease incentives received.

Right-of-use assets which are classified as investment properties are presented as part of investment properties in the statement of financial position.

#### ***Lease liabilities***

At the commencement date of the lease, the Trust recognises lease liabilities at the present value of the lease payments to be made over the lease term.

The Trust discounted the present value of the lease payments by the interest rate implicit in the lease or the Trust's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

#### ***Short-term leases and Leases of low-value assets***

A lease that has a lease term less than or equal to 12 months from commencement date or a lease of low-value assets is recognised as expenses on a straight-line basis over the lease term.

#### **The Trust as a lessor**

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to a lessee. Lease receivables from operating leases is recognised as income in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying assets and recognised as an expense over the lease term on the same basis as the lease income.

### **3.7 Provisions**

Provisions are recognised when the Trust has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

### **3.8 Income tax**

The Trust has no corporate income tax liability since the Trust is exempted from Thailand corporate income tax.

### **3.9 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 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 the Accounting Guidance. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Trust measure fair value using valuation technique that are appropriate in the circumstances and maximises 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 categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Trust determine 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. Significant accounting judgements and estimates**

The preparation of financial statements in conformity with the Accounting Guidance at times requires the 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:

##### **Fair value of investment in properties**

The Trust measures its investments in properties on the statement of financial position date at fair value based on the value as assessed by an independent appraiser. The independent appraiser values the investments by using the income approach, because there is no market price that could be used to apply a comparative approach. The REIT Manager is required to exercise significant judgement with respect to the estimation of future operating results and the determination of a discount rate and key assumptions. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position. However, the actual returns to be received by the Trust on such investments in properties could differ depending upon certain factors and conditions which will be incurred to the assets in the future.

## Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the Trust's management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk, liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

### 5. Investments in securities at fair value through profit or loss

Movements of the investments in securities at fair value through profit or loss for the year ended 31 December 2023 and 2022 are as follows:

	(Unit: Thousand Baht)	
	2023	2022
Beginning balance	319,074	223,763
Purchase	819,916	890,747
Disposals	(668,981)	(796,970)
Amortisation of discount on investments	64	471
Net gains on investments	3,838	300
Gains on change in investments at fair value	3,656	763
Ending balance	477,567	319,074

### 6. Investments in properties at fair value

During the years, the movements of the investments in properties are as follows:

	(Unit: Thousand Baht)	
	2023	2022
Investments in properties at fair value - beginning of year	6,451,108	6,413,414
Gains on change in investment at fair value		
from the revaluation	17,000	10,000
Decrease in fair value from right-of-use assets	(330)	(321)
Change in unbilled lease receivables	8,539	28,015
Investments in properties at fair value - end of year	6,476,317	6,451,108

The balance of investments in properties are detailed as follows:

	(Unit: Thousand Baht)	
	2023	2022
Fair value at appraisal report	6,483,000	6,466,000
Add: Fair value from right-of-use	896	1,226
Less: Unbilled leases receivables	(7,579)	(16,118)
Investments in properties	<u>6,476,317</u>	<u>6,451,108</u>

During the years 2023 and 2022, the Trust hired independent appraisers to appraise the value of its investments in properties, using the income approach method. The Trust adjusted these investments in properties to their fair value and recognised gains or losses on change in investments at fair value in the statement of comprehensive income for the years.

Key assumptions used in the valuation are summarised below:

	2023	2022	Result to fair value where as an increase in assumption value
Discount rate (%)	9.50	9.50	Decrease in fair value
Occupancy rate (%)	85 - 100	80 - 100	Increase in fair value
Average rental rate per square metre per month (Baht)	220 - 5,250	250 - 3,660	Increase in fair value

## 7. Cash and cash equivalents

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

Bank	Principal (Thousand Baht)		Interest rate (% per annum)	
	2023	2022	2023	2022
Cash and cash in transit	<u>10,709</u>	<u>5,445</u>		-
<u>Current accounts</u>				
Land and Houses Bank Public Company Limited	-	-	0.100	0.100
Siam Commercial Bank Public Company Limited	9	-	-	-
<u>Saving accounts</u>				
Land and Houses Bank Public Company Limited	13,247	10,976	0.100	0.100
Siam Commercial Bank Public Company Limited	<u>104,109</u>	<u>144,520</u>	0.500	0.300
Total cash at banks	<u>117,365</u>	<u>155,496</u>		
Total cash and cash equivalents	<u>128,074</u>	<u>160,941</u>		



## 8. Accounts receivable from rental and services

The balances of accounts receivable from rental and services as at 31 December 2023 and 2022, aged on the basis of due dates are summarised below:

	(Unit: Thousand Baht)	
	2023	2022
<u>Age of receivables</u>		
Not yet due	12,103	17,801
Past due		
Not over 3 months	34,570	55,415
3 - 6 months	1,803	1,468
6 - 12 months	3,363	1,521
Over 12 months	493	1,169
Total	52,332	77,374
Unbilled lease receivables	7,579	16,118
Total accounts receivable from rental and services	59,911	93,492

## 9. Long-term loan

	(Unit: Thousand Baht)	
	2023	2022
Loan	740,000	840,000
Less: Deferred interest under effective interest rate	(4,358)	(6,006)
Loan - net	735,642	833,994

Movements of long-term loan for the years ended 31 December 2023 and 2022 are summarised below.

	(Unit: Thousand Baht)	
	2023	2022
Beginning balance	840,000	840,000
Less: Repayment	(100,000)	-
Ending balance	740,000	840,000

As at 31 December 2023, the Trust has current portion of long-term loan amounting to Baht 50 million (2022: 50 million).

On 22 December 2014, the Trust borrowed Baht 1,080 million from a financial institution to fund part of its investment in the Terminal 21 Shopping Center project. Later, on 28 September 2018, the Extraordinary General Meeting of Unitholders No.1/2018 resolved to obtain credit facilities from Land and Houses Bank Public Company Limited for a purpose of refinancing an existing loan.

In October 2018, the Trust entered into loan facility agreement. The significant conditions of the facility are as follows:

Facility	: Baht 1,072 million
Interest rate	: Fixed rate not exceeding 5.25% per annum for the first three years and at a rate not exceeding MLR - 1.50% per annum thereafter
Term	: Full settlement of loan is to be made within October 2028
Interest payment	: Quarterly basis
Principal payment	: Once per annum with the first principal payment to be made in 2020

During the year 2020, the Trust had entered into a memorandum of understanding amending a loan agreement with Land and Houses Bank Public Company Limited in respect of the scheduling of repayment of principal payable in 2021.

In February 2022, the Trust entered into a memorandum of understanding amending a loan agreement for waiving the principal payable in 2022 and rescheduling of repayment of principal payable from 2023 onwards at the amount and decrease interest rate for three years as specified in the amendment agreement. In addition, the loan has to be fully paid within December 2029.

The credit facility has been fully drawn down.

The loan is an unsecured loan. The credit facilities agreements contain several covenants which, among other things, require the Trust to maintain certain debt to equity ratio and debt service coverage ratio at the rate prescribed in the agreement.

In addition, the parent company of the LH Mall & Hotel Company Limited agreed to provide assurance to the lender to maintain its level of unit holding in the L&H Property Company Limited at least 59.99%.

## 10. Retained earnings

	(Unit: Thousand Baht)	
	2023	2022
Beginning balance	881,581	777,817
Net gains from investing	521,516	250,471
Net gains on investments	3,838	300
Gains on change in investments at fair value	28,865	38,457
Distributions to unitholders	(409,974)	(185,464)
Ending balance	1,025,826	881,581

## 11. Distribution to unitholders

For the year ended 31 December 2023				
Declaration date	For operating results	Per unit	Total	Paid on
		(Baht)	(Thousand Baht)	
24 February 2023	As from 1 November 2022			
	to 31 December 2022	0.1100	53,687	23 March 2023
30 March 2023	As from 1 January 2023			
	to 28 February 2023	0.1250	61,008	27 April 2023
26 June 2023	As from 1 March 2023			
	to 30 April 2023	0.1300	63,448	25 July 2023
10 August 2023	As from 1 May 2023			
	to 30 June 2023	0.1500	73,210	7 September 2023
31 October 2023	As from 1 July 2023			
	to 31 August 2023	0.1600	78,090	29 November 2023
1 December 2023	As from 1 September 2023			
	to 31 October 2023	0.1650	80,531	28 December 2023
Total distribution to unitholders		0.8400	409,974	

For the year ended 31 December 2022

Declaration date	For operating results	Per unit	Total	Paid on
		(Baht)	(Thousand Baht)	
12 April 2022	As from 1 January 2022			
	to 28 February 2022	0.0500	24,403	12 May 2022
22 June 2022	As from 1 March 2022			
	to 30 April 2022	0.1200	58,568	20 July 2022
26 August 2022	As from 1 May 2022			
	to 30 June 2022	0.0500	24,403	22 September 2022
27 October 2022	As from 1 July 2022			
	to 31 August 2022	0.0700	34,164	24 November 2022
9 December 2022	As from 1 September 2022			
	to 31 October 2022	0.0900	43,926	29 December 2022
Total distribution to unitholders		0.3800	185,464	

## 12. Expenses

### 12.1 REIT management fee

REIT management fee is calculated on a monthly basis, at a rate not exceeding 2% per annum of the Trust's net assets, with a minimum fee of Baht 3,000,000 per annum (exclusive of value added tax, specific business tax or any other similar taxes).

### 12.2 Trustee's fee

Trustee's fee is calculated on a monthly basis, at a rate not exceeding 1% per annum of the Trust's adjusted net assets, with a minimum fee of Baht 2,000,000 per annum (exclusive of value added tax, specific business tax or any other similar taxes).

The Trust's adjusted net assets means total assets minus total non-interest bearing liabilities and long-term loans of the Trust to the extent that these do not exceed 10% of total assets.

### 12.3 Registrar's fee

Registrar fee is calculated on a monthly basis, at a rate not exceeding 1% per annum of the Trust's net assets (exclusive of value added tax, specific business tax or any other similar taxes).

### 12.4 Property management fee

Fees are payable to the Property Manager on a monthly basis in accordance with the Property Management Agreement between the REIT Manager and the Property Manager, which is summarised as follows (exclusive of value added tax, specific business tax or any other similar taxes).

Fees	Rate
Rental collection fee	Not exceeding 3% per annum of net rental income
Commission fee	For shop rental: Not exceeding 0.5 - 1.5 times of first monthly rental and service fees and utility fees collected from the new tenants For promotion area: Not exceeding 20% of rental income collected in each time.
Property management fee - base fee	Not exceeding 0.50% per annum of the property's net asset value
Property management fee - incentive fee	Not exceeding 3% per annum of net property income
Property purchase transactions and sales transactions fee	Not exceeding 1.50% and 0.75%, respectively, of the property to be purchased and sold value
Repair, renovation, maintenance and/or improvement of assets fee	Not exceeding 2% of value of the repair, renovation, maintenance and improvement.

### 13. Related party transactions

The relationships between the Trust and its related parties are summarised below.

<u>Company's Name</u>	<u>Relationship</u>	<u>Details of Business Transactions</u>
Land and Houses Fund Management Company Limited	- REIT Manager	- Receive REIT management fee from the Trust
SCB Asset Management Company Limited	- Trustee	- Receive Trustee's fee from the Trust
L&H Retail Management Company Limited	- Property Manager	- Receive property management fee from the Trust - Receive human-resources management fee from the Trust
L&H Property Company Limited	- Property owner	- Has entered into property lease agreement, as the lessor
Land and Houses Bank Public Company Limited	- Common shareholder of Land and Houses Fund Management Company Limited	- Receive deposit and provide loan to the Trust - Has entered into rental and services agreement, as the lessee

<u>Company's Name</u>	<u>Relationship</u>	<u>Details of Business Transactions</u>
Siam Commercial Bank Public Company Limited	- The parent company of SCB Asset Management Company Limited	- Receive deposit from the Trust - Has entered into rental and services agreement, as the lessee
Social Security Office	- Major unitholder	- Receive distribution from the Trust
LH Mall & Hotel Company Limited	- Major unitholder	- Receive distribution from the Trust - Receive the department store management system service fee from the Trust
LH Hotel Leasehold Real Estate Investment Trust	- Common REIT Manager	- Reimbursement receipts

During the years, the Trust had significant business transactions with its related parties, which 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:

	2023	2022	(Unit: Thousand Baht) Pricing Policy
<b>Land and Houses Fund Management Company Limited</b>			
REIT management fee	12,079	7,336	As detailed in Note 12.1
<b>SCB Asset Management Company Limited</b>			
Trustee's fee	4,890	4,808	As detailed in Note 12.2
<b>L&amp;H Retail Management Company Limited</b>			
Property management fee	98,626	58,566	As detailed in Note 12.4
Human resource management fee	68,094	61,678	At the actual human resource management expense
<b>Land and Houses Bank Public Company Limited</b>			
Rental and services income	4,294	3,825	Contract price
Interest expenses	33,525	23,807	As detailed in Note 9
<b>Siam Commercial Bank Public Company Limited</b>			
Rental and services income	6,106	5,123	Contract price
<b>Social Security Office</b>			
Distribution to unitholders	41,538	17,949	As declaration
<b>LH Mall &amp; Hotel Company Limited</b>			
Department store management system service fee	3,646	3,638	As detailed in Note 15.3
Distribution to unitholders	36,898	16,692	As declaration

As at 31 December 2023 and 2022, the balances of the accounts between the Trust and those related companies are as follows:

	(Unit: Thousand Baht)	
	2023	2022
<b>Land and Houses Fund Management Company Limited</b>		
Investments in securities	477,567	319,074
Accrued REIT management fee*	2,154	1,306
<b>SCB Asset Management Company Limited</b>		
Accrued trustee's fee*	865	855
<b>L&amp;H Retail Management Company Limited</b>		
Accrued property management fee*	10,379	9,320
Accrued human resource management*	7,582	-
<b>Land and Houses Bank Public Company Limited</b>		
Cash at banks	13,247	10,976
Accounts receivable from rental and services	16	30
Deposits from rental and services	2,243	1,914
Accrued interest payable*	4,145	-
Long-term loan	740,000	840,000
<b>Siam Commercial Bank Public Company Limited</b>		
Cash at banks	104,118	144,520
Accounts receivable from rental and services	42	41
Accounts receivable from interest	9	7
Deposits from rental and services	2,430	2,430
<b>LH Mall &amp; Hotel Company Limited</b>		
Other receivable	41	-

\* Included in "Accrued expenses" in the statement of financial position.

#### 14. Information on trading in investments

The Trust's investment trading transactions during the year 2023, excluding investments in cash at banks and promissory notes, amounted to Baht 1,489 million (2022: Baht 1,688 million) which is 24.99% (2022: 29.08%) of the average net asset values during the year.

## 15. Commitments and contingent liabilities

15.1 As at 31 December 2023 and 2022, the Trust is committed to pay fees to counterparties under the terms and conditions as specified in Note 12.

15.2 As at 31 December 2023 and 2022, the Trust has commitment, in respect of service contracts, which to pay in the future in the following amount.

	(Unit: Million Baht)	
	2023	2022
Payable:		
In up to 1 year	11	3
In over 1 and up to 5 years	15	-

15.3 As at 31 December 2023 and 2022, the Trust is committed to pay department store management system service fee to a related company. The term of the agreement is 3 years with fee not exceeding Baht 8 million per year. The fee is to be paid monthly.

15.4 As at 31 December 2023 and 2022, the Trust has outstanding bank guarantees of Baht 9 million to guarantee electricity use.

## 16. Segment Information

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 is principally engaged in the rental of immovable properties. Its operation is carried on only in Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment and geographical area.

### Major customers

For the years 2023 and 2022, the Trust has no major customer with revenue of 10% or more of an entity's revenues.



## 17. Fair value hierarchy

As at 31 December 2023 and 2022, the Trust had the assets that were measured at fair value using different levels of inputs as follows:

	(Unit: Million Baht)			
	As at 31 December 2023			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Investments in securities	-	478	-	<b>478</b>
Investments in properties	-	-	6,476	<b>6,476</b>

(Unit: Million Baht)				
As at 31 December 2022				
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Investments in securities	-	319	-	<b>319</b>
Investments in properties	-	-	6,451	<b>6,451</b>

During the current year, there was no change in technique and assumptions used in estimating the fair value measurement and no transfers within the fair value hierarchy.

## 18. Financial Instruments

### 18.1 Financial Risk Management

The Trust's financial instruments principally comprise investments in securities, cash and cash equivalents, accounts receivable, trade accounts payable, other payables, accrued expenses, deposits from rental and services and long-term loan. The financial risks associated with these financial instruments and how they are managed is described below.

#### *Credit Risk*

The Trust is exposed to credit risk primarily with respect to accounts receivable from rental and services. The management of the Trust manages such risk by stipulating that lessees are to provide lease deposits as security against collection losses. In addition, the Trust does not have high concentration of credit risk since it has a large and varied base of creditworthy customers. Additionally, the Trust has collected rental deposits from customers as a collateral in case of default. As a result, it does not anticipate material loss from its debt collection. The maximum exposure to credit risk is limited to the carrying amounts of accounts receivable from rental and service as stated in the statement of financial position.

### **Interest Rate Risk**

The Trust's exposure to interest rate risk relates primarily to its investment in securities, cash at banks and long-term loan. Most of the Trust's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

As at 31 December 2023 and 2022, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date or the repricing date if this occurs before the maturity date.

						(Unit: Million Baht)
2023						
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
	Within 1 year	Over 1- 5 years				
<b>Financial assets</b>						
Investments in securities	-	-	-	478	478	-
Cash and cash equivalents	-	-	117	11	128	0.10 - 0.50
Accounts receivable	-	-	-	60	60	-
	-	-	117	549	666	
<b>Financial liabilities</b>						
Trade accounts payable	-	-	-	38	38	-
Other payables	-	-	-	5	5	-
Accrued expenses	-	-	-	28	28	-
Deposits from rental and services	-	-	-	319	319	-
Long-term loan	-	-	736	-	736	Note 9
Lease liabilities	-	1	-	-	1	2.791
	-	1	736	390	1,127	

(Unit: Million Baht)

	2022					Effective interest rate (% p.a.)
	Fixed interest rates		Floating	Non-	Total	
	Within 1 year	Over 1- 5 years	interest rate	interest bearing		
<b>Financial assets</b>						
Investments in securities	-	-	-	319	319	-
Cash and cash equivalents	-	-	156	5	161	0.10 - 0.30
Accounts receivable	-	-	-	93	93	-
	-	-	156	417	573	
<b>Financial liabilities</b>						
Trade accounts payable	-	-	-	36	36	-
Other payables	-	-	-	9	9	-
Accrued expenses	-	-	-	14	14	-
Deposits from rental and services	-	-	-	254	254	-
Long-term loan	-	-	834	-	834	Note 9
Lease liabilities	-	1	-	-	1	2.791
	-	1	834	313	1,148	

**Foreign currency risk**

As at 31 December 2023 and 2022, the Trust has no financial instruments in foreign currency.

**Liquidity risk**

The Trust has highly liquid assets such as cash at bank and investments in securities, including the projected income stream of the Trust, which is sufficient to make scheduled payments as specified in the loan agreement and make capital distributions to the unitholders.

**18.2 Fair values of financial instruments**

Since the majority of the Trust's financial instruments are short-term in nature or carrying interest at rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

**19. Capital management**

The primary objectives of the Trust's financial management are to maintain its ability to continue as a going concern and to maintain an appropriate capital structure in order to provide returns for unitholders in accordance with the Trust's establishment objective.

**20. Approval of financial statements**

These financial statements were authorised for issue by the Authorised Director of the REIT Manager on 23 February 2024.



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