

SUB SRI THAI REAL ESTATE INVESTMENT TRUST

FINANCIAL STATEMENTS AND AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Sub Sri Thai Real Estate Investment Trust

Opinion

I have audited the financial statements of Sub Sri Thai Real Estate Investment Trust (“the Trust”), which comprise the statement of financial position and the details of investments as at 31 December 2022, and the statement of comprehensive income, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as at 31 December 2022, and its financial performance, changes in its net assets and cash flows for the year then ended in accordance with accounting guidance for Property Fund, Real Estate Investment Trust, Infrastructure Fund and Infrastructure Trust for investment companies as stipulated by Association of Investment Management Companies and endorsed by the Securities and Exchange Commission.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the 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 Code of Ethics for Professional Accountants. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

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

SP Audit Co., Ltd.

Measurement of Investments in Properties

As discussed in Note 5 to the financial statements, as at 31 December 2022, the Trust had the investments in properties in the amount of Baht 1,611.61 million. The fair value of such investments was a key audit matter, due to the REIT manager therefore determined the fair value of these investments based on the value appraised by an independent appraiser. 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 significant risk with respect to the measurement of such investments.

Key audit procedures

I gained an understanding and evaluating the basis upon which the Trust identified and assessed the fair value of investments in properties. I also assessed the competence and independence of the independent appraiser. In addition, I reviewed the data and key assumptions used in the measurement of fair value, by comparing them against historical data, considering the reasonableness of significant movement in the property valuation from the prior year, checked them to the lease agreements, and recalculation of the fair value models.

And I reviewed disclosure the disclosure of information related to the measurement of the fair value of investments in properties, its adequacy and conformity to the requirements of accounting guidance for property fund, real estate investment trust, infrastructure fund and infrastructure trust for investment companies as stipulated by Association of Investment Management Companies with approval from the Thai Securities and Exchange Commission.

Other Information

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

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

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

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the REIT manager for correction of the misstatement.

SP Audit Co., Ltd.

Responsibilities of the REIT manager for the Financial Statements

The REIT manager is responsible for the preparation and fair presentation of the financial statements in accounting guidance for property fund, real estate investment trust, infrastructure fund and infrastructure trust for investment companies as stipulated by Association of Investment Management Companies with approval from the Thai Securities and Exchange Commission., and for such internal control as the REIT manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 Standards on Auditing, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the REIT manager.

SP Audit Co., Ltd.

- Conclude on the appropriateness of the REIT manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

SP Audit Company Limited

(Mr. Kiatisak Vanithanont)

Certified Public Accountant (Thailand) No. 9922

Bangkok

27 February 2023

SUB SRI THAI REAL ESTATE INVESTMENT TRUST
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

(Unit : Baht)			
	Note	2022	2021
Assets			
Investments in properties at fair value	5	1,611,606,619.45	1,423,609,637.95
Investments in securities at fair value through profit or loss	6	22,947,500.31	17,852,012.38
Cash and cash equivalents	7	16,868,011.66	2,521,240.28
Accounts receivable from rental	13	70,175,082.41	68,551,554.75
Accounts receivable from interest		33,487.25	212,694.43
Deferred expenses		-	7,353,516.36
Deposit at bank with commitment	8	33,522,124.08	33,521,046.18
Other assets		1,583,165.85	964,173.03
Total Assets		1,756,735,991.01	1,554,585,875.36
Liabilities			
Accrued expenses	13	19,729,688.56	9,569,477.75
Deposits from rental	13	33,500,000.00	33,500,000.00
Borrowing from financial institution	9	215,183,631.00	238,836,768.01
Other liabilities	13	54,051.88	233,719.89
Total Liabilities		268,467,371.44	282,139,965.65
Net Assets		1,488,268,619.57	1,272,445,909.71
Net Assets :			
Trust capital from the unitholders	10	1,420,148,925.00	1,160,859,375.00
Premium on trust capital	10	59,959,625.00	59,959,625.00
Discount on trust capital	10	(64,578,978.00)	-
Retained earnings	11	72,739,047.57	51,626,909.71
Net Assets		1,488,268,619.57	1,272,445,909.71
Net asset value per unit (Baht)		7.7858	8.1436
Unit trust outstanding at the end of the year (Units)		191,150,000	156,250,000

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

SUB SRI THAI REAL ESTATE INVESTMENT TRUST
THE DETAILS OF INVESTMENTS
AS AT 31 DECEMBER 2022

Details of investments are classified by type of investment.

Type of investments	2022			2021		
	Cost (Baht)	Fair Value (Baht)	Percentage of investment	Cost (Baht)	Fair Value (Baht)	Percentage of investment
Investments in Properties						
Land and buildings including equipment						
Used in operation of the document storage business						
(Note 5)	1,628,104,368.00	1,611,606,619.45	98.60	1,434,757,340.00	1,423,609,637.95	98.76
Total Investments in Properties	1,628,104,368.00	1,611,606,619.45	98.60	1,434,757,340.00	1,423,609,637.95	98.76
	Unit (Unit)	Fair Value (Baht)	Percentage of investment	Unit (Unit)	Fair Value (Baht)	Percentage of investment
Investments in Securities						
Investment in mutual fund						
SCB Treasury Money Plus Open End Fund						
- Class A	2,025,607.5558	22,947,500.31	1.40	1,581,531.5971	17,852,012.38	1.24
Total Investments in Securities		22,947,500.31	1.40		17,852,012.38	1.24
Total Investments		1,634,554,119.76	100.00		1,441,461,650.33	100.00

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

SUB SRI THAI REAL ESTATE INVESTMENT TRUST
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

		(Unit : Baht)	
	Note	2022	2021
Income			
Rental income	13	118,123,528.86	117,974,883.90
Interest income		16,373.04	16,685.66
Other income		200.01	114,155.63
Total Income		118,140,101.91	118,105,725.19
Expenses			
REIT management fee	12, 13	6,175,497.31	6,172,884.58
Trustee fee	12, 13	5,002,220.66	4,999,999.95
Registrar fee	12	352,901.25	397,013.90
Professional fee		370,500.00	371,651.00
Amortization of deferred expenses		7,353,516.36	7,315,756.53
Operating expenses		1,655,230.24	668,555.09
Finance costs		8,400,939.66	9,067,626.55
Total Expenses		29,310,805.48	28,993,487.60
Net investment gain		88,829,296.43	89,112,237.59
Net Gain (Loss) from Investments			
Net realized gain on investments		22,467.63	27,686.39
Net loss from change in fair value of investments		(5,277,026.20)	(6,831,430.02)
Total Net Loss from Investments		(5,254,558.57)	(6,803,743.63)
Increase in Net Assets from Operations		83,574,737.86	82,308,493.96

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

SUB SRI THAI REAL ESTATE INVESTMENT TRUST
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 31 DECEMBER 2022

		(Unit : Baht)	
	Note	2022	2021
Increase (Decrease) in Net Assets from Operations during the Year			
Net investment gain		88,829,296.43	89,112,237.59
Net loss from investments		(5,254,558.57)	(6,803,743.63)
Net Increase in Net Assets from Operations during the Year		83,574,737.86	82,308,493.96
Increase in capital during the Year	10	194,710,572.00	-
Distribution to unitholders	14	(62,462,600.00)	(80,468,750.36)
Decrease in Net Assets during the Year		215,822,709.86	1,839,743.60
Net Assets at Beginning of the Year		1,272,445,909.71	1,270,606,166.11
Net Assets at End of the Year		1,488,268,619.57	1,272,445,909.71
(Unit : Units)			
<u>Changes in number of trust units</u>			
(Baht 7.4295 per unit)			
Trust Units at Beginning of the Year		156,250,000.00	156,250,000.00
Increase in trust units during the year		34,900,000.00	-
Trust Units at End of the Year		156,250,000.00	156,250,000.00

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

SUB SRI THAI REAL ESTATE INVESTMENT TRUST
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	(Unit : Baht)	
	2022	2021
Cash Flows from Operating Activities		
Increase in net assets from operations	83,574,737.86	82,308,493.96
Adjustments to reconcile net increase in net assets from operations to net cash provided by (used in) operating activities		
Purchases of investments in properties	(193,347,028.00)	-
Purchases of investments in securities	(42,000,000.00)	(67,000,000.00)
Sales of investments in securities	37,000,000.00	50,000,000.00
Amortization of deferred expenses	7,353,516.36	7,315,756.53
Decrease receivable from rental	(1,623,527.66)	(1,763,804.43)
(Increase) decrease in accounts receivable from interest	179,207.18	(167,465.42)
Increase in deposit at bank with commitment	(1,077.90)	(16,753.15)
Increase in other assets	(618,992.82)	(390,718.81)
Increase in accrued expenses	11,473,687.58	14,778.60
Increase (decrease) in other liabilities	(179,668.01)	184,250.02
Net realized gain on investments	(22,467.63)	(27,686.39)
Net loss from change in fair value of investments	5,277,026.20	6,831,430.02
Finance costs	8,400,939.66	9,067,626.55
Net Cash Provided by (Used in) Operating Activities	<u>(84,533,647.18)</u>	<u>86,355,907.48</u>
Cash Flows from Financing Activities		
Cash paid for borrowing from financial institution	(24,000,000.00)	-
Cash received from sales of trust units	194,710,572.00	-
Interest paid	(9,367,553.44)	(9,712,931.51)
Cash paid for distribution payment to unitholders	(62,462,600.00)	(80,468,750.36)
Net Cash Provided by (Used in) Financing Activities	<u>98,880,418.56</u>	<u>(90,181,681.87)</u>
Net Increase (decrease) in Cash and Cash Equivalents	14,346,771.38	(3,825,774.39)
Cash and Cash Equivalents at Beginning of the Year	2,521,240.28	6,347,014.67
Cash and Cash Equivalents at End of the Year	<u>16,868,011.66</u>	<u>2,521,240.28</u>

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

SUB SRI THAI REAL ESTATE INVESTMENT TRUST
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022

1. NATURE OF SUB SRI THAI REAL ESTATE INVESTMENT TRUST

Sub Sri Thai Real Estate Investment Trust (“the Trust”) is a trust established under the Trust for Transaction in Capital Market Act, B.E.2550 (“the Trust Act”) in accordance with the Trust Deed signed on 13 December 2017. The Trust was converted from SubsriThai Smart Storage Property Fund (“the Fund”). The Trust is a closed-end trust with no maturity date.

The Trust’s objectives are support conversion of the Fund and/or to raise funds from general investors and to use the proceeds from such fund raising for invest in real estates or leasehold in real estate and the assets which are component parts or accessories of such real estates. The types of asset to be invested are the real estates in the type of document storage and/or warehouse including real estates which relate, support or enhance the document storage and/or warehouse business; and other assets which may enhance the investment of the Trust. The Trust will seek benefits from such immovable properties, whether in the form of granting of leases, sub-leases, which the Trust has invested or held, for the purpose of generating income and returns to the Trust and the unitholders. This may include investment in other properties and/or other securities and/or deriving benefit by other means as prescribed by securities law and/or other relevant laws.

The Stock Exchange of Thailand approved the listing of the Trust’s investment trusts and permitted their trading from 26 December 2017 onwards.

SST REIT Management Company Limited acts as the REIT Manager, One Asset Management Limited acts as the Trustee and Thailand Securities Depository Company Limited acts as the Trust Registrar.

As at 31 December 2022, the Trust’s major unitholder is Sub Sri Thai Public Company Limited, which holds 47.04% of the investment units of the Trust. (2021: 23.71%)

2. DISTRIBUTION POLICY

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

- 2.1. The REIT Manager shall pay distributions to the Trust’s unitholders that, in aggregate, amount to not less than 90% of adjusted net profit for the accounting period, with such distributions to be divided into a year-end distribution and an interim distribution (if any). The REIT Manager shall pay distributions to unitholders not more than 4 distributions in an accounting period, unless the Trust increases capital.

The adjusted net profit means profits which are adjusted by the followings:

- 1) Deduction of unrealized gain from the value appraisal or review of the Trust's asset value appraisal, including adjustment by other items under the guidelines of the Office of the Securities and Exchange Commission of Thailand in accordance with the Trust's cash status.
 - 2) Deduction by reserve for loan repayment or encumbrances from borrowings by the Trust.
- 2.2. In case the Trust has retained earnings in any accounting period, the REIT Manager may pay the distributions to the Trust's unitholders from the retained earnings.
 - 2.3. In case the Trust has accumulated losses remaining, the REIT Manager will not pay distributions to the Trust's unitholders.

In considering the payment of interim 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 next distribution payment.

3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements has been prepared in accordance with accounting guidelines for the Property Fund, Real Estate Investment Trust, Infrastructure Fund and Infrastructure Trust established by the Association of Investment Management Companies and endorsed by the Securities and Exchange Commission, Thailand ("Accounting Guidelines"), while for those matters not covered by the Accounting Guidance, the entity is to follow the financial reporting standards issued by the Federation of Accounting Professions Under the Royal Patronage of His Majesty the King ("TFAC") that are effective in that financial reporting period.

An English version of the financial Statement has been prepared from the statutory financial statements that are in Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1. Investments in properties

Investments in properties are measured at cost on initial recognition. Cost includes expenditure that is directly attributable to the acquisition of the investments in properties.

Subsequent to initial recognition, investments in properties are measured at fair value.

Gains or losses arising from changes in fair values of the investments in properties are recognized in the statement of comprehensive income in the period in which they arise.

The Trust is determined Fair value at each reporting date, using the appraisal value assessed by an independent appraiser approved by 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 Trust derecognises a investments in properties when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal.

On derecognition of a investments in properties, the difference between the carrying amount of the asset and the sum of the consideration received are recognised in the statement of comprehensive income in the year of retirement or disposal.

4.2. Financial instruments

Financial assets and financial liabilities

Recognition and initial investment

The Trust initially recognise in financial assets and financial liabilities on the trade date - the date on which the Trust commits to purchase or sell the investment.

Financial assets and financial liabilities at fair value are initially recognised at fair value. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value recognised immediately in profit or loss as expense.

Classification and subsequence measurement

All financial assets are classified financial assets are subsequently measured at fair value.

All financial liabilities are classified financial liabilities are subsequently measured at amortize cost except derivative liabilities are subsequently measured at fair value.

Gains and losses arising from changes in the fair value of the financial assets or financial liabilities are subsequently measured at fair value are recognised in the statement of comprehensive income.

Derecognition

The Trust derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received and receivable are recognised in the statement of comprehensive income.

The Trust derecognises a financial liability when its contractual obligations are discharge or cancelled, or expire.

On derecognition of a financial liabilities, the difference between the carrying amount of the financial liability derecognised and the consideration paid and payable are recognised in the statement of comprehensive income.

4.3. Accounts Receivable from Rental

Accounts receivable from rental are stated at their invoice value less allowance for expected credit losses.

The Trust applies a simplified approach in calculating expected credit loss to consider impairment of Accounts receivable from rental.

4.4. Deferred Expenses

Deferred expenses consist of expenses incurred for application fee and initial listing fee. Deferred expenses occurring before 1 January 2020 are amortize charged to expense on a straight-line basis for 3 years and addition costs of issuing equity related to transactions occurring after 1 January 2020 are presented as deductions from premium or discount on trust capital.

4.5. Borrowing

Borrowing is recognized initially at the fair value, net of transaction costs incurred. Borrowing is subsequently stated at amortized cost using the effective yield method.

4.6. Revenues and Expenses Recognition

Rental incomes are recognized as revenues in the statement of comprehensive income on a straight-line basis over the lease term. The recognized revenue which is not yet due per the operating lease agreements has been presented under the caption of “Accounts receivable from rental” at the end of reporting year.

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

The premium (discount) on debt instruments is amortized by the effective rate method. The amortized amount is presented as an adjustment of the interest income.

Expenses are recognized on an accrual basis.

4.7. Related Party Transactions

Related parties of the Trust comprise enterprises and individual which directly or indirectly own a voting interest of at least 10 percent in the Trust or individual management personnel who are responsible for the management of the Trust, determining its policies or making decisions as to how to achieve the Trust's objectives.

In addition, related parties include enterprises and individual that control or are controlled by the Trust or have the significant influence over the Trust or the Trust have significant influence over them.

4.8. Long-Term Leases

Lease of assets not transferred a significant portion of risks and rewards of ownership to lessee are classified as operating leases. The Trust as the lessor, receives money under operating leases are charged to the income statement on a straight-line basis over the year of the lease.

4.9. Use of Judgements and Estimates

The preparation of financial statements in conformity with Accounting Guidelines requires management to make adjustment and estimates that affect the reported amounts of assets, liabilities, revenues, expenses and disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

4.10. Distributions to Unitholders

The Trust records decreases in retained earnings are recognized as at the date a distribution is declared.

5. INVESTMENT IN PROPERTIES AT FAIR VALUE

Movement of investments in properties at fair value for the year ended 31 December 2022 and 2021 were as follows:

	(Unit : Baht)	
	<u>2022</u>	<u>2021</u>
Beginning of the year	1,423,609,637.95	1,430,439,660.57
<u>Add</u> Acquisitions during the year	193,347,028.00	-
<u>Less</u> Net loss from revaluation during the year	(4,000,000.00)	(4,600,000.00)
<u>Less</u> Changes in accrued income under operating lease during the year	(1,350,046.50)	(2,230,022.62)
End of the year	<u>1,611,606,619.45</u>	<u>1,423,609,637.95</u>

The Trust invests in operation of the document storage business comprise 4 plots of land (totaling 5 rai, 3 ngan, 52.4 sq.wah), 5 buildings of document warehouses with a total area of 9,277 sq.m. public utilities and other assets related to the properties (“Phase 1”), for a consideration of approximately Baht 822.01 million. The land and building are located at 115 and 115/7-9, Soi Suksawat 76, Suksawat Road, Bang Jark, Prapradang, Samutprakarn.

On 26 December 2019, the Trust received main assets of the Funds totalling Baht 611.60 million, comprise 3 plots of land (totaling 9 rai, 2 ngan, 65 sq. wah), 9 buildings of document warehouses with a total area of 15,340 sq. m. public utilities and other assets related to the properties (“Phase 2”). The land and buildings are located at 115 and 115/7-9, Soi Suksawat 76, Suksawat Road, Bang Jark, Prapradang, Samutprakarn.

On 29 December 2022, the Trust invests in addition asset, which are used in operate of the document storage business comprise 1 plots of land (totaling 4 rai, 1 ngan, 68.9 sq.wah), 4 document storage buildings with a total area of 7,000 sq.m. utilities systems and other assets related to the properties (“Phase 3”). The land and building are located at 115 Soi Suksawat 76, Suksawat Road, Bang Jark, Prapradang, Samutprakarn.

During the year 2022, the Trust hired an independent appraisal company, Nexus Property Consultants Company Limited, appraised the value of investment in property using the income approach. The main assumptions used in the valuation related to warehouse capacity, document storage service and rental fees, occupancy rate, rate of return and discount rate. The fair value of the property as at 7 May 2022 was Baht 1,428.50 million.

During the year 2021, the Trust hired an independent appraisal company, Nexus Property Consultants Company Limited, appraised the value of investment in property using the income approach. The main assumptions used in the valuation related to warehouse capacity, document storage service and rental fees, occupancy rate, rate of return and discount rate. The fair value of the property as at 7 May 2021 was Baht 1,425.50 million.

The Trust seeks benefits from such investments by entering into Lease Agreement on Phase 1 and Phase 2 ending 31 January 2028 with Sub Sri Thai Public Company Limited with a rental fee as stipulated in the lease agreement.

During the year 2021, the Trust seeks benefits from such investments by entering into Lease Agreement on Phase 3 ending 31 December 2032 with Sub Sri Thai Public Company Limited with a rental fee as stipulated in the lease agreement.

Amounts recognised in profit and loss that are related to investments in leasehold properties for the year ended 31 December 2022 and 2021 are as follows:

	(Unit : Baht)	
	<u>2022</u>	<u>2021</u>
Rental and services income	118,123,528.86	117,974,883.90
Direct operating expense that generated rental income during the year	-	-

As at 31 December 2022 and 2021, future minimum lease income expected to be received under non-cancellable operating leases were as follows.

	(Unit : Million Baht)	
	<u>2022</u>	<u>2021</u>
1 st year	135.92	116.50
2 nd year	136.89	118.42
3 rd year	137.00	119.38
4 th year	139.31	119.50
5 th year	140.50	121.31
After 5 th year	101.40	132.90
Total	<u>791.02</u>	<u>728.01</u>

The Trust shall pay the interest received from the deposit to the Lessee equals to the amount that the Trust receives interest from the deposit. Moreover, the Trust shall pay the interest on the deposit to the Lessee at least 1 (one) time each year after deduction of fees, expenses, and tax related to the receipt and/or payment.

As at 31 December 2022 and 2021, the Trust has mortgaged investments in properties on Phase 1 as collateral against credit facilities from a financial institution (see Note 9).

6. INVESTMENTS IN SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Movement of investment in properties at fair value fair value through profit and loss for the year ended 31 December 2022 and 2021 were as follows.

	(Unit : Baht)	
	<u>2022</u>	<u>2021</u>
Beginning of the year	17,852,012.38	825,733.39
Purchase	42,000,000.00	67,000,000.00
Sales	(37,000,000.00)	(50,000,000.00)
Gain on sale of investment	22,467.63	27,686.39
Gain (loss) from change in fair value of investments	73,020.30	(1,407.40)
End of the year	<u>22,947,500.31</u>	<u>17,852,012.38</u>

7. CASH AND CASH EQUIVALENTS

As at 31 December 2022 and 2021, Cash and cash equivalents consisted of:

<u>Bank</u>	Principle (Baht)		Interest rate (%)	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
The Siam Commercial Bank Public Company Limited				
Saving account	<u>16,868,011.66</u>	<u>2,521,240.28</u>	0.30	0.05

8. DEPOSIT AT BANK WITH COMMITMENT

Deposit at bank with commitment is deposit from lessee as a guarantee of the Lessee's performance of this agreement. The Trust shall pay the interest received from the deposit to the Lessee equals to the amount that the Trust receives interest from the deposit deduction of fees, expenses, and tax related.

9. BORROWING FROM FINANCIAL INSTITUTION

As at 31 December 2022 and 2021, borrowing from financial institution is as follows.

	(Unit : Baht)	
	<u>2022</u>	<u>2021</u>
Borrowing from financial institution	216,000,000.00	240,000,000.00
<u>Less</u> Deferred upfront fee from borrowing	(816,369.00)	(1,163,231.99)
Borrowing from financial institution – net	<u>215,183,631.00</u>	<u>238,836,768.01</u>

Maturity of borrowing from financial institution as follows.

	(Unit : Baht)	
	<u>2022</u>	<u>2021</u>
Less than 1 year	28,800,000.00	24,000,000.00
Between 1 year and 5 years	187,200,000.00	158,400,000.00
More than 5 years	-	57,600,000.00
	<u>216,000,000.00</u>	<u>240,000,000.00</u>

The Trust received long-term loan from a financial institution in an amount of Baht 240.00 million for payment issuance and offering costs and remaining balance payment to the Trust investment units, which offers a 10 years loan repayment period and 4 years grace period. The maturity date is on 16 August 2027, with semiannual repayment for principle and interest with interest rate at MLR minus certain rates per annum. The loans are secured by the mortgaged properties (See Note 5).

The loan agreement contains several covenants which, among other things, require the Trust to maintain loan to value and funded debt to profit from operations before interest expense and finance cost, tax, depreciation, amortization and non-cash expenses (funded debt to EBITDA) at the rate prescribed in the agreement.

The borrowings are secured over the following:

- (1) Secured by mortgage 4 plots of land include document storage buildings in the amount of Baht 240.00 million.
- (2) The conditional assignment of rights under insurance policies and endorse the lender to have mutually benefits.
- (3) The registration of machine as business security.
- (4) The registration of leasehold rights as business security.

10. TRUST CAPITAL FROM THE UNITHOLDERS

As at 31 December 2022 and 2021, there are 191,150,000 trust units and 156,250,000 trust units, respectively of Baht 7.4295 par value registered, issued and paid-up.

Movement in trust units are as follows:

	Value per unit	Number of units	(Unit : Units) Amount
	(Baht)	(Units)	(Baht)
Balance at 1 January 2021	7.4295	156,250,000	1,160,859,375.00
<u>Add</u> Capital increase during the year	-	-	-
Balance at 31 December 2021	7.4295	156,250,000	1,160,859,375.00
<u>Add</u> Capital increase during the year	7.4295	34,900,000	259,289,550.00
Balance at 31 December 2022	7.4295	191,150,000	1,420,148,925.00

On 26 December 2019, the Trust received the transfers of assets, which were properties, and obligations of Sub Sri Thai Property Fund (“the Fund”), as approved by the Extraordinary General Meeting of Unitholders of the Trust. The Trust issued trust units to the Funds in a total amount of 74.25 million trust units in exchange for the assets and obligations of the Fund. The swap ratios of investment units to trust units at the rate of 1 investment unit of the Fund to 1.10 trust unit of the Trust. The Trust had recognized the share premium of investment units totaling Baht 59.96 million in the premium on trust capital account.

In December 2022, the Trust had issued and offered of the additional trust units of 34.90 million trust units at offering for sale price of Baht 5.80 per units in totalling Baht 202.42 million. The Trust has cost relating to the issuance of unit trusts amounting to Baht 7.71 million which was deducted from the capital discount account. Therefore, the Trust had recognised discount on trust capital totalling Baht 64.58 million.

11. RETAINED EARNINGS

Movement of retained earnings for the year ended 31 December 2022 and 2021 are as follows:

	(Unit : Baht)	
	<u>2022</u>	<u>2021</u>
Beginning of the year	51,626,909.71	49,787,166.11
Net investment gain	88,829,296.43	89,112,237.59
Net realized gain on investments	22,467.63	27,686.39
Net loss from change in fair value of investments	(5,277,026.20)	(6,831,430.02)
Distributions to unitholders	(62,462,600.00)	(80,468,750.36)
End of the year	<u>72,739,047.57</u>	<u>51,626,909.71</u>

12. EXPENSES

The REIT management fee, trustee fee and registrar fee are summarized as follows:

<u>Expenses</u>	<u>Percentage</u>
REIT Manager fee	Not over 1.00 percent per annum of the Trust's total asset value (Minimum fee of Baht 3.50 million)
Trustee fee	Not over 1.00 percent per annum of the Trust's total asset value (Minimum fee of Baht 5.00 million)
Registrar fee	Rate is specified by Thailand Securities Depository Company Limited
Acquisition fee	Not over 1.50 percent of the acquired properties

The above fees include value added taxes.

13. RELATED PARTY TRANSACTIONS

The Trust had significant business transactions with its related parties which comprise the REIT manager, trustee, the companies which related to the REIT manager or trustee, and by way of common shareholders or unitholders and/or directors and other funds which are managed by the same trustee. Below is a summary of those transactions for the year ended 31 December 2022 and 2021 as follows:

	<u>2021</u>	<u>2020</u>	<u>Pricing Policy</u>
(Unit : Baht)			
SST REIT Management Company Limited			
REIT management fee	6,175,497.31	6,172,884.58	Note 12
Acquisition fee	2,850,000.00	-	Note 12
One Asset Management Limited			
Trustee fee	5,002,220.66	4,999,999.95	Note 12
Sub Sri Thai Public Company Limited			
Rental income	118,123,528.86	117,974,883.90	Contractually agreed price
Purchase asset	190,000,000.00	-	As specified in the agreement

As at 31 December 2022 and 2021, the Trust had the significant outstanding balances with the related companies as follows:

	(Unit : Baht)	
	<u>2022</u>	<u>2021</u>
SST REIT Management Company Limited		
Accrued REIT manager fee	3,329,813.19	3,333,245.79
Accrued expense	8,843,026.00	-
One Asset Management Limited		
Accrued trustee fee	2,699,362.44	2,696,986.28
Sub Sri Thai Public Company Limited		
Accounts receivable from rental	70,175,082.41	68,551,554.75
Deposits from rental	33,500,000.00	33,500,000.00
Other liabilities	54,051.88	233,719.89

14. DISTRIBUTION TO UNITHOLDERS

During the year 2022, the Trust declared distribution to its unitholders as follows.

(Unit : Thousand Baht)			
<u>Announced Date</u>	<u>For the period</u>	<u>Per unit (Baht)</u>	<u>Total</u>
3 March 2022	1 July 2021 through 31 December 2021	0.20	31,231,200.00
17 August 2022	1 January 2022 through 30 June 2022	0.20	31,231,400.00
			<u>62,462,600.00</u>

During the year 2021, the Trust declared distribution to its unitholders as follows.

(Unit : Thousand Baht)			
<u>Announced Date</u>	<u>For the period</u>	<u>Per unit (Baht)</u>	<u>Total</u>
3 March 2021	1 July 2020 through 31 December 2020	0.315	49,218,750.36
17 August 2021	1 January 2021 through 30 June 2021	0.200	31,250,000.00
		Total	<u>80,468,750.36</u>

15. INVESTMENT TRADING INFORMATION

The Trust's investment trading transactions for the year ended 31 December 2022 excluding investments in promissory notes and certificates of deposit amounted of Baht 272.35 million which is 173.98 percent of the average net asset value during the year.

The Trust's investment trading transactions for the year ended 31 December 2021 excluding investments in promissory notes and certificates of deposit amounted of Baht 117.00 million which is 9.26 percent of the average net asset value during the year.

16. COMMITMENTS

The Trust is committed to pay the REIT management fee, trustee fee and registrar fee under the terms and conditions specified in Note 12.

17. SEGMENT INFORMATION

Operating segment information is reported in a manner consistent with the Trust's 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 one main reportable operating segment of the Trust is to provide the rental on property in which the Trust has invested and the single geographical area of its operations is 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.

18. FAIR VALUE HIERARCHY AND 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 market participants at the measurement, except there is no active market or when a quoted market price is not available. The Trust endeavors to use relevant observable inputs as much as possible.

The Trust measure fair values using the following fair value hierarchy, which are observable and the significance of the inputs to the fair value measurement and significance of the inputs used in making the measurements as follow:

- Level 1 Use of quoted market prices in an observable 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.

As at 31 December 2022 and 2021, the Trust had the assets that were measured at fair value using different levels of inputs as follows:

(Unit: Baht)				
<u>As at 31 December 2022</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets measured at fair value</u>				
Investments in properties	-	-	1,611,606,619.45	1,611,606,619.45
Mutual fund	-	22,947,500.31	-	22,947,500.31
(Unit: Baht)				
<u>As at 31 December 2021</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets measured at fair value</u>				
Investments in properties	-	-	1,423,609,637.95	1,423,609,637.95
Mutual fund	-	17,852,012.38	-	17,852,012.38

The Trust estimated the fair value of financial instruments as follow:

- Investment in properties are estimated their fair value as the appraisal value assessed by an independent appraiser using the income approach.
- Investment in mutual fund is estimated their fair value by using the latest net asset value per unit on the date of measurement.

During the current year, there were no transfers within the fair value hierarchy.

19. DISCLOSURE OF FINANCIAL INSTRUMENTS

Interest Rate Risk

The Trust's exposure to interest rate risk relates primarily to its investments in marketable debt securities, cash at bank and long-term loan. However, since most of the Trust's financial assets bear fixed interest rates which are close to the market rate or floating interest rates, the interest rate risk is expected to be minimal.

As at 31 December 2022, significant financial assets and liabilities classified by type of interest rates are summarized as follows:

	(Unit : Baht)		
	Fixed	Floating	Non- interest
	<u>interest rate</u>	<u>interest rate</u>	<u>bearing</u>
<u>Financial assets</u>			
Investments in securities	-	-	22,947,500.31
Cash at cash equivalents	-	16,868,011.66	-
Accounts receivable from rental	-	-	70,175,082.41
Accounts receivable from interest	-	-	33,487.25
Deposit at bank with commitment	-	-	33,522,124.08
<u>Financial liabilities</u>			
Accrued expenses	-	-	19,729,688.56
Deposits from rental	-	-	33,500,000.00
Borrowing from financial institution	-	215,183,631.00	-

As at 31 December 2021, significant financial assets and liabilities classified by type of interest rates are summarized as follows:

	(Unit : Baht)		
	Fixed	Floating	Non- interest
	<u>interest rate</u>	<u>interest rate</u>	<u>bearing</u>
<u>Financial assets</u>			
Investments in securities	-	-	17,852,012.38
Cash at cash equivalents	-	2,521,240.28	-
Accounts receivable from rental	-	-	68,551,554.75
Accounts receivable from interest	-	-	212,694.43
Deposit at bank with commitment	-	-	33,521,046.18
<u>Financial liabilities</u>			
Accrued expenses	-	-	9,569,477.75
Deposits from rental	-	-	33,500,000.00
Borrowing from financial institution	238,836,768.01	-	-

Credit risk

Credit risk is the risk that counterparties might not discharge their obligation causing the Trust to incur a financial loss. Credit risk arises from risk in the collectability of lease rental from counterparties. The Trust have a concentration of credit risk with respect to an account receivable as it has only one customer. The carrying amount of financial assets as recorded in the statement of financial position represents the Trust's maximum exposure to credit risk.

20. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved for issue by the authorized persons of the Trust on 27 February 2023.
