

# Hydrogen REIT

Hydrogen Freehold and Leasehold Real Estate Investment Trust



Annual Report 2022



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# Message From Board of Director

## Dear Valued Trust Unitholders

The Board of Directors and staff members of Hydrogen REIT Management Co., Ltd., as the Real Estate Investment Trust manager and Hydrogen leasehold rights (HYDROGEN Trust), are very pleased to get an opportunity to manage the assets under HYDROGEN REIT and would like to extend appreciation towards all investors for giving trust to our team and providing support in the establishment of HYDROGEN REIT.

The Company's Board of Directors hope that HYDROGEN REIT will be one of the significant investment tools to ensure growth in the assets for all unitholders in the long run, by investing in real estates that offer good returns under rational risk levels, and with the stability through diversification across a wide array of real estates and assets. The Annual Report 2022 is HYDROGEN REIT's first annual report. It is hoped that the content within this report will help enhance trust unitholders' understanding of the characteristics of the assets that HYDROGEN REIT invests in, as well as the REIT management principles in a more comprehensive manner, serving as a communication channel among HYDROGEN REIT, unitholders, and all investors.





## Key Information

REIT Name	Hydrogen Freehold and Leasehold Real Estate Investment Trust
Abbreviation	HYDROGEN
REIT Manager	Hydrogen REIT Management Co., Ltd.
Property Manager	Saha Pathana Inter-Holding Plc.
Trustee	Land and Houses Fund Management Co., Ltd.
Auditor	EY Office Co., Ltd.

Data as of 30 December 2022

Market Capitalization	2,077.20 million Baht	Closing price as of 30 Dec 2022	10.00 Baht
Number of trust units	207.72 million units	Net Asset Value (NAV)	2,058.60 million Baht
NAV per unit	9.9105 Baht	Registered capital	2,077.20 million Baht
Par per unit	10.00 Baht	Establishment date	29 November 2022
Price / NAV	1.01 times	Weighted average land lease expiry (WALE)	2.48 years

Top 10 Unitholders as of 30 December 2022

No.	Top 10 Unitholders	Number of units	%
1.	Saha Pathana Inter-Holding Plc.	24,749,000	11.91
2.	Saha Pathana Real Estate Co., Ltd.	20,800,000	10.01
3.	I.C.C. International Plc.	20,000,000	9.63
4.	President Bakery Plc.	18,000,000	8.67
5.	Rabbit Life Insurance Plc.	10,000,000	4.81
6.	Saha Pathanapibul Plc.	10,000,000	4.81
7.	Mr. Suthikham taesopapong	9,800,000	4.72
8.	Thai Life Insurance Public Co., Ltd.	9,000,000	4.33
9.	Thai President Foods Public Co., Ltd. By MFCAM	4,000,000	1.93
10.	Thai President Foods Public Co., Ltd. By Asset Plus	4,000,000	1.93
11.	Thai President Foods Public Co., Ltd. Private Fund By BBLAM	4,000,000	1.93
12.	Better Way (Thailand) Co., Ltd.	4,000,000	1.93
	<b>Total</b>	<b>134,349,000</b>	<b>64.68</b>

Remark : As of 30 December 2022, the REIT has no units held by foreigners.

## Portfolio Overview

Investment Proportion  
(Calculated from appraisal value)



Leasehold	30.3%
Freehold	69.7%

### Capital Structure

Total Assets	3,029.74	million Baht
Total Liabilities	971.13	million Baht
Equity	2,047.10	million Baht
Retained Earnings	11.51	million Baht
Loan to Total Assets	28.14%	

Property Type  
(Calculated from NLA)



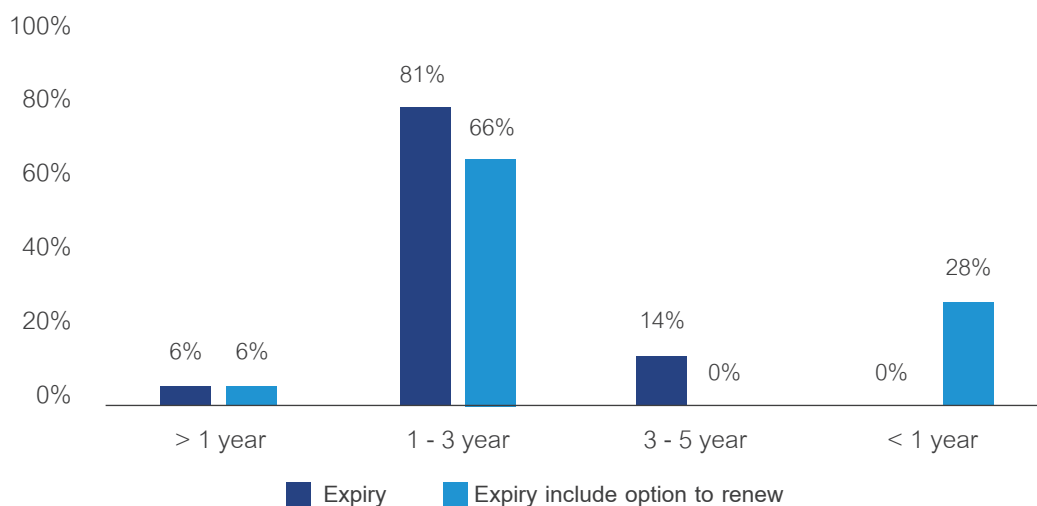
Warehouse	54.8%
Factory	45.2%

Location  
(Calculated from NLA)



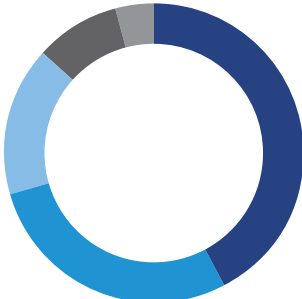
BKK	54%
EEC Zone	26%
Northern	20%

### Lease Expiry Profile



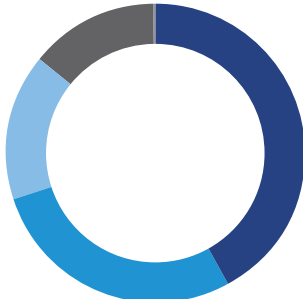
Details of Tenants

Industry of Tenants



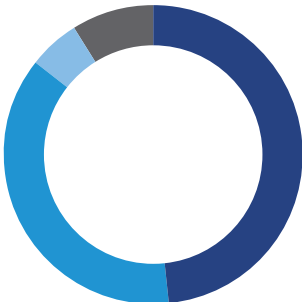
Logistics	42.4%
Manufacturer	28.3%
E-Commerce	16.1%
Textiles	9.1%
Fast Moving Consumer Goods-FMCG	4.1%

Nationality of Tenants



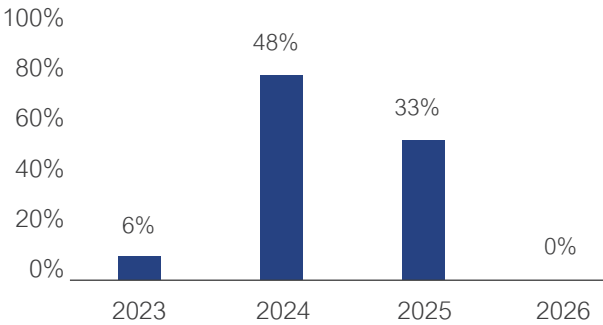
Thai	42.2%
Japan	27.8%
Chinese	16.0%
Argentina	13.8%
Korean	0.2%

10 Majority Tenants



1,000 - 5,000 sq.m.	48.39%
5,000 - 10,000 sq.m.	37.23%
10,000 - 30,000 sq.m.	5.68%
> 30,000 sq.m.	8.70%

Lease Expiry Profile



Remark : Calculated from contract revenue

Lease Renewal Rate

Year	%
2022	100

No.	Prpject	NLA (sq.m.)	Rental Rate (%)
1.	Saha Group Industrial Park - Si Racha project	14,760	100
2.	Saha Group Industrial Park - Kabinburi project	16,145	100
3.	Saha Group Industrial Park - Mae Sot project	23,303	100
4.	Tiger Suvarnabhumi DC project	64,723	99

#### Distribution Payment Policy

The Trust has policy to pay distribution to unitholders at least 2 times a fiscal year and not less than 90% of the adjusted net profit.

#### Key Financial Figures

Key Financial Figures		29 Nov 2022 - 31 Dec 2022
Rental and services income	million Baht	18.61
Interest income	million Baht	0.09
Earnings Before Interest Tax Depreciation and Amortization (EBITDA)	million Baht	14.45
Net increase in net assets resulting from operations (Net profit)	million Baht	11.51
Earning Per Unit (EPU)	Baht/unit	0.0554
Dividend Per Unit (DPU)	Baht/unit	-
Capital Reduction Per Unit	Baht/unit	-
Debt to Total Asset Value Ratio	times	0.28
Debt to Net Asset Value Ratio	times	0.42
Interest Cost	%	Not exceeding MLR -1.50%
Net cash used in operating activities	million Baht	(2,775.53)
Net cash flows from financing activities	million Baht	2,908.37
Net increase in cash and cash equivalent	million Baht	132.84
Net assets	million Baht	2,058.61
Number of units issued at the end of the year	million unit	207.72
Net assets value per unit	Baht/unit	9.9105
Price / Net assets value per unit	times	1.01
Market Capitalization	million Baht	2,077.20
Market Price as of 30 December 2022	Baht/unit	10.00



## Key Summary of Loan Agreement

Lender	Commercial banks, financial institutions, insurance companies and/or any other individuals that may provide loan to the REIT.
Borrower	Land and Houses Fund Management Co., Ltd. as the trustee of HYDROGEN REIT
Loan Amount	Total loan amount of not exceeding 900 million Baht, comprising of: Long-term loan of not more than 900 million Baht for the first-time investment in main assets of the REIT and other relevant expenses.
Interest Rate	The interest rate refers to the MLR (Minimum Loan Rate) or other reference interest rates, whereby the average interest rate throughout the contract period will not exceed the MLR-1.5% per year. In this regard, the MLR (Minimum Loan Rate) is the rate for key accounts.
Repayment Due Date	5 Years from the loan drawdown
Interest Payment	To be paid monthly
Principal Repayment	To be settled in full on the repayment due date
Loan Collateral	<ol style="list-style-type: none"> <li>1) The mortgage for core assets that the REIT invested in for the first time in Tiger Suvarnabhumi DC project.</li> <li>2) The endorsement of the insurance stating that the lender is the co-beneficiary and co-insured.</li> <li>3) The registration of a lease agreement with the tenant and/or the REIT's operating accounts are business collaterals under the Business Collateral Act B.E.2558.</li> <li>4) Other loan collaterals (if any) identified by the REIT and the lender in the loan contract and relevant financial documents agreed upon by the REIT and the lender.</li> </ol>
Financial Practices	The borrower must maintain the interest-bearing debt to total asset value ratio of not more than 35% and/or other financial practices identified by the REIT and the lender as stated in the loan agreement and relevant financial documents agreed upon by the REIT and the lender.

Table of Fees and Expenses

Fees and Expenses	Amount (Baht)	Percentage of Net Profit
1. Cost of rental and services	972,342	8.45%
2. REIT management fee	1,269,431	11.03%
3. Trustee and property custodian fee	338,515	2.94%
4. Registrar fee	72,819	0.63%
5. Property management fee	943,287	8.20%
6. Professional fee	400,000	3.48%
7. Other expenses	256,841	2.23%
8. Finance cost	2,942,830	25.57%
<b>Total Fees and Expenses</b>	<b>7,196,065</b>	<b>62.54%</b>





# Management Discussion & Analysis

On 1 December 2022, the Trust invested in properties and leasehold rights by entering into a sale and purchase agreement of immovable and movable properties, and agreements to lease immovable properties with Saha Pathana Inter-Holding Public Company Limited, Sahapat Real Estate Company Limited, and I.D.F. Company Limited with the leasehold term of 30 years, totaling Baht 2,885 million (including transfer fee, lease registration fee and other related expenses).

## Statement of financial position as at 31 December 2022

The HYDROGEN Trust has total assets in the amount of Baht 3,029.74 million and total liabilities of Baht 971.13 million whereby the net assets were Baht 2,058.61 million which comprised of capital from trust unitholders of Baht 2,047.10 million and retained earnings at the end of the period of Baht 11.51 million, equivalent to the net asset value per unit of 9.9105 Baht.

## Statement of comprehensive income for the period as from 29 November 2022 (the establishment date) to 31 December 2022

Total income was Baht 18.70 million. Total expenses were Baht 7.19 million. As a result, Net increase in net assets resulting from operations (net profit) of HYDROGEN Trust for the year 2022 was Baht 11.51 million.

## Summary of the Significant Risks

### 1. The risks relating to HYDROGEN's Investment Assets

- 1.1. The risk from investment in leasehold immovable properties where the value thereof declines over the remaining lease period.
- 1.2. The risk from the depreciation of buildings in respect of benefit procurement and/or the risk from insufficiency of reserved money for major maintenance or restoration of HYDROGEN's Initial Investment Main Assets.
- 1.3. The risk from the higher competition which may decrease the number of tenants.
- 1.4. The risk from the concentration of major tenants and the loss of major tenants in HYDROGEN's Initial Investment Main Assets which may affect the revenue of HYDROGEN
- 1.5. The risk from option to early termination of the tenants.
- 1.6. The risk from the dependency of HYDROGEN on the Asset Owners to procure and/or provide service of common roads connecting the projects with the public roads, electricity and water supply, and other basic public utility to the tenants after HYDROGEN's investment.
- 1.7. The risk from HYDROGEN not investing in the entrances and exits of Saha Group Industrial Park - Si Racha project, Saha Group Industrial Park - Kabinburi project and Saha Group Industrial Park - Mae Sot project and such entrances and exits are not registered to HYDROGEN.
- 1.8. The risk of not being allowed to access Tiger Suvarnabhumi DC project, which is HYDROGEN's Initial Investment Main Assets, through the land owned by The State Railway of Thailand
- 1.9. The risk from damage which may occur from the solar cell system installed or to be installed on the building roof of HYDROGEN's Initial Investment Main Assets.
- 1.10. The risk from purchasing minimum electric power generated from the solar cell system which will be installed on the building roof of Tiger Suvarnabhumi DC project

2. **The risk concerning HYDROGEN or the operation of HYDROGEN**
  - 2.1. The risk from conflict of interests
  - 2.2. The risk of HYDROGEN being unable to increase the rental rate after the expiration of the lease agreements with tenants
  - 2.3. The risk from the uncertainty of the assumptions in the proforma financial report for a 12-month period of 1 January 2023 to 31 December 2023, depending on the risk and uncertainty of a business, economy, finance, HYDROGEN's Initial Investment Main Assets, related regulations and competition which may significantly affect the actual value of the investment of HYDROGEN
3. **The risk concerning investment in the real estate business**
  - 3.1. The risk from Thai politics, changes in domestic and international economies including other macro-economic factors.
  - 3.2. The risk of expropriation of HYDROGEN's Initial Investment Main Assets
  - 3.3. The general risk which affects the profits gained from immovable properties or the value of HYDROGEN's immovable properties
  - 3.4. The risk concerning the increasing expenses of HYDROGEN's immovable properties and the increased operating expenses
4. **The risk concerning investment in the Trust Units**
  - 4.1. The risk from the possibility of changes in accounting standards or related laws in Thailand.
  - 4.2. The risk from the asset values of HYDROGEN's Initial Investment Main Assets provided by the appraisers are not actual values of such assets and could not be guaranteed that the selling price of the assets will be in accordance with the appraisal values, whether in the present or the future
  - 4.3. The risk from the changes of the Trust Unit price after the offering of the Trust Units.
  - 4.4. The risk from an ability to pay distributions to the trust unitholders; and from the case in which the distributions received by the trust unitholders is less than the income received from the operation of HYDROGEN's Initial Investment Main Assets.
  - 4.5. The risk from the significant difference between an actual operation and the estimation
  - 4.6. A capital amount to be returned from dissolving HYDROGEN may be less than the amount invested by the trust unitholders in this offering
  - 4.7. The risk from the net asset value of HYDROGEN is not an actual value that HYDROGEN will gain if all assets were sold, or HYDROGEN was dissolved.
  - 4.8. The risk of illiquidity in the sale and purchase of the Trust Units on the stock exchange.
  - 4.9. The risk from taxes and fees



## Information

REIT Manager	Hydrogen REIT Management Co., Ltd.
Address	944 Mitrtown Office Tower, 29 <sup>th</sup> Floor, Room No. 2907-2910, Rama 4 Road, Wang Mai, Pathumwan, Bangkok
Tel.	02-219-1675
Trustee	Land and Houses Fund Management Co., Ltd.
Address	11 Q House Sathorn, 10 <sup>th</sup> , 14 <sup>th</sup> Floor, South Sathorn Road, Thung Maha Mek, Sathorn, Bangkok
Tel.	02-286-3484
URL	www.lhfund.co.th

## Financial Highlights

### Independent Auditor's Opinion

Period	Auditor and Audit Firm	Auditor's Opinion
31 December 2022	Wichart Lokatekrawee Certified Public Accountant (Thailand) No. 4451	EY Office Limited An auditor's report presents an unqualified opinion that the financial statements referred to present fairly, in all material respects, the financial position of Hydrogen Freehold and Leasehold Real Estate Investment Trust as at 31 December 2022, its financial performance, changes in net assets, and cash flows for the period as from 29 November 2022 (the establishment date) to 31 December 2022 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.

## Statement of financial position and Financial Performance of the HYDROGEN Trust

Statement of financial position (Unit : Baht)	31 December 2022 (Audit)
<b>Assets</b>	
Investments in properties and leasehold rights at fair value	2,884,591,650
Cash and cash equivalents	132,844,102
Receivables from rental and services	4,302,836
Other accounts receivable	29,200
Prepaid expenses	673,979
Other assets	7,302,239
<b>Total assets</b>	<b>3,029,744,006</b>
<b>Liabilities</b>	
Accounts payable and accrued expenses	30,055,268
Deposits from rental and services	44,995,335
Long-term loan from financial institution	852,478,546
Other liabilities	43,605,109
<b>Total liabilities</b>	<b>971,134,258</b>
<b>Net assets</b>	<b>2,058,609,748</b>
<b>Net assets:</b>	
Capital from trust unitholders	2,047,102,922
Retained earnings	11,506,826
<b>Net assets</b>	<b>2,058,609,748</b>
Net assets value per unit (Baht)	9.9105
Number of units issued at the end of the year (Units)	207,720,000

Statement of comprehensive income (Unit : Baht)	2022 (29 November 2022 - 31 December 2022) (Audit)
<b>Investment income</b>	
Rental and services income	18,607,612
Interest income	95,279
<b>Total income</b>	<b>18,702,891</b>
<b>Expenses</b>	
Cost of rental and services	972,342
REIT management fee	1,269,431
Trustee and property custodian fee	338,515
Registrar fee	72,819
Property management fee	943,287
Professional fee	400,000
Other expenses	256,841
Finance cost	2,942,830
<b>Total expenses</b>	<b>7,196,065</b>
<b>Net investment income</b>	<b>11,506,826</b>
<b>Net increase in net assets resulting from operations</b>	<b>11,506,826</b>
Net increase in capital received from trust unitholders	2,047,102,922
<b>Increase in net assets during the period</b>	<b>2,058,609,748</b>
Net assets at the beginning of period	-
<b>Net assets at the end of period</b>	<b>2,058,609,748</b>
<b>Changes in investment units</b>	
Investment units as at the beginning of the period	-
Investment units as at the end of the period	207,720,000

Statement of cash flows (Unit : Baht)	2022 (29 November 2022 - 31 December 2022) (Audit)
<b>Cash flows from operating activities</b>	
Increase in net assets resulting from operations	11,506,826
<b>Adjustments to reconcile the increase in net assets resulting from operations to net cash provided by (paid from) operating activities:</b>	
Acquisition of investments in properties and leasehold rights	(2,884,591,650)
Increase in receivables from rental and services	(4,302,836)
Increase in other accounts receivable	(29,200)
Increase in prepaid expenses	(673,979)
Increase in other assets	(7,302,239)
Increase in accounts payable and accrued expenses	18,280,897
Increase in deposits from rental and services	44,995,335
Increase in other liabilities	43,605,109
Amortization of long-term loan transaction cost	43,546
Interest expenses	2,942,830
<b>Net cash used in operating activities</b>	<b>(2,775,525,361)</b>
<b>Cash flows from financing activities</b>	
Proceed from capital from trust unitholders	2,077,200,000
Cash paid for the cost of issuing and offering of trust units	(18,509,758)
Cash received from long-term loan (net of transaction cost)	852,435,000
Cash paid for interest expenses	(2,755,779)
<b>Net cash flows from financing activities</b>	<b>2,908,369,463</b>
<b>Net increase in cash and cash equivalent</b>	<b>132,844,102</b>
Cash and cash equivalents at the beginning of period	-
<b>Cash and cash equivalents at the end of period</b>	<b>132,844,102</b>



## Management Discussion & Analysis

### Performance

Hydrogen Freehold and Leasehold Real Estate Investment Trust's performance:

Description	31 December 2022
Average occupancy rate before undertaking (%)	99.66%
Average occupancy rate after undertaking (%)	100.00%
Rental area (square meters)	118,931
Rental and services income (million Baht)	18.61
Interest income (million Baht)	0.09
Total income (million Baht)	18.70
Total expenses (million Baht)	(7.19)
Net increase in net assets resulting from operations (Net Profit) (million Baht)	11.51
Net profit to total income ratio (%)	61.55%

### Analysis of performance

#### 1. Overview of the Trust's performance

On 1 December 2022, the Trust invested in properties and leasehold rights by entering into a sale and purchase agreement of immovable and movable properties, and agreements to lease immovable properties with Saha Pathana Inter-Holding Public Company Limited, Sahapat Real Estate Company Limited, and I.D.F. Company Limited with the leasehold term of 30 years, totaling Baht 2,885 million (including transfer fee, lease registration fee and other related expenses).

#### Statement of financial position as at 31 December 2022

The HYDROGEN Trust has total assets in the amount of Baht 3,029.74 million and total liabilities of Baht 971.13 million whereby the net assets were Baht 2,058.61 million which comprised of capital from trust unitholders of Baht 2,047.10 million and retained earnings at the end of the period of Baht 11.51 million, equivalent to the net asset value per unit of 9.9105 Baht.

#### Statement of comprehensive income for the period as from 29 November 2022 (the establishment date) to 31 December 2022

Total income was Baht 18.70 million. Total expenses were Baht 7.19 million (include finance cost Baht 2.94 million). As a result, Net increase in net assets resulting from operations (net profit) of HYDROGEN Trust for the year 2022 was Baht 11.51 million.

### Key factors and Influences that May Affect Future Operations or Financial Positions

The risk factors have the potential to cause lower-than-expected growth in the Thai economy in 2023. These include turbulence in capital markets (the Bank of Thailand's monetary policy - two more rate hikes are forecast for the first quarter of 2023, giving a terminal policy rate of 1.75% that should remain unchanged until the end of the year), and the risk of a global recession occurring with interest rates in many countries at multi-year highs. Alongside this, the continuation of the war in Ukraine is adding to the risks facing the global economy and raising the likelihood that inflationary pressures will continue.

In 2023, HYDROGEN expects to maintain a stable performance and meet its targets and expects the average rental rate to remain consistent with no significant change from the previous year.

In 2023, HYDROGEN expects to have a real estate investment expenditure or capital expenditure (CAPEX) of not exceeding Baht 2 million.

## 2. Significant details on the Statement of Comprehensive Income

### 1) Investment income comprising of:

Description	29 November 2022 - 31 December 2022	
	million Baht	% of Total income
Rental and services income	18.61	99.52%
Interest income	0.09	0.48%
<b>Total income</b>	<b>18.70</b>	<b>100.00%</b>

- Rental and service income - HYDROGEN Trust recognized income from assets of the first investment assets on 1 December 2022
- Interest income from saving deposit account of 0.35% - 0.50% per annum in 2022

### 2) Expenses comprising of:

Description	29 November 2022 - 31 December 2022	
	million Baht	% of Total income
Cost of rental and services	0.97	5.19%
REIT management fee	1.27	6.79%
Trustee and property custodian fee	0.34	1.82%
Registrar fee	0.07	0.37%
Property management fee	0.94	5.03%
Professional fee	0.40	2.14%
Other expenses	0.26	1.39%
Finance cost	2.94	15.72%
<b>Total expenses</b>	<b>7.19</b>	<b>38.45%</b>

- Cost of rental and services, most of which were utilities fees
- REIT management fee paid monthly to Hydrogen REIT Management Company Limited of a rate not exceeding 1% per annum of the total assets (exclusive of value added tax, specific business tax or other similar taxes)
- Trustee and property custodian fee paid monthly to Land and House Fund Management Company Limited in a rate not exceeding 0.5% per annum of the total assets (excluding value added tax, specific business tax or other similar taxes)
- Registrar fee paid to Thailand Securities Depository Company Limited
- Property management fee paid monthly to Saha Pathana Inter-Holding Public Company Limited in accordance with the service agreement
- Professional fee is audit fees paid to EY Office Limited
- Finance cost is interest expense which the Trust loaned the financial institution in the amount of Baht 855.00 million with an interest rate of Minimum Loan rate (MLR) - 1.5% per annum

### 3. Significant details on the Statement of Financial Position

#### 1) Assets

As at 31 December 2022, the Trust had the total asset value of Baht 3,029.74 million with significant particulars as follows:

- Investments in properties and leasehold rights at fair value of Baht 2,884.59 million due to the first investment in assets on 1 December 2022

(unit : million Baht)

Assets	31 December 2022
Investments in properties and leasehold rights at fair value	2,884.59
Cash and cash equivalents	132.85
Receivables from rental and services	4.30
Other accounts receivable	0.03
Prepaid expenses	0.67
Other assets	7.30
<b>Total assets</b>	<b>3,029.74</b>

## 2) Liabilities

As at 31 December 2022, the Trust had total liabilities of Baht 971.13 million with the significant particulars as follows:

- Long-term loan from financial institution valued at Baht 852.48 million due to  
On 29 November 2022, the Trust entered into a long-term loan agreement with a financial institution for a credit facility of Baht 900 million to finance an initial investment in main assets. The loan of Baht 855 million was drawn down on 1 December 2022. The loan carried interest at the rate not exceeding MLR - 1.50 percent per annum. The interest was payable on the last working day of each month, starting from the date of the loan had been drawn down. The loan principals are repayable in 2027.

(unit : million Baht)

Liabilities	31 December 2022
Accounts payable and accrued expenses	30.05
Deposits from rental and services	45.00
Long-term loan from financial institution	852.48
Other liabilities	43.60
<b>Total liabilities</b>	<b>971.13</b>

## 3) Net assets

As at 31 December 2022, the Trust has the net assets value of Baht 2,058.61 million, equivalent to the net asset value per unit of Baht 9.9105.

(unit : million Baht)

Net Assets	31 December 2022
Net assets (million Baht)	2,058.61
Net assets per unit (Baht)	9.9105
<b>Number of units issued at the end of the year (Units)</b>	<b>207,720,000</b>



#### 4. Significant details on the Statement of Cash Flows

(unit : million Baht)

Cash Flows	31 December 2022
Net cash used in operating activities	(2,775.53)
Net cash flows from financing activities	2,908.37
Net increase in cash and cash equivalent	132.84
Cash and cash equivalents at the beginning of period	-
<b>Cash and cash equivalents at the end of period</b>	<b>132.84</b>

According to the financial statement for the year ended 31 December 2022, HYDROGEN had cash and cash equivalents at the end of period of Baht 132.84 million due to net cash used in operating activities of Baht 2,775.53 million and net cash flows from financing activities of Baht 2,908.37 million.

The net cash used in operating activities of Baht 2,775.53 million comprised the acquisition of investments in properties and leasehold rights of Baht 2,884.59 million.

The net cash flows from financing activities of Baht 2,908.37 million comprised proceed from capital from trust unitholders of Baht 2,077.20 million and cash received from long-term loan (net of transaction cost) Baht 852.44 million.

#### 5. Financial Ratios

##### 1) Key Financial Ratios - Financial Covenant

1.1) HYDROGEN shall maintain the financial ratio or debt covenant in according to the loan agreements. Details of which are as follows:

Description	Criteria	Ratio as of 31 December 2022
Interest bearing debt to total assets ratio <sup>a/</sup>	% not exceed 35%	28.22
Interest bearing debt to EBITDA ratio <sup>b/</sup>	times not be more than the ratio of 6:1	4.84

Remark : <sup>a/</sup> Interest bearing debt to total assets ratio means Interest Bearing Debt (include Lease Liabilities) \* 100 / Total Assets

<sup>b/</sup> Interest bearing debt to EBITA means Interest Bearing Debt (include Lease Liabilities) / Earnings Before Interest Tax Depreciation and Amortization (EBITDA) according to the loan agreements.

## 2) Key Financial Ratio

Description		31 December 2022
Number of units issued at the end of the year	units	207,720,000
Net assets value per unit	Baht/unit	9.9105
Net increase in net assets resulting from operations per unit (net profit per unit)	Baht/unit	0.0554
Interest bearing debt to EBITDA ratio <sup>1/</sup>	times	4.84
Total liabilities to total assets ratio	%	32.05
Total liabilities to net assets value ratio	times	0.47
Interest bearing debt to total assets ratio <sup>2/</sup>	%	28.22
Interest bearing debt to net assets value ratio <sup>3/</sup>	times	0.42

Remark : <sup>1/</sup> Interest bearing debt to EBITDA ratio means Total interest bearing debt / Earnings Before Interest Tax Depreciation and Amortization (EBITDA)

<sup>2/</sup> Interest bearing debt to total assets ratio means Interest bearing debt \* 100 / Total assets

<sup>3/</sup> Interest bearing debt to net assets value ratio means Interest bearing debt / Net assets

# Hydrogen Reit

## HYDROGEN Investment Objectives

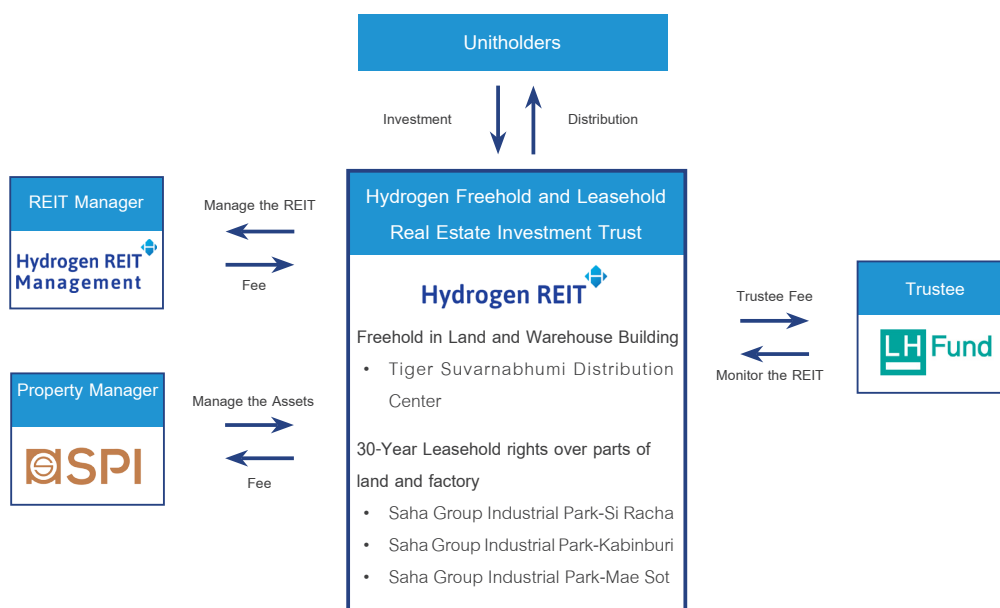
HYDROGEN was established in accordance with the Trust Act for the benefit of conducting transactions in the capital market as specified in the notification of the Capital Market Supervisory Board and the SEC Office with the objective of issuing trust units for real estate investment (Real Estate Investment Trust or HYDROGEN) offering to the public according to the Notification No. TorJor. 49/2555 and the said trust units listed on the Stock Exchange of Thailand.

HYDROGEN has invested the gains that acquired from offering the trust units and loans to invest in HYDROGEN's main assets. HYDROGEN's investment policy is to invest in the freehold or leasehold right of the immovable assets (including sub-leasehold right of immovable assets) and movable assets which are component parts and equipment of the aforesaid immovable assets. HYDROGEN will invest in commercial leasehold properties or residential leasehold properties domestically and internationally, including but not limited to warehouse, distribution center, factory building, cold storage warehouse, data center, self-storage, office building for rent, shopping center, community mall, department store, central market of agricultural products, parking space for rent, oil or energy storage facilities, commercial building for rent, residential buildings or apartments for rent, hotels, hospitals, health facilities, educational institutions building, golf course, sports facilities, including any other real estate related to, supporting or promoting the business of leasing such property and any other property that may promote the investment of the trust. The REIT Manager has taken the main asset to provide benefits, including leasing, sub-leasing, payment from area usage, and providing services related to leasing or leasehold properties.

Business and procurement of benefits by HYDROGEN for main assets initially invested in, HYDROGEN REIT limited company will appoint Saha Pathana Inter-Holding ("SPI") as a Property Manager to provide benefits and manage main assets initially invested in by HYDROGEN will be under the supervision and policy of the REIT Manager. Such assignment or appointment shall be in accordance with the terms of the Trust Deed and, laws, regulations, and related notifications of the SEC Office.

Benefit sourcing and asset management of HYDROGEN will be controlled and supervised by the Trustee to assure that the operation of the REIT Manager and the Property Manager is complied with the terms and conditions of the agreement of appointment of REIT Manager and the Property Manager, including the criteria under the Trust Act, other notices issued by the SEC Office and SET. Anyhow, the REIT Manager will not lease the real estate and property of HYDROGEN to anyone who has reasonable grounds to suspect the use of the real estate and asset for business that is immoral or unlawful.

## Management Structure of The REIT



## Structure of Trust Unitholders

Top 10 Unitholders as of 30 December 2022

No.	Unitholders	Number of units	%
1.	Saha Pathana Inter-Holding Plc.	24,749,000	11.91
2.	Saha Pathana Real Estate Co., Ltd.	20,800,000	10.01
3.	I.C.C. International Plc.	20,000,000	9.63
4.	President Bakery Plc.	18,000,000	8.67
5.	Rabbit Life Insurance Plc.	10,000,000	4.81
6.	Saha Pathanapibul Plc.	10,000,000	4.81
7.	Mr. Suthikham taesopapong	9,800,000	4.72
8.	Thai Life Insurance Public Co., Ltd.	9,000,000	4.33
9.	Thai President Foods Public Co., Ltd. By MFCAM	4,000,000	1.93
10.	Thai President Foods Public Co., Ltd. By Asset Plus	4,000,000	1.93
11.	Thai President Foods Public Co., Ltd. Private Fund By BBLAM	4,000,000	1.93
12.	Better Way (Thailand) Co., Ltd.	4,000,000	1.93
<b>Total</b>		<b>134,349,000</b>	<b>64.68</b>

Remark : As of 30 December 2022, the REIT has no units held by foreigners.

## Payment of Returns

- (1) The REIT manager will pay returns to unitholders for no less than 90% of the adjusted net profit of the fiscal year. The returns paid to unitholders are categorized into year-end distribution and interim distribution (if any).

In cases where the REIT is incapable of paying returns to unitholders as in (1), the REIT manager and the trustee are obligated to explain the reasons to the Securities and Exchange Commission following the protocols enforced by the Securities and Exchange Commission and disclose to unitholders in the Annual General Meeting.

- (2) The REIT manager will pay returns to unitholders for no less than 2 times per fiscal year (starting from the first accounting period of the REIT, provided that the REIT generates sufficient profits to pay returns within the aforementioned accounting period).

In cases where the REIT is incapable of paying returns to unitholders for no less than 2 times per fiscal year, the REIT manager is obligated to inform unitholders via the Stock Exchange of Thailand's portal.

- (3) The REIT manager must not acquire loan to pay returns to unitholders.
- (4) In cases where the REIT still has an accumulated loss, the REIT manager is prohibited to pay returns to unitholders.
- (5) In cases where returns are paid to unitholders in each accounting period, the REIT manager will make an announcement on the payment of returns accordingly and identify the book closing date, unitholders, or the date to determine the names of unitholders or any other dates as regulated by the Securities and Exchange Commission, in order to specify names of unitholders who are eligible for returns. Returns are to be paid to unitholders within the following timeframe:

### Year-End Distribution

The REIT manager will pay returns for the fiscal year (Year-End Distribution) within 90 days from the end of the fiscal year, or on any other dates as regulated by the Securities and Exchange Commission, to specify names of unitholders who are eligible for returns.

### Additional Conditions

Apart from return payment for the first fiscal year, the rate of year-end distribution will be dependent upon the discretion of the REIT manager. If the return rate falls below or is equivalent to 0.10 Baht, the REIT manager reserves the right to refrain from making payment in that period, but instead will be accumulated for the next payment period. In this regard, the condition must not conflict with (1).

### Interim Distribution

The REIT manager will pay the interim returns (Interim Distribution) (if any) within 90 days from the end of the fiscal year for the most recent quarter before paying returns, or any other dates as regulated by the Securities and Exchange Commission.

### Additional Conditions

In considering the interim distribution, the identification of return rates will be dependent upon the REIT manager's discretion. If the quarterly return rate falls below or is equivalent to 0.10 Baht, the REIT manager reserves the right to refrain from making payment in that period, but instead will be accumulated for the next payment period.

For the payment policy, the REIT manager will proceed to comply with the trust deed, unless amended, added, identified, commanded, agreed upon and/or allowed otherwise by the Securities and Exchange Commission and/or other bodies with legal authority. In which cases, the REIT manager will proceed accordingly.

### Payment of returns to unitholders should comply with the following criteria:

- 1) Unitholders who are entitled to receive returns must have their names appeared on the trust unitholding book on the book closing date or the date on which the unitholders' names are identified, or any other dates as announced by the Securities and Exchange Commission, to determine the eligibility of unitholders who are entitled to receive returns in accordance with the trust holding proportion of each unitholder. If it turns out that any individuals or groups of individuals hold units that exceed the rate announced by the Securities and Exchange Commission, those individuals or groups of individuals will not be eligible to receive returns only for the portion of the units held in excess of the rate specified by the Securities and Exchange Commission.
- 2) The REIT manager will announce return payment prior to the book closing date or the date on which the unitholders' names are identified, based on the relevant criteria and laws (as the case may be) within the legally specified timeframe, to determine the eligibility in receiving returns and rate of returns via the Stock Exchange of Thailand's portal, in accordance with the announcement or the laws.
- 3) The REIT manager will proceed to deduct withholding tax at the rate required by law from the returns paid to each category of unitholder.
- 4) The REIT manager will proceed to pay returns in the form of crossed cheque payable only to the unitholder and send by post to the address specified by the unitholder in the trust unit subscription form. Returns can also be put in the deposit account of the unitholder as advised, whereby the unitholder will absorb the transfer fee and exchange rate risks (if any). The REIT manager will deduct such fees and expenses from the total sum payable.
- 5) In the event that unitholders do not exercise their rights to receive returns within the subscription period under the Civil and Commercial Code, such sum of returns should then become the property of the REIT. The REIT manager will not seek benefits from such returns for any objectives other than for the benefits of the REIT.

## Property Manager

### 1. General Information

Company Name	:	Saha Pathana Inter-Holding Plc.
Company Location	:	530 Soi Sathupradit 58, Bangpongpan, Yan nawa, Bangkok 10120
Registration No.	:	0107537001340
Contact	:	0-2293-0030-9
Registered Capital	:	582,923,188.00 บาท
Paid-up Capital	:	571,890,666.00 บาท
Website	:	<a href="https://www.spi.co.th">https://www.spi.co.th</a>

### 2. Shareholding Structure

Top 10 Shareholders of Saha Pathana Inter-Holding Plc. As of 30 December 2022

No.	Shareholders	Number of units	%
1.	Chokwatana Co., Ltd.	96,094,066	16.80
2.	I.C.C. International Plc.	57,001,656	9.97
3.	Saha Pathanapibul Plc.	49,433,806	8.64
4.	Nomura Securities Co., Ltd. - Client A/C	24,234,953	4.24
5.	Uni Central Co., Ltd.	21,218,182	3.71
6.	Smbc Nikko Securities Inc. - Client Account	20,220,550	3.54
7.	Mr. Weerapat Poonsakudomsin	20,060,122	3.51
8.	I.D.F. Co., Ltd.	19,368,582	3.39
9.	Uniwelth Co., Ltd.	14,380,310	2.51
10.	Bts Group Holdings Plc.	11,567,969	2.02

## Trustee

### 1. General Information

Company Name	:	Land And Houses Fund Management Co.,Ltd
Company Location	:	11 Q.House Sathon BuildingFl.10, 14, South Sathon Rd., Tungmahamek Sathon Bangkok 10120
Registration No.	:	0105551006645
Contact	:	0-2286-3484
Website	:	<a href="http://www.lhfund.co.th">www.lhfund.co.th</a>

### 2 Shareholding Structure

The major shareholder of Land And Houses Fund Management Co., Ltd. As of 31 December 2022

No.	Shareholders	Number of units	%
1.	LH Financial Group Public Company Limited	2,999,995	99.99



# REIT Manager

## General Information

Hydrogen REIT Management Co., Ltd., as the REIT Manager, is a limited company that was incorporated in Thailand on January 11, 2019, with the registered capital of 28,000,000 Baht. The Company's key objective is to serve as the REIT manager, with Hydrogen Asset Co., Ltd. as the major shareholder of the Company, holding 99.99% of the issued shares. In this regard, the Company has been approved to be the REIT manager in accordance with the announcement; Sor.Chor.29/2565, dated January 10, 2020.

Company Name	Hydrogen REIT Management Co., Ltd.
Date of Incorporation	January 11, 2019
Company Location	944 Mitrtown Office Tower 29 <sup>th</sup> Floor, Unit No. 2907-2910, Rama IV Rd., Wangmai, Pathum Wan, Bangkok
Contact	Tel. : 02-219-1675 Email : ir@hydrogenrm.co.th Website : www.hydrogenreit.com
Registered Capital	28,000,000 Baht
Nature and Scope of Business Operations	Serving as a manager of the Real Estate Investment Trust (REIT Manager)
Major Shareholders (Shareholding Proportion)	Hydrogen Asset Co., Ltd. (99.99%)
Directors	1. Mr. Samreng Manoonpol 2. Mr. Vichai Kulsomphob 3. Mr. Vorayos Thongtan 4. Mr. Piyapong Pinthuprapa 5. Mr. Chinapat Visuttiapat (Independent Director) 6. Mr. Ratchaphum Jongpakdee (Independent Director)
Fiscal Period	January 1 - December 31

## Shareholding Structure of the REIT Manager

As of 31 December 2022



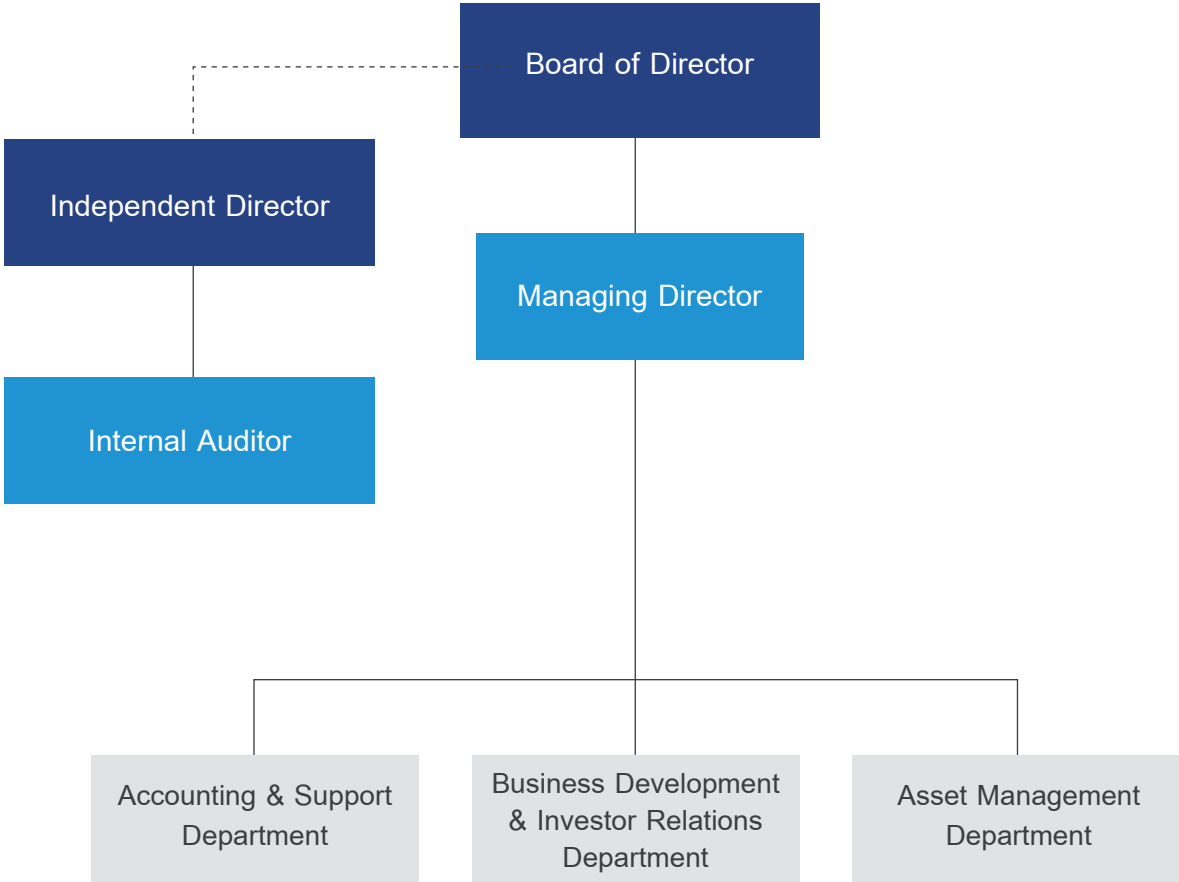
Shareholder of Hydrogen REIT Management Co., Ltd.

	Shareholder	Number of Shares Held	%
1.	Hydrogen Asset Co., Ltd.	2,799,980	99.9992
2.	Mr. Vichai Kulsomphob	10	0.0004
3.	Mr. Supradit Sa-id	10	0.0004
	<b>Total</b>	<b>2,800,000</b>	<b>100</b>

The major shareholding group is Saha Pathana Inter-Holding PCL, whose stakes in Hydrogen Asset Co., Ltd. are 99.99% of the total number of paid-up shares. In this regard, Saha Pathana Inter-Holding PCL is a company listed in the Stock Exchange of Thailand in the category of commercial business.

### Management Structure of The REIT Manager

The management structure of the Company, as the REIT Manager, is comprised of the Board of Directors, executives and staff members, whose key roles and responsibilities are managing the REIT, as well as investing in assets and managing the REIT's assets, to ensure maximum benefits for the REIT and unitholders. The structure can be categorized into fields of responsibility as follows:



# Board of Director



**Mr. Samreng Manoonpol**  
Chairman

**Mr. Vichai Kulsomphob**  
Vice Chairman

**Mr. Vorayos Thongtan**  
Director



**Mr. Piyapong Pinthuprapa**  
Director

**Mr. Chinapat Visuttiapat**  
Independent Director

**Mr. Ratchaphum Jongpakdee**  
Independent Director

## Board of Directors

Name	Education	Past 5 Years Experiences
1) Mr. Samreng Manoonpol Chairman	<ul style="list-style-type: none"> <li>High School, Wat Rajabopit School</li> <li>Director Accreditation Program (DAP) 3/2003 Thai Institute of Directors Association (IOD)</li> </ul>	Vice Chairman / Vice Chairman of Executive / Director / Director with authority to sign on behalf of the company Advisor Advisor Director Director Director Vice Chairman Chairman Vice Chairman Chairman Chairman Chairman
	1972 - Present	Saha Pathana Inter-Holding Public Company Limited
	2010 - Present	I.C.C. International Public Company Limited
	2008 - Present	Saha Pathanapibul Public Company Limited
	2022 - Present	Kingbridge Asset Co., Ltd.
	2021 - Present	Oxygen Asset Co., Ltd.
	2020 - Present	Thana city Venture Co., Ltd.
	2019 - Present	Saha Capital Tower Co., Ltd.
	2016 - Present	First United Industry Co., Ltd.
	1984 - Present	Sahamanoonpol Co., Ltd.
	1983 - Present	Sahapat Properties Co., Ltd.
	1978 - Present	Watsadoramai Co., Ltd.

Name		Education		Past 5 Years Experiences	
2) Mr. Vichai Kulsomphob	- Master of Advanced Business Practice University of South Australia	2012 - Present	President & CEO / Chairman of the Executive Board	Saha Pathana Inter-Holding Public Company Limited	
Vice Chairman	- Master of Marketing (English Program) Thammasat University		of Company's Directors / Chairman of Sustainability		
	- Master of International Business (Exchange Program)		Committee / Nomination and Remuneration Committee		
	- Norwegian School of Economics and Business Administration, Norway		/ Director with authority to sign on behalf of the company		
	- Bachelor's Degree of Business Administration Chulalongkorn University	Dec 2021 - Present	Director	Sahacogen (Chonburi) Public Company Limited	
	- Business and Industrial Development Program (Class 1), Institute of Business and Industrial Development	April 2018 - Present	Director	President Bakery Public Company Limited	
	- OIC Advanced Insurance Institute (Class 1), Office of Insurance Commission	2013 - Present	Director	Thai Samsung Life Insurance Public Company Limited	
	- Executive Leadership Program (Class 2), Wharton Business School, University of Pennsylvania, USA & NIDA, Thailand	2022 - Present	Director	Saha Charoensin Estate Co., Ltd.	
	- Real Estate Management Program for Executive (RE-CU26), Chulalongkorn University	2022 - Present	Director	Kingbridge Asset Co., Ltd.	
	- Investment Planner Certification, Chulalongkorn University	2022 - Present	Director	PRVK Co., Ltd.	
	- Investment Planner Certification, Association of Investment Management Companies	2020 - Present	Managing Director	918 Land Co., Ltd.	
	- Bhumpalung Phandin for Top Executive (Class 4) Chulalongkorn University	2022 - Present	Director	King Square Development Co., Ltd.	
		2021 - Present	Director	Oxygen 1 Co., Ltd.	
		2020 - Present	Managing Director	Oxygen Asset Co., Ltd.	
		2019 - Present	Managing Director	Thana city venture Co., Ltd.	
		2018 - Present	Managing Director	Saha Capital Tower Co., Ltd.	
		2018 - Present	Director	First United Industry Co., Ltd.	
				Sahapat Properties Co., Ltd.	

Name		Education		Past 5 Years Experiences	
2) Mr. Vichai Kulsomphob Vice Chairman (Cont.)	- Strategic CFO in Capital Market Program (Class 4) Thailand Securities Institute, The Stock Exchange of Thailand	- Strategic CFO in Capital Market Program (Class 4) Thailand Securities Institute, The Stock Exchange of Thailand	2018 - Present	Director	Sinparadon Co., Ltd.
	- Company Secretary Program (CSP) 18/2006	- Company Secretary Program (CSP) 18/2006	2018 - Present	Director	Saha Asia Pacific Co., Ltd.
			2018 - Present	Director	Treasure Hill Co., Ltd.
			2017 - Present	Managing Director	BSC So In Co., Ltd.
			2017 - Present	Managing Director	Pan Land Co., Ltd.
			2017 - Present	Managing Director	Sahapat Real Estate Co., Ltd.
			2014 - Present	Director	Saha Tokyo Corporation Co., Ltd.
			2013 - Present	Director	I.D.F. Co., Ltd.
			2013 - Present	Director	Park Capital Holding Co., Ltd.
			Jan 2021 - Dec 2021	Chief Executive Officer	Sahacogen (Chonburi) Public Company Limited
3) Mr. Vorayos Thongtan Director	- Master of Engineering Graduate School of Information Science Nara Institute of Science and Technology, Japan	- Master of Engineering Graduate School of Information Science Nara Institute of Science and Technology, Japan	April 2018 - Dec 2020	Director	Sahacogen (Chonburi) Public Company Limited
	- Master of Business Administration University of Texas at Dallas, USA	- Master of Business Administration University of Texas at Dallas, USA	2015 - April 2018	Director	Singer Thailand Public Company Limited
	- Master of Science in Finance (Distinction Honor) University of Texas at Dallas, USA	- Master of Science in Finance (Distinction Honor) University of Texas at Dallas, USA	Aug 2018 - Present	Executive Director / Sustainability Committee / Vice President Investment and Corporate Strategy	Saha Pathana Inter-Holding Public Company Limited
	- Bachelor of Electrical Engineering (Second Class Honor) Sirindhorn International Institute of Technology Thammasat University	- Bachelor of Electrical Engineering (Second Class Honor) Sirindhorn International Institute of Technology Thammasat University	Dec 2021 - Present	Director	Sahacogen (Chonburi) Public Company Limited
			Feb 2021 - Present	Independent Director	Singer Thailand Public Company Limited
			Jan 2021 - Dec 2021	Managing Director	Sahacogen (Chonburi) Public Company Limited

Name		Education		Past 5 Years Experiences	
3) Mr. Vorayos Thongtan Director (Cont.)	<ul style="list-style-type: none"> <li>- Director Certification Program (DCP) 272/2019 Thai Institute of Directors Association (IOD)</li> <li>- How to Development a Risk Management Plan (HRP) 20/2018</li> <li>- Advanced Master of Management Program, AMM (Class 8), National Institute of Development Administration</li> </ul>	<ul style="list-style-type: none"> <li>2020 - Feb 2022</li> </ul>	Director	Singer Thailand Public Company Limited	
4) Mr. Piyapong Pinthuprapa Director	<ul style="list-style-type: none"> <li>- Master of Science in Real Estate, Bayes Business School, City University</li> <li>- Bachelor's Degree of Economics, Thammasat University</li> </ul>	<ul style="list-style-type: none"> <li>Apl 2014 - Jul 2019</li> <li>Feb 2014 - Apl 2014</li> <li>May 2009 - Dec 2013</li> </ul>	<ul style="list-style-type: none"> <li>Chief Executive Officer</li> <li>Senior Manager of Business Development</li> <li>Assistant Fund Manager, alternative investments and real estate, Investment Management Office</li> </ul>	<ul style="list-style-type: none"> <li>WHA Real Estate Management Co., Ltd.</li> <li>WHA Corporation Public Company Limited</li> <li>Social Security Office, Ministry of Labour</li> </ul>	
5) Mr. Chinapat Visuttiapat Independent Director	<ul style="list-style-type: none"> <li>- Master of Laws, Thammasat University</li> <li>- Bachelor of Laws, Thammasat University</li> <li>- Graduate Diploma Program in Business Law, Thammasat University</li> </ul>	<ul style="list-style-type: none"> <li>Feb 2565 - Present</li> <li>Dec 2021 - Present</li> </ul>	<ul style="list-style-type: none"> <li>Investment office</li> <li>Independent Director, Director, Audit Committee, Chairman of Risk Management and Corporate Governance Committee and Chairman of Nomination and Remuneration Committee</li> <li>Independent Director and Chairman of Audit Committee</li> </ul>	<ul style="list-style-type: none"> <li>CB Richard Ellis (Thailand) Co., Ltd.</li> <li>Namwiwat Medical Corporation Public Company Limited</li> <li>Sahacogen (Chonburi) Public Company Limited</li> </ul>	



Name	Education	Past 5 Years Experiences
5) Mr. Chinapat Visuttiapat		
Independent Director		
(Cont.)		
2021 - Present		Independent Director and
2018 - Present		Chairman of Audit Committee
		Independent Director, Audit
		Committee, Nomination and
		Remuneration Committee,
		Risk
		Management Committee
		and Corporate Governance
		Committee
2016 - Present		Origin Property Company Limited
		Director, Independent
		Director, Audit Committee
		and Chairman of Corporate
		Governance Committee
2016 - Present		SHERA Public Company Limited
		Independent Director
		and Chairman of Audit
		Committee
2019 - Present		ONE Law Office Limited
2019 - Present		ONE Law Club Limited
2018 - Present		Chocotoss Co., Ltd.
2018 - Present		Toon Tossakan Co., Ltd.
2018 - Present		OO1 Branding Co., Ltd.
2014 - Present		KHKP Co., Ltd.
2016 - Feb 2022		Abatek (Asia) Public Co., Ltd.
		Independent Director
		and Chairman of Audit
		Committee
2018 - 2019		Wellaw Co., Ltd.
		Director

Name		Education		Past 5 Years Experiences	
6) Mr. Ratchaphum Jongpakdee	<ul style="list-style-type: none"> <li>- Master of Business Administration Mahanakorn University of Technology</li> <li>- Bachelor's Degree of Industrial management Rajamangala University of Technology Thanyaburi</li> </ul>	<ul style="list-style-type: none"> <li>Mar 2023 - Present</li> <li>Nov 2022 - Present</li> <li>2017 - Present</li> <li>Jun 2022 - Oct 2022</li> <li>Sep 2017- May 2020</li> <li>Jun 2013 - Jun 2017</li> </ul>	<ul style="list-style-type: none"> <li>Head of Professional Services (Valuation &amp; Consulting)</li> <li>Executive Director</li> <li>Special Instructor</li> <li>Chief Operating Officer</li> <li>Deputy Managing Director (acting Managing Director)</li> <li>General Manager (acting Managing Director), Market Research Department, Business Consulting Department, Building Management and Property Management Department , Property Valuation Department</li> </ul>	<ul style="list-style-type: none"> <li>Savills (Thailand) Limited</li> <li>Japan Valuers (Thailand) Co., Ltd.</li> <li>National Institute of Development Administration</li> <li>The Bangkok Residence 88 Co., Ltd.</li> <li>C.I.T. Property Consultants Co., Ltd.</li> <li>C.I.T. Property Consultants Co., Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>Bank of Ayudhya Public Company Limited</li> <li>Management and Non-performing Assets Management Department</li> </ul>

## Executives

Name	Education	Past work experience related to investment or real estate management
1) <b>Mr. Piyapong Pinthuprapa</b> Managing Director	- Master of Science in Real Estate, Bayes Business School, City University - Bachelor's Degree of Economics, Thammasat University	Chief Executive Officer Senior Manager of Business Development Assistant Fund Manager, alternative investments and real estate, investment Management Office Investment office
2) <b>Ms. Prapaipun Fungvanit</b> Senior Business Development Manager	- Master of Science in Investment Analysis and Management, Aston University - Bachelor of Business Administration, Finance, Thammasat University	CB Richard Ellis (Thailand) Co., Ltd. BRB Hostel WHA Real Estate Management Co., Ltd. TISCO Bank Public Company Limited
3) <b>Mr. Thana Charoensantitham</b> Senior Asset Management Manager	- Master of Economics Chulalongkorn University - Bachelor of Industrial Engineering Sirindhorn International Institute of Technology Thammasat University	CB Richard Ellis (Thailand) Co., Ltd. Saha Capital Tower Co., Ltd. Country Group Development Public Company Limited Thai Yamaha Motor Co., Ltd.

Name	Education	Past work experience related to investment or real estate management	
4) Ms. Piyawan Laokosakul Senior Accounting Manager	- Master of Science in Accounting and Finance, Teesside University, United Kingdom - Bachelor of Accounting Chulalongkorn University	Mar 2022 - Sep 2022 Dec 2014 - Mar 2022	Vice President Senior Manager KE Capital Partners Co., Ltd. WHA Real Estate Management Co., Ltd.
5) Ms. Warocha Chaikerd Assistant Business Development Manager	- Master of Science (Real Estate Business) Thammasat University - Bachelor of Architecture Silpakorn University	Sep 2021 - Jun 2022 Apr 2018 - Aug 2022 Dec 2014 - Mar 2018	Program Manager, Planning Manager Architect Design Department Architect Design and Construction Department EK-Chai Distribution System Co., Ltd. (Lotus's) Frasers Property (Thailand) Public Company Limited International Project Administration Co., Ltd.

### Scope of Authority, Duties and Responsibilities of the Board of Directors

- (1) Perform duties in accordance with the laws, the Company's objectives, and regulations, as well as the Board of Directors' resolutions and unitholders' resolutions with honesty (Duty of Loyalty), prudence (Duty of Care), accountability and ethics.
- (2) Determine the vision, mission, strategies, direction and appropriate organizational structure, as well as the Company's and the REIT's policies in relation to business operations and execution plan, annual budgeting, risk management, administering and evaluating the Company's operating performance under the scope of the REIT Manager appointment agreement, the trust deed, form 56-1, prospectus, the Company's objectives and regulations, the Board's resolutions and the resolutions from the unitholders' meeting, including relevant laws, with consideration of the REIT's and unitholders' maximum benefits as the priority.
- (3) Follow up with the Company's operating performance in different aspects as the REIT manager on a continuous basis, as well as offer essential advice to ensure that the Company's operations are in line with the aspired objectives.
- (4) Review, monitor and offer advice as needed to ensure the Company has an effective and efficient control system and operating system in place, as required of the REIT manager's roles.
- (5) Ensure compliance and execution related to the disclosure of transactions with potential conflicts of interest, in accordance with the criteria enforced by the Securities and Exchange Commission, the Stock Exchange and related regulatory bodies.
- (6) Review, monitor and evaluate the performance of the Company's executives, as well as offer advice as needed to ensure that executives perform their roles to the best of their potential and in alignment with the criteria and regulations stated in different agreements and rules regarding role performance of the REIT manager.
- (7) The Company's Board of Directors may assign one or more directors or any individuals to perform duties on the Board's behalf. In this regard, this shall not include authorization of power or sub-authorization that allows a director or an authorized person to approve of the transaction that one or other individuals may have potential conflicts of interest or any other types of benefits that conflict with the REIT's interests.
- (8) Consider and approve of the investment decisions in the REIT's assets, for instance, real estate, tooling, machinery, or equipment, to align with the trust deed, form 56-1, prospectus, laws, notices, or relevant regulations.
- (9) Consider and approve of the divestment of core assets and properties of the REIT to be in line with the trust deed, form 56-1, prospectus, laws, notices, or relevant regulations.

### Scope of Authority, Duties and Responsibilities of Independent Directors

- (1) Review, monitor and offer essential advice to the Company on the information disclosure procedures, compilation of the Company's and the REIT's financial reports to be accurate, sufficient, trustworthy, and timely.
- (2) Review, monitor and offer essential advice to the Company on implementing an appropriate internal control and operational systems, as required of the REIT manager's roles.
- (3) Consider and offer opinions on inter-related transactions or ones that may involve conflicts of interest with the REIT, to be in line with the laws and related regulations, to ensure that such transactions are sensible and promise maximum interests to the REIT.
- (4) Perform any other duties as assigned by the Company's Board of Directors that are of benefits to the REIT.

### Duties and Responsibilities of the Company as the REIT Manager

The Company as the REIT manager is obligated to take charge of the REIT and ensure that tenants of the REIT's core assets perform their roles in accordance with the Company's policies, trust deed, form 56-1, prospectus, regulations, and relevant laws.

- (A) The Company's general duties are as follows:
- (1) Perform duties by exercising knowledge and competencies as a professional with responsibility, prudence, and honesty. Treat all unitholders with fairness for maximum benefits of all unitholders. Comply with the trust deed, REIT manager's appointment agreement, form 56-1, prospectus, REIT's objective, resolutions of the unitholders' meeting, regulations, and relevant laws.
  - (2) Comply with the REIT Act, Securities and Exchange Commission Act and other laws relevant to the REIT's operations, as well as the Code of Conduct and professional standard regulated by relevant associations or organizations related to the securities businesses, and refrain from supporting, commanding, or cooperating with any individuals in violating the aforementioned laws or regulations.
  - (3) Arrange for sufficient capital for business operations and potential commitment arising from performing duties as a REIT manager on a continuous manner.
  - (4) Arrange for the retention of funding in accordance with the relevant criteria.
  - (5) Manage the assets in accordance with the trust deed, REIT manager appointment agreement, form 56-1, prospectus, the Company's operational plan, unitholders' meeting resolutions, relevant laws and regulations.
  - (6) Never misuse the information obtained from serving as the REIT manager's roles in an inappropriate manner for one's own benefits, or cause damages or impact on the REIT's overall interests.

- (7) Perform duties with prudence and ensure not to cause conflicts of interest. In case there are potential conflicts of interest, one must ensure that investors are treated fairly and appropriately.
  - (8) Organize unitholders meeting in accordance with the criteria stated in the trust deed, regulations, and relevant laws.
  - (9) Proceed with capital injection or reduction in accordance with the criteria stated in the trust deed, regulations, and relevant laws.
- (B) Duties in compilation of reports and information disclosure:
- (1) Compile the Company's financial statement in accordance with the generally accepted accounting principles and submit the report to the Securities and Exchange Commission within the specified timeframe.
  - (2) Disclose, offer opinions, or provide significant and relevant information in a sufficient manner for investors' decision making.
  - (3) Prepare and disclose the information of the REIT in accordance with the Securities and Exchange Act and other information as specified in the trust deed, form 56-1, prospectus, Stock Exchange's regulations, as well as relevant laws and regulations, for instance, calculation and disclosure of the REIT's asset values and unit values, etc.
  - (4) Give cooperation to the trustee in performing duties or the Securities and Exchange Commission, which includes compilation and disclosure of any other information required by the trustee or the Securities and Exchange Commission.
  - (5) Ensure that unitholders receive sufficient and accurate information prior to making decisions, whereby the information should be received in advance as stated in the trust deed, form 56-1, prospectus and relevant laws and regulations.
  - (6) Prepare and submit the reports and/or related documents to the trustee and/or the Securities and Exchange Commission within the specified timeframe.
- (C) Duties related to investment or divestment of the REIT's assets:
- (1) Ensure that the investment in core assets or other properties are properly executed, with the administering of self-evaluation in investment management and execute the investment policy of the Company and the trust deed.
  - (2) Arrange for the due diligence for the real estate and evaluate risks in different aspects that may arise from the investment. Ensure that there are risk management protocols in place.
  - (3) Arrange for the valuation of core assets in accordance with the prescribed criteria.

- (4) Take care of core assets to be in good condition and ready to seek benefits at all times. Arrange for the repair, maintenance, and improvement of core assets to maintain their good conditions.
  - (5) Arrange for sufficient insurance on the core assets throughout the course of the REIT's investment, covering non-life insurance on the real estate and the liability insurance on the third parties that may be impacted by the real estate or any related proceedings, as well as other insurances as deemed appropriate.
  - (6) Develop the investment and risk management plans related to the REIT and its properties, loan acquisition plan and the REIT's annual financial management plan.
  - (7) Ensure that the sale, payment, transfer of real estate's ownership, or entering into related agreements for the REIT are executed righteously and with legal effects.
- (D) Duties related to protection of the REIT's interests:
- (1) Coordinate with the trustee or designated individuals from the trustee to facilitate the inspection procedures of core assets.
  - (2) Manage the REIT's budget and cash flow.
  - (3) Prepare the REIT's statement of financial position that complies with the generally accepted accounting principles and legal regulations in accounting, and disclose the reports based on the designated criteria.
  - (4) Monitor, control and verify the reimbursement and payment of the REIT's expenses, especially withdrawals from the account for daily operations (if any), or for other purposes mutually agreed upon with the trustee, under the financial limit approved of by the trustee.
  - (5) Arrange for the compensation payment for unitholders based on the trust deed's criteria, unitholders' meeting resolutions, regulations and relevant laws, whereby there may be potential disclosure of loan amount and reserve allocation for repayment or for any other repayment obligations in each year until the debt is fully settled (if any), including obligations from loan acquisition, debt repayment period and the impact they may have on paying benefits to unitholders.
  - (6) In case a resolution from unitholders to proceed on any matters is required, the REIT manager must express opinions and analyze the impact to facilitate decision making.
  - (7) Ensure proper storage of different documents related to the REIT's operations, based on the direction set forth by the relevant organizations.



(E) Duties in case of engaging in transactions that may involve potential conflicts of interest:

In case of engaging in transactions that may involve potential conflicts of interest, the Company will consider the rationale and necessity in proceeding with such transaction and will ask for the agreement of the trustee whether such transaction is aligned with the trust deed and relevant laws. If the trustee disagreed, the Company would not proceed with such transaction, unless otherwise agreed upon by the trustee. If the scale of the transaction requires an approval of the Board of Directors and/or the unitholders' meeting, the Company would ensure to proceed in order to obtain an approval in accordance with the relevant criteria.

In this regard, engaging in transactions that involve potential conflicts of interest between the REIT and the trustee is not allowed unless a compensation is called for by the trustee for acting as the trustee, or other transactions that the trustee has displayed that the REIT is managed fairly and that the relevant information is sufficiently disclosed to unitholders in advance, while unitholders do not express any objection and that required procedures are executed based on the relevant regulations.

(F) Other duties of the Company:

- (1) In case there are changes in the REIT manager, the Company will offer cooperation and proceed with required courses of action to transfer the tasks on hand to the individuals or organizations that take over the roles.
- (2) In case there are appointments of consultants to offer advice on the investment in real estate and real estate management, the Company will abide by the following criteria:
  - (2.1) Ask the consultants to relay potential conflicts of interest with the transaction to enhance the efficiency of consideration.
  - (2.2) If the consultants have any conflicts of interest with the matter at hand, either directly or indirectly, they may not participate in the consideration of such matters.

# Policies and Provision of Benefits

## Nature of Provision of Benefits

The objective of investing in the REIT's core assets is to generate good and consistent returns in the long run for trust unitholders, whereby the REIT manager will identify the appropriate policies and strategies in managing the REIT's assets for unitholders' maximum benefits.

The REIT manager provides benefits from the assets by renting out the assets to tenants, whereby the REIT obtains income and cash flow in the form of rent and service income in granting the rights to use basic utilities (service fees) (if any), which can be categorized as follows:

### Rental and Service Income

For Saha Group Industrial Park in Sriracha, Kabinburi and Mae Sot, the rent and service income from granting the right to use basic utilities are incurred directly to the REIT from renting out factory space to tenants.

For Tiger Suvarnabhumi DC project, the rent, conveyor system and racking system rental income are incurred directly to the REIT from renting out the warehouse space and/or other properties to tenants.

In this regard, tenants will make use of the factory and/or warehouse space to operate their own businesses, whereby the REIT collects rent and service fees from tenants at a fixed rate based on the size of the space. The standard rent contract lasts for a period of no more than 3 years, whereby tenants pay the rent and service fees on a monthly basis to the REIT. However, certain tenants at Saha Group Industrial Parks in Kabinburi and Mae Sot are on the rent contract with the contract period of more than 3 years.

### Other Income

Other income is somehow related to the rent and service provision income, comprising of common area fee, utility fee, land and building tax income that the REIT collects from tenants and income from any other binding contracts, etc.

## Details of Tenants

As of 31 December 2022, the REIT has diversified tenants in terms of industries and nationalities.

### (1) Industry of tenants

Industry	Ratio of net rental income (%)
Logistics	42.44
Manufacturer	28.06
E-commerce	16.00
Textiles	9.44
Fast Moving Consumer Goods - FMCG	4.06

### (2) Nationality of tenants

Nationality	Ratio of net rental income (%)
Thai	42.18
Japanese	27.77
Chinese	16.00
Argentina	13.83
Korean	0.22

### (3) Lease expiry profile

Expiry year	Ratio of net rental income by project (%)				Ratio of net rental income all project (%)
	Saha Group Industrial Park Si Racha	Saha Group Industrial Park Kabinburi	Saha Group Industrial Park Mae Sot	Tiger Suvarnabhumi DC	
2023	-	-	-	5.51	5.51
2024	3.87	-	4.87	39.68	48.42
2025	10.27	-	7.40	15.23	32.90
2026	-	-	-	-	0.00

## Details of investment assets

### Investment assets

No.	Project	Location	Type of Investment	Details of Initial Investment Assets Area (sq.m.)	Land Area	Net Leasable (Sq.m.)	Occupancy Rate (%)	Avg. building age (year)
1.	Saha Group Industrial Park Si Racha	Nong Kham, Si Racha	Leasehold	(1) Leasehold rights of 2 plots of land (title deed no. 15944 and 21814)	9 - 0 - 71.49 Rai	14,760	100	31
	Si Racha	Chon Buri		(2) Leasehold rights of 8 factory buildings (8 units)				
2.	Saha Group Industrial Park Kabinburi	Nonsi, Kabinburi,	Leasehold	(1) Leasehold rights of 3 plots of land (title deed no. 4207, 18530 and 89280)	9 - 2 - 63.90 Rai	16,145	100	32
	Kabinburi	Prachin Buri		(2) Leasehold rights of 4 factory buildings (2 units)				
3.	Saha Group Industrial Park Mae Sot	Mae Kasa, Mae Sot,	Leasehold	(1) Leasehold rights of 4 plots of land (title deed no. 34896, 46829, 46830 and 46831)	22 - 1 - 31.85 Rai	23,303	100	13
	Mae Sot	Tak		(2) Leasehold rights of 8 factory buildings (14 units)				
				(3) Ownership of related movable assets such as transformer along with related equipment ; electrical transmission system, MDB, etc.				

No.	Project	Location	Type of Investment	Details of Initial Investment Assets Area (sq.m.)	Land Area	Net Leasable (Sq.m.)	Occupancy Rate (%)	Avg. building age (year)
4.	Tiger Suvarnabhumi DC	Khlong Sam Prawet, Latkrabang, Bangkok	Freehold	(1) Ownership of 2 plots (title deed no. 48854 and 50580) (2) Ownership of 1 warehouse (3 Units), 1 canteen building and support buildings (3) Ownership of related movable assets including Conveyor System and Racking System	47 - 0 - 79.4 Rai	64,723	99	5

## Location of Investment Assets



## Value from the latest appraisal report

Appraisal value of the assets calculate by income approach as of 20 June 2022, the appraisal value as of initial investment, can be summarized as follows:

Investment Assets	Type of Investment	Appraisal value of the asset (MB.)	Appraiser
Saha Group Industrial Park Si Racha	Leasehold	289.00	Grand Asset Advisory Co., Ltd.
Saha Group Industrial Park Kabinburi	Leasehold	227.30	Knight Frank Chartered (Thailand) Co., Ltd.
Saha Group Industrial Park Mae Sot	Leasehold	232.00	Knight Frank Chartered (Thailand) Co., Ltd.
Tiger Suvarnabhumi DC	Freehold	1,724.00	Knight Frank Chartered (Thailand) Co., Ltd.
<b>Total Appraisal Value</b>		<b>2,472.30</b>	

## Loan Acquisition Policy

The REIT may borrow money or commit an obligation, either with or without the collaterals, and must comply with the borrowing criteria or obligatory duties as required by law, or as stated in the trust deed. In this regard, the REIT will proceed to borrow money or commit an obligation only for the following objectives:

1. To invest in real estate, movable properties, equipment, leasehold rights that are additional core assets, or to invest in other properties.
2. To use in the management of the REIT's properties.
3. To use for maintenance, repair, or improvement of the REIT's properties, for instance, the REIT's real estates, or real estates in which the REIT has leasehold rights to be in good conditions and be to seek benefits, or to satisfy market conditions or changing customers' requirements.
4. To add or construct additional buildings on the existing land space owned by the REIT or ones in which the REIT has leasehold rights, for the benefits of seeking the REIT's interests or to cater to changing market conditions or customers' requirements.
5. To settle the loan or the REIT's obligations.
6. To serve as the REIT's working capital.
7. To readjust the loan structure to settle existing loan agreement (Refinancing).
8. To readjust the REIT's capital structure.
9. For any other necessary reasons as deemed appropriate by the REIT manager to ensure unitholders' maximum benefits.

The REIT's loan proportion has been limited to not exceed 35% of the REIT's total asset values. In case where the REIT's credibility is ranked in the investment grade, the borrowing proportion shall not exceed 60% of the REIT's total asset values.



### Key Summary of Loan Agreement

As of December 31, 2022, HYDROGEN REIT's long-term loan was reported at 855 million Baht, with key details of the loan agreement as follows:

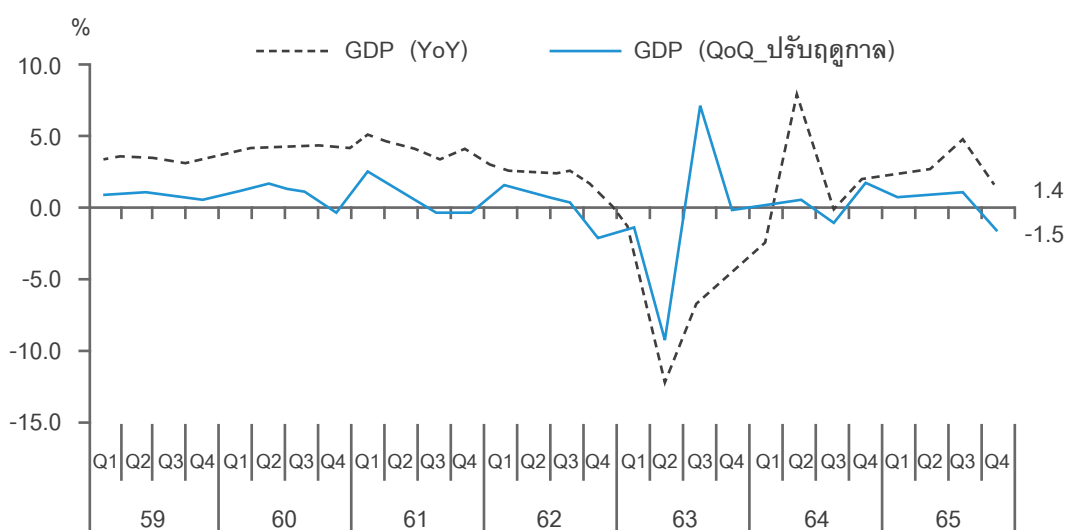
Lender	Commercial banks, financial institutions, insurance companies and/or any other individuals that may provide loan to the REIT.
Borrower	Land and Houses Fund Management Co., Ltd. as the trustee of HYDROGEN REIT
Loan Amount	Total loan amount of not exceeding 900 million Baht Loan Long-term loan of not more than 900 million Baht for the first-time investment in main assets of the REIT and other relevant expenses.
Interest Rate	The interest rate refers to the MLR (Minimum Loan Rate) or other reference interest rates, whereby the average interest rate throughout the contract period will not exceed the MLR-1.5% per year. In this regard, the MLR (Minimum Loan Rate) is the rate for key accounts.
Repayment Due Date	5 Years from the loan drawdown
Interest Payment	To be paid monthly
Principal Repayment	To be settled in full on the repayment due date
Loan Collateral	<ol style="list-style-type: none"><li>1) The mortgage for core assets that the REIT invested in for the first time in Tiger Suvarnabhumi DC project.</li><li>2) The endorsement of the insurance stating that the lender is the co-beneficiary and co-insured.</li><li>3) The registration of a lease agreement with the tenant and/or the REIT's operating accounts are business collaterals under the Business Collateral Act B.E.2558.</li><li>4) Other loan collaterals (if any) identified by the REIT and the lender in the loan contract and relevant financial documents agreed upon by the REIT and the lender.</li></ol>
Financial Practices	The borrower must maintain the interest-bearing debt to total asset value ratio of not more than 35% and/or other financial practices identified by the REIT and the lender as stated in the loan agreement and relevant financial documents agreed upon by the REIT and the lender.
Compiling with Financial Covenants in Loan Agreement	HYDROGEN complies the financial covenants in loan agreement

# Overall Industry Outlook

## Economic Outlook

There was a continuous expansion in the global economy in the fourth quarter of 2022, though the approaches varied in each country. The economy of major industrialized countries has shown signs of a slowdown in domestic consumption and production after the central banks have rapidly and continuously increased the policy interest rates to alleviate the pressure of inflation that has continued to remain high. The US economy has also been slowing down with a high tendency of mild recession, while the European economy and the United Kingdom have been affected by severe energy crises, resulting from the geopolitical tension between Russia and Ukraine and the persistent sanction, leading to the instant surge in inflation rates. The Chinese economy has also been slowing down with the lowest growth rate in 46 years, caused by the impact of COVID-19, later the government has decided to release the lockdown measures in major cities. In this regard, new industrial economies (NIEs) and ASEAN economy also show signs of a slowdown following the decline in exports, world economy and global commerce transactions. Some countries are still experiencing risks from economic stability especially those with high proportions of foreign currency debts.

However, the global economy is highly likely to be supported by less severe inflation, in accordance with the easing out of energy price and global supply chain crises, which should have made the central bank's monetary policy to be less stringent, coupled with a strong labor market reflecting low unemployment rate, and the recovery of the tourism sector after the lifting of border controls. Many countries have eased into the Living with COVID policy, for instance, the USA, Europe, Japan and South Korea, coupled with the progress in booster vaccine distribution, which has helped lessen the severity of the disease compared to previous waves of the transmission despite a significant increase in new cases in many countries. The Chinese economy has an especially positive sign of recovery from the lifting of border control that is sooner than expected.



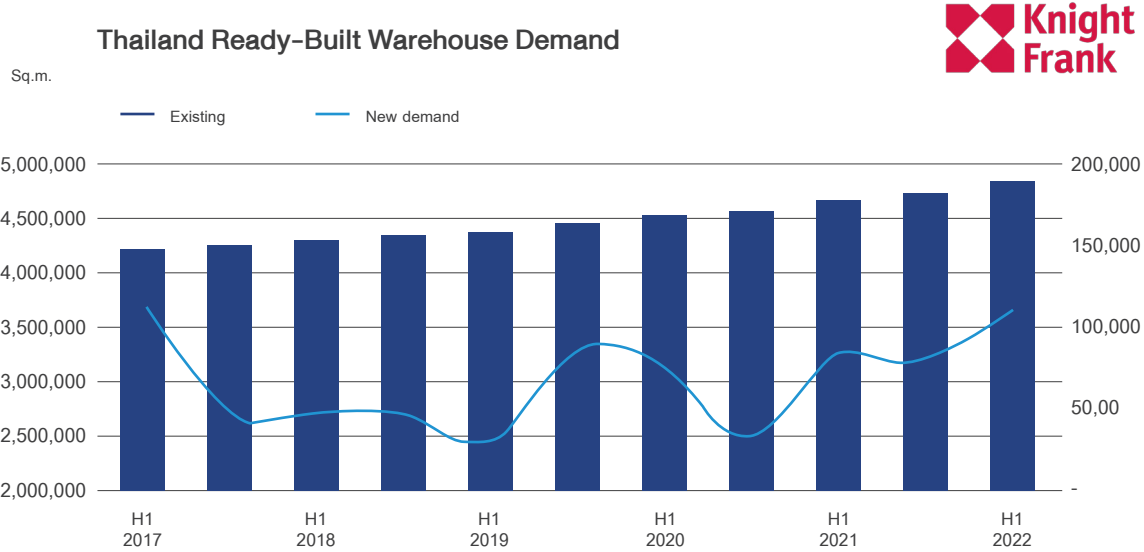
Source: NESDC

The Thai economy in the fourth quarter of 2022 expanded by 2.6%, compared to 1.5% in 2021, mainly due to a significant recovery of the tourism sector, as seen from a continuous increase in the number of foreign tourists from opening up the border, the cancelation of Thailand Pass in July 2022, as well as the gradual recovery of private sector consumption, supported by economic activities especially the service sector, increased employment and labor wages that are more evenly distributed. Meanwhile, despite the slowdown in global economy, the volatility in global financial market amidst the increase in interest rates by major central banks and the uncertainty arising from geopolitical tension may have affected the export sector especially products with high sensitivity to the economic tendency of partner countries such as furniture, jewelry and lower production of industrial products. However, certain product groups and businesses are still being able to grow such as hotels, service, construction, food and beverage, logistics, storage, agricultural products and industry, which are critically supported by the sufficient amount of water for crop cultivation, coupled with the recovery of the labor market to the pre-COVID level, reflecting from the drop in unemployment rate in the fourth quarter of 2022 to 1.15%, compared to 1.23% in the previous quarter, and 1.66% in the fourth quarter of 2021. However, in order to resonate more clearly with the recovery tendency of the Thai economy and the high level of Thai inflation rate, the Bank of Thailand has gradually increased the interest rate so that the economy can recover with stability in the long run, with the minimum impact on those who rely on financing. All in all, the tourism and private consumption sectors will be the driving mechanism for the economy going forward.

### **Ready-built Warehouse Market Outlook**

The outlook of the logistics industry has continuously been driven in the past several years. The warehouse business is one that supports many other businesses, for instance, retail, export and manufacturing which require warehouse space to store products for domestic distribution and export, coupled with a rapidly increasing demand from e-commerce businesses, which require a lot of warehouse spaces for storage and distribution. Retailers in the e-commerce usually require warehouses with special quality for storage purposes, retrieval, packing, delivery, and fulfillment. The development of new warehouses in Thailand are mostly the expansion of business in existing potential locations, while growth of the warehouse business in Thailand is significantly supported by the development of large-scale transportation infrastructures such as highways, railways, ports, airports as well as the establishment of new industrial estates by the Industrial Estate Authority of Thailand. New warehouses in the market are mostly ones with advanced inventory management and logistics management systems, as well as storage warehouses with temperature control that has high demand in the market. In this regard, the format of development will take into consideration the environmental and energy saving aspects.

The warehouse supply in the second quarter of 2022 was approximately 4.84 million square meters in total, increasing by 107,200 square meters compared to the second half of 2021, which increased by 4% per year, mostly from Bangkok Free Trade Zone 2 and 3 in Samutprakarn. Even the supply growth in the second half has increased from the past few years, it is still lower than the average growth rate before 2017, whereby demand for warehouses built for customers' specific needs (built-to-suit) has become more popular in Thailand.

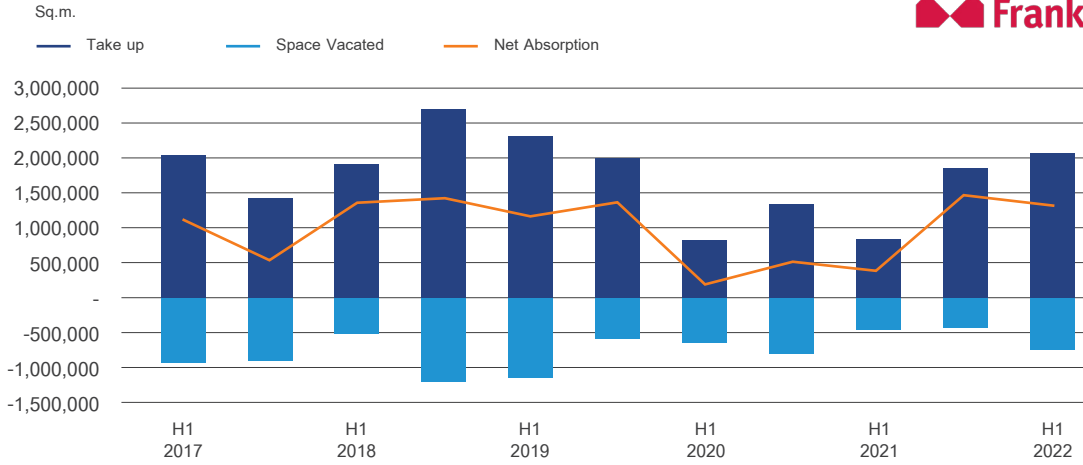


Source: Knight Frank Research Q2/2022

For the distribution of supply, Bangkok and vicinity still represent the largest market share. In the first half of 2022, supply increased by 8.4% per year, with 2.3 million square meters in total or 48.3% of the total Ready-built Warehouses. All new supplies are in Samutprakarn, leading to an increase in the number of modern warehouses in the area. The overall supply in the eastern coast area and the central region still has remained the same since the second half of 2021, with the market share of 36% and 15.3% respectively, whereby there was no significant growth in both areas in the previous year. In this regard, there are new warehouse spaces in the northeastern region, but with a limited space, there is no impact on the changes in the distribution of supply.

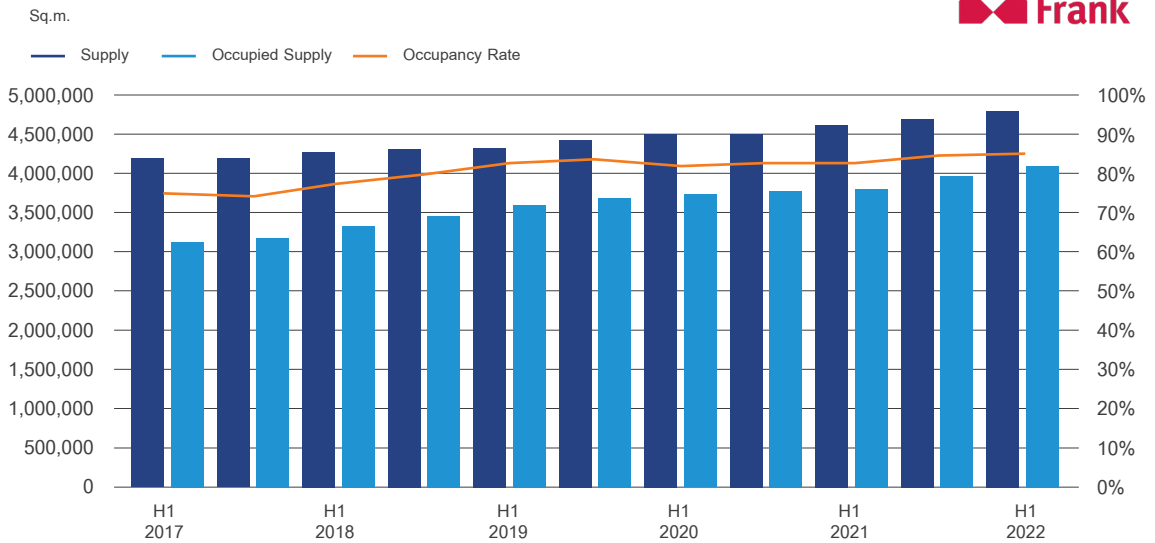
With regards to demand for warehouses in the second quarter of 2022, new space rentals were equivalent to 208,000 square meters, hitting record-high since before the pandemic. The return of rental space in the same period was 74,000 square meters, leading to a positive net absorption rate of 134,000 square meters, but still lower than the net absorption rate in the second half of 2021 by 7%. However, due to the rapid increase in demand for Ready-built Warehouses, the rental space has increased by 7.2% per year or 4.14 million square meters in total, accounting for the occupancy rate of 86%, which is the highest rate in 10 years' time.

### Thailand Ready-Built Warehouse : Demand - Supply Dynamics



Source: Knight Frank Research Q2/2022

### Thailand Ready-Built Warehouse : Supply, Demand & Occupancy Rate

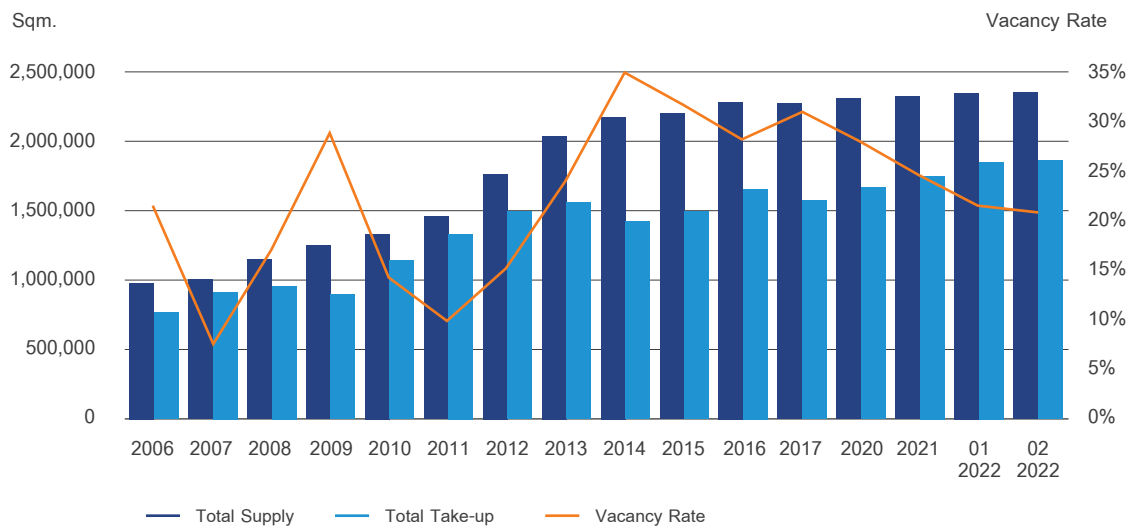


Source: Knight Frank Research Q2/2022

The occupancy rate in the first half of 2022 had constantly been on the rise, from increasing demand for Ready-built Warehouses in the EEC zone, while the combination of high net absorption rate and limited new supply has led to a significant increase in occupancy rate of 84.5%, increasing by 3.4% from the end of 2021, or 8.8% from the second quarter of 2021 (YoY).

## Ready-built Factory Market Outlook

All in all, the Thai economy has essentially been supported by the expansion of private sector and public sector investment, with a tendency of a continuous expansion in the private sector investment in 2023, reflected from the requests for investment promotion in 2022 of 664 billion Baht, which is the highest number in historical record, equivalent to the expansion rate of 38.8% from the year before. Besides, the private sector investment tends to gain support from the progress in joint investment projects between the public and private sectors (Public Private Partnership – PPP), coupled with the possibility of moving the manufacturing base for major overseas entrepreneurs to Thailand, for instance, electric vehicles and electronics parts industries. Moreover, public sector investments are potentially supported by the state enterprise investment endeavors in key infrastructure projects, whereby continuous progress can be expected in 2023, for example, the regional high-speed rail system project.



Source: CBRE Research Q2/2022

The supply of Ready-built factories in the second quarter of 2022 was equivalent to 2.39 million square meters in total, with new supply accounting for 39,215 square meters, increasing by 1.7% YoY. In this regard, real estate developers are still monitoring the situation and slowing down the construction of new ready-to-use factories, but instead focusing on building and designing to achieve the unique quality specifically required by customers (Built-to-Suit). This rental format mostly lasts for a period of more than 10 years, which potentially ensures revenue stability for the project.

In terms of demand for Ready-built factories in the second quarter of 2022, the factory space already in use was equivalent to 1.91 million square meters, increasing by 1.4% QoQ but decreasing by 1.9% YoY. In this regard, vacancy rate has remained quite stable at 20.2%, compared to 20% in the previous quarter.

# Risk Factors

## 1. The risks relating to HYDROGEN's Investment Assets

- 1.1. The risk from investment in leasehold immovable properties where the value thereof declines over the remaining lease period.

HYDROGEN invests in the leasehold rights in Saha Group Industrial Parks - Sri Racha, Kabinburi, and Mae Sot where the value of the leasehold will decline over the remaining lease period due to the evaluation of the value of leasehold rights, changes in the amount of lease, and/or rate of the rental fee, or other reasons beyond the control of the REIT Manager. In addition, changes in the value of leasehold rights may significantly affect the asset value, the net asset value, and the trust unit value, provided that, after the expiration of the lease of the main assets in all 3 projects, the value of the asset will be equal to zero.

However, for an investment in the Initial Investment Main Assets, HYDROGEN invests in leasehold rights of lands and factory facilities, the approximate number is 30.27 percent of the total asset value of HYDROGEN. In this case, the value of the assets is calculated from the appraisal value.

- 1.2. The risk from the depreciation of buildings in respect of benefit procurement and/or the risk from insufficiency of reserved money for major maintenance or restoration of HYDROGEN's Initial Investment Main Assets.

If HYDROGEN does not maintain, repair, and renovate the assets properly, the assets may deteriorate causing an inability to generate income; and in case HYDROGEN cannot attain enough reserve money to repair and/or improve the assets to retain its capability to compete, the adverse impact on the operation, financial status, and competency in paying returns to the trust unitholders may occur.

For the buildings which are the Initial Investment Main Assets in Saha Group Industrial Parks - Sri Racha, Kabinburi, and Mae Sot, the average ages of the buildings are 31, 32, and 13 years, respectively with the building equipment available as required by the laws. The condition of the buildings, in-dept structure strength, component systems and equipment, and have been checked and none of the indications that the buildings will be damaged was found, and the service life of the buildings is approximately 35 years old from the check-up date which is cover the lease period of the Initial Investment Main Assets invested by HYDROGEN.

Nonetheless, to properly maintain repair and renovate the Main Assets, the REIT manager will estimate annual expenses of improvement, repair and/or reserved money considering operation plan of the Property Manager and/relevant experts.

Moreover, in case the reserved money is not enough, HYDROGEN may consider finding another resource of the fund, such as lending money or securities.



1.3. The risk from the higher competition which may decrease the number of tenants.

HYDROGEN may face supply risk if in the future there are new factory facilities, warehouses, and related rental office spaces built in the same area. It may affect the number of existing minor tenants or potential minor tenants which will have a significant impact on the performance, business and financial condition of HYDROGEN.

However, the location of the Initial Investment Main Assets are in suitable locations with transportation routes to other regions which reduces operational costs to small business operators, therefore, such factor can attract business operators to lease the Initial Investment Main Assets. Moreover, SPI's long experience and expertise in developing and managing real estate for rent is another factor to increase the potential of HYDROGEN's Initial Investment Main Assets to compete with others.

1.4. The risk from the concentration of major tenants and the loss of major tenants in HYDROGEN's Initial Investment Main Assets which may affect the revenue of HYDROGEN

As of 30 June 2022, the first 5 major tenants of the Initial Investment Main Assets leased the building spaces in a total of 85.52 percent of the total revenue of the Initial Investment Main Assets. If any of the tenants do not renew the lease agreement and/or basic utilities agreement when expired or cancels the lease agreement and/or basic utilities agreement before the expiration and HYDROGEN cannot find a new tenant, this may cause an adverse effect on business, performance, financial condition, and revenue of HYDROGEN. Moreover, SAHA Group Industrial Park Kabinburi has only 1 tenant and accounted for approximately 13.79 percent of the total revenue of the Initial Investment Main Assets

However, the Company considers that the Initial Investment Main Assets are potential assets with a suitable location, and convenient transportation routes to other regions, and the lease renewal rate has always been high. In 2019, 2020, and 2021, the renewal rate was approximately 91.32, 70.43, and 83.46 percent of the due rental areas, respectively. Therefore, the risk of a major tenant cancelling the lease agreement and/or basic utilities agreement, or not renewing the agreements is quite low.

The Company has risk management on the renewal of the agreement with the policy to negotiate the renewal of the agreement prior to the expiration for 3-6 months, therefore, the Company has enough time to procure a new tenant to replace.

Also, in case the major tenant cancels the lease, it is considered that the areas of the factory facilities or warehouses can be divided into smaller rental spaces and with the potential of the asset, finding new minor tenants is possible.

1.5. The risk from option to early termination of the tenants.

Some of the lease agreements of the Initial Investment Main Assets contain the option to early termination, and some tenants can cancel the lease agreement prior to the expire without being deemed as default on the condition that they can procure a new substitute tenant. However, if they cannot find a new tenant, they will be fined for early termination (Early Termination Penalty) equal to 3 months of the rental fee and in some cases, the tenants have to pay a penalty equal to the rental fee of the remaining lease period or not pay the penalty if the conditions specified in the lease agreement is satisfied.

The proportion of tenants who have the rights to early terminate the lease agreement prior to the expiration with the condition to pay a fine equal to the 3-month rental fee, and the proportion of tenants who have the rights to early terminate the lease agreement without paying the fine if the conditions in the lease agreement are met is approximately 5.12 percent and 16.12 percent of the rental revenue of the Initial Investment Main Assets, respectively. If the tenants exercise the rights and cannot provide new tenants or the new tenant make a lease agreement for a shorter term, the cash flow and performance of HYDROGEN will be directly affected.

Based on the operating history of the Initial Investment Main Assets in the past 3 years from 2020 to the present, no tenant has exercised such right to early terminate the lease agreement. Additionally, the Company considered that the building is located in a good location with good condition, so it may be no reason for the tenants to early terminate the agreement.

1.6. The risk from the dependency of HYDROGEN on the Asset Owners to procure and/or provide service of common roads connecting the projects with the public roads, electricity and water supply, and other basic public utility to the tenants after HYDROGEN's investment.

HYDROGEN may be at risk of relying on the owner of the assets to acquire for lands as an entrance and exit, electricity and water supply, and other basic facilities for the minor tenants. As for the Initial Investment Main Assets where HYDROGEN invested in SAHA Group Industrial Parks - Kabinburi and Mae Sot, since HYDROGEN does not invest in the infrastructure asset related to the basic utilities support which is to be serviced to the minor tenants, including the roads within the projects which are owned by SPI that connect to the public roads ("Access land"), basic utilities system, energy transmission systems, and sewage systems. HYDROGEN became a grantor of the basic utilities instead of SPI by assigning the rights and obligations under the basic utilities agreements, therefore, HYDROGEN entered into an agreement with SPI in the Undertaking Agreement for the investment requiring SPI, the owner of the infrastructure assets related to the basic utilities systems, to grant HYDROGEN, minor tenants, and the followers of HYDROGEN and tenants to use basic utilities at all time together with others in SAHA Group Industrial Parks – Sri Racha, Kabinburi, or Mae Sot (as the case may be), without any blocking or restrictions throughout the investment period; provided that, SPI shall be responsible for maintenance and repair of the infrastructure assets related to the basic utilities system with SPI's expenses.

For the energy and water supply, HYDROGEN entered into the agreement requiring SPI to be responsible for providing an adequate energy and water supply to the minor tenants throughout the investment period.

However, the Company cannot guarantee that SPI will completely fulfil its obligations under the agreement. If any event happened that cause SPI to stop providing the services to HYDROGEN and the tenants, there may be an obstruction in acquiring benefits from the Initial Investment Main Assets and may adversely affect the business, financial condition, performance, and business opportunity of HYDROGEN significantly.

Anyhow, SPI is already engaged in the management of industrial parks and provides basic utility services, including the usage of the road to other tenants. Therefore, there is a low risk that SPI will not allow HYDROGEN to use the Access Land and basic utilities, together with other tenants in SAHA Group Industrial Parks.

However, as a measure to mitigate the above risks. HYDROGEN has specified in the investment agreement prohibit SPI from selling, disposal, transferring any rights and/or obligations or incurring any obligations or creating any other rights on the assets relating to the basic utilities necessary to provide the benefits of HYDROGEN, including such Access Land unless prior written consent is obtained from HYDROGEN. However, such prohibitions shall not apply to cases where SPI sells, dispose of and transfer any rights and/or obligations relating to such infrastructure assets that are necessary to restructure SPI Group Company and/or to list the shares of SPI Group Companies on the SET and/or in the event that SPI transfers them into the public interest and/or divided into the public interest land under the related laws and conditions specified in the investment agreement.

- 1.7. The risk from HYDROGEN not investing in the entrances and exits of Saha Group Industrial Park - Si Racha project, Saha Group Industrial Park - Kabinburi project and Saha Group Industrial Park - Mae Sot project and such entrances and exits are not registered to HYDROGEN.

HYDROGEN does not invest in the land at the entrance and exit of the Saha Group Industrial Parks. However, HYDROGEN (including the minor tenants and its followers) is entitled to use the Access Land from SPI, the owner and developer of the 3 SAHA Group Industrial Parks under the investment agreement (“Rights to Use Access Land”). The right to use the access land is a jus in personam between HYDROGEN and SPI as parties in the investment agreement. In case SPI transfer the ownership of the access land to a third party, the right to use access land shall not be transferred to the transferee as in the case of registration of the servitude on the access land where the burden of servitude shall be an encumbrance on the access land (servitude property), regardless of whom it is transferred to.

However, as a measure to mitigate the risk of the jus in personam status of the rights to use access land, HYDROGEN shall, in its investment agreement, prohibit SPI from selling, disposal, transferring any rights and/or obligations, or incurring any obligations or any other rights on the access land, unless prior written consent is obtained from HYDROGEN. However, such prohibitions shall not apply to cases where SPI sells, dispose and transfers any rights and/or obligations relating to access land necessary to restructure the SPI Group companies and/or to list shares of SPI Group companies on the SET and/or in the event that SPI transfers the land as the public interest land and/or divides the land into public interest land in accordance with the laws. Under the conditions specified in the investment agreement.

1.8. The risk of not being allowed to access Tiger Suvarnabhumi DC project, which is HYDROGEN's Initial Investment Main Assets, through the land owned by The State Railway of Thailand

There are 2 accesses to Tiger Suvarnabhumi DC Project, which are the entrance next to Chao Khun Thahan Road, where the property owner company has obtained a license to cut the pavement stone road from Chao Khun Thahan Road into the project land and the entrance next to land of the State Railway of Thailand.

The access land through the State Railway of Thailand land shall pass through the land of the State Railway of Thailand to exit on the ICD Road and exit to Chao Khun Thahan Road respectively. Therefore, HYDROGEN will be at risk if it may not be able to access the Tiger Suvarnabhumi DC through the land of the State Railway of Thailand. However, the land of the State Railway of Thailand is currently a long road through the land of another person, who also requires the land of the State Railway of Thailand as access to the public road. Therefore, the Company considers that there is a low risk that the State Railway of Thailand will close the passage as it will affect other persons who must also use the land of the State Railway of Thailand as access. Moreover, HYDROGEN will still be able to use the access on Chao Khun Thahan Road as both the entrance and exit of the project despite the possibility of increasing of car traffic. Alternatively, HYDROGEN may consider extending the access on the Chao Khun Thahan Road as necessary.

1.9. The risk from damage which may occur from the solar cell system installed or to be installed on the building roof of HYDROGEN's Initial Investment Main Assets.

As of 30 June 2022, the power generation system was installed and/or installed on the roof of some buildings that are the Initial Investment Main Assets which HYDROGEN invested in Saha Group Industrial Parks – Sri Racha, Kabinburi and Mae Sot, and Tiger Suvarnabhumi DC by the operator of power generation system or minor tenants (as the case may be) who own the power generation system. Such actions by the owners of the power generation system may

cause damage to the Initial Investment Main Assets which may affect HYDROGEN's revenue. Therefore, in order to mitigate the risk, HYDROGEN will arrange for the owner of the power generation system to agree to be liable for damages the Initial Investment Main Assets, including requiring power generation system owners to provide liability insurance for third parties who may be damaged by the power generation system. In this regard, some power generation system owners may negotiate for limitation of liability in case of damage to the Initial Investment Main Assets, or some power generation system owners who are existing minor tenants of the Initial Investment Main Assets may not provide such insurance. However, after the agreement with the existing minor tenant has terminated HYDROGEN will use its best efforts to set the conditions by negotiating for all power generation system owners to provide insurance to cover damages that may occur to the relevant parties, taking into account the best interests of HYDROGEN. In addition, HYDROGEN will provide risk insurance to cover damages caused by the power generation system to the Initial Investment Main Assets, including third-party liability insurance as specified in the investment agreement.

1.10. The risk from purchasing minimum electric power generated from the solar cell system which will be installed on the building roof of Tiger Suvarnabhumi DC project

As of the day prior to HYDROGEN's investment, SPR as the original owner of the building of the Tiger Suvarnabhumi DC has negotiated and entered into an agreement with the operator of the power generation system (the "TSDC Power Purchase Agreement") in which SPR agreed to purchase the power generated from such power generation system and pay compensation to the operator of the power generation system in order to resell such power to minor tenants in the project. The expected term for installation and operation of the power generation system under the power purchase agreement is 12 years.

Since HYDROGEN's investment in Tiger Project Suvarnabhumi DC is a freehold investment in land and buildings, HYDROGEN will be transferred all SPR rights and obligations in accordance with the power purchase agreement in the TSDC project for the remainder of the term of the agreement.

One of the conditions of the power purchase agreement of the TSDC project that HYDROGEN must receive from SPR is the duty as the buyer to purchase power generated from the power generation system of the operator in the required minimum amount of power. In the event that the buyer cannot purchase such an amount of power. The buyer must pay the seller the deficiency. Additionally, in the event that the buyer does not comply with the agreement, which includes the duty to purchase power in the minimum amount of generated power as mentioned above. The buyer may purchase the power generation system at a specified price or may pay the cost of dismantling the power generation system as well as indemnify the seller.

In that case, HYDROGEN's performance and financial condition may be affected. Anyhow, based on the amount of power sold to minor tenants in Tiger Suvarnabhumi DC, the average power consumption for the past 3 months was found to be higher than the minimum power purchase amount. The guaranteed minimum amount of power to be purchased compared to the power consumption of minor tenants at an estimated occupancy rate of 17%. Moreover, the power consumption rate payable by the minor tenants in the project is higher than the rate specified in the power purchase agreement. Therefore, it is expected that this issue will not have a significant impact on the cash flow of HYDROGEN's operations.

## 2. The risk concerning HYDROGEN or the operation of HYDROGEN

### 2.1. The risk from conflict of interests

Following HYDROGEN's investment, the Company as the REIT Manager and a subsidiary of SPI, appointed SPI as the Property Manager to manage the Initial Investment Main Assets of HYDROGEN.

The procurement of benefits and the management of HYDROGEN's assets by the Property Manager may cause a conflict of interest, such as the Property Manager may support, manage, or invest in the assets relating to HYDROGEN's assets or other transactions which may directly compete with HYDROGEN.

Moreover, due to the Property Manager and/or the company with the Property Manager as a major shareholder still owning the factory facility and/or rental warehouse which is located in the same project as the Initial Investment Main Assets, the roles of the Property Manager to HYDROGEN as a Property Manager may cause a conflict of interest. This conflict of interest such as the selection of lands, factory facilities, and the related rental office to propose to HYDROGEN, including procurement of new minor tenants.

The Company is aware of the potential conflict of interest, therefore, it specified the governance principles to control the performance of the Property Manager in managing the assets. SPI, as the Property Manager, agrees to HYDROGEN that every time the client is interested in leasing factory facilities and/or warehouses, SPI shall offer the vacant assets of HYDROGEN or SPI in accordance with the client's demand (Specification) for the client's decision without discrimination whether it is the property of HYDROGEN or SPI, including the rental fee (if any) for the buildings which can be comparable in size, location, layout, and age to be in a similar level for transparency and to provide the clients with sufficient information for their decisions.

Other than the abovementioned measures, SPI and/or SPR has granted the right of first refusal for a period of 5 years from the date of HYDROGEN's investment.

2.2. The risk of HYDROGEN being unable to increase the rental rate after the expiration of the lease agreements with tenants

In case the agreement with the minor tenant expires and the same minor tenant wishes to renew the agreement or a new minor tenant wishes to lease the factory facility, warehouse, and related office, HYDROGEN may be at risk in the event that the existing minor tenant or the new tenant disagrees with the increased rental rate from the original rate, which may affect HYDROGEN's rental growth.

2.3. The risk from the uncertainty of the assumptions in the proforma financial report for a 12-month period of 1 January 2023 to 31 December 2023, depending on the risk and uncertainty of a business, economy, finance, HYDROGEN's Initial Investment Main Assets, related regulations and competition which may significantly affect the actual value of the investment of HYDROGEN

The pro forma financial report for a 12-month period of 1 January 2023 to 31 December 2023 includes information relating to HYDROGEN's assumption of performance and allocation of distribution. The financial assumptions of HYDROGEN are solely an assumption of the future performance that may occur and not a confirmation of the future performance of HYDROGEN. Although such a report was prepared with intention and caution by the founder of HYDROGEN, the assumptions used in the estimation remain uncertain and it is based on business uncertainty, competition, economy, finance, and related regulations. The actual revenue may differ from the estimates depending on various factors, such as the rate of leasing, the rate of the rental fee, the rate of the renewal of the lease agreement with the minor tenant, the ability to pay the rental fee, or the delay of the minor tenant in paying the rental fee, etc. therefore, the founder of HYDROGEN cannot confirm that the assumption made will occur and that HYDROGEN will be able to pay the returns as estimated, and may result in the trust unitholders does not receive the returns as estimated and the trust unit may have a significant decrease in market value.

### **3. The risk concerning investment in the real estate business**

3.1. The risk from Thai politics, changes in domestic and international economies including other macro-economic factors.

HYDROGEN may be affected by the domestic and international economic conditions, and Thai political situations, including other macro-economic factors, such as changes in the policy of commerce, investment, and foreign affair, etc. such changes may directly affect the decision to lease the rental spaces and also may affect the uncertainty of the rate of the rental fee.

### 3.2. The risk of expropriation of HYDROGEN's Initial Investment Main Assets

HYDROGEN may be at risk in case the government agency expropriates the Initial Investment Main Assets which prevents HYDROGEN from procuring benefits from the Initial Investment Main Assets in its business operation. Moreover, in case of expropriation, HYDROGEN may not receive compensation or receive such compensation lesser than the amount used in investment in the Initial Investment Main Assets. Thus, this may cause the returns which will be received by the trust unitholders to be different from the estimation. The compensation which will be received by HYDROGEN depends on the conditions in the related agreement, the remainder of the lease term after the expropriation, or the compensation received from expropriation.

### 3.3. The general risk which affects the profits gained from immovable properties or the value of HYDROGEN's immovable properties

The performance and benefits procurement, profit from the immovable properties, or the value of HYDROGEN's immovable properties may be affected by various factors, such as:

- in case there is vacant space from the expiration of the lease agreement with the existing minor tenant, or termination of the lease agreement with the existing minor tenant causes a decrease in the rate of leasing and the decrease in the gross profit of HYDROGEN.
- the ability of the Property Manager in collecting rental fees from tenants.
- changes in the amount of money payable by the minor tenants, as well as terms and conditions in renewing the agreement with the existing minor tenants and entering into an agreement with new minor tenants with conditions inferior to the previous lease agreement.
- trends of the interest rate.
- the Company's ability to procure or retain adequate insurance policies.
- changes in laws and principles governing immovable properties, area zoning, tax, and fees to be paid to the government, changes in laws regarding building standards, or city planning which may restrict HYDROGEN from utilizing its main assets.
- the domestic and international economic conditions, including the immovable property market, and impact from natural disasters, pandemics, serious contagious diseases, acts of God, terrorist attacks, riot, and other incidents beyond the control of the Company, as well as the government and private measures relating to such incidents.

Factors such as the above-mentioned may directly adversely affect HYDROGEN or may affect the ability of the minor tenant in paying rental fees and/or service fees.

To mitigate the risk resulting from the factors as above-mentioned, the Company as the REIT Manager shall constantly and closely estimate and monitor the performance of HYDROGEN and shall coordinately operate the necessities with the Property Manager in forming the asset management plan in order to maintain the performance and procure the benefits to be as expected or improve the operation guidelines in case of failure to meet the goal in the most appropriate way according to the situation.



3.4. The risk concerning the increasing expenses of HYDROGEN's immovable properties and the increased operating expenses

The ability of HYDROGEN in payment of returns to the trust unitholders may be adversely affected in case the expenses related to the immovable properties and operational expenses increased inconsistency with the increase of the revenue.

Factors which may increase expenses relating to the immovable properties and operational expenses, such as:

- an increase in the maintenance expenses
- an increase of tax relating to immovable properties, including other fees in accordance with the laws
- changes in laws, regulations, rules, including government policies which leads to an increase in the expense for compliance with such changed laws, regulations, rules, and policies.
- an increase in basic utility fees
- an increase in service fees for sub-contractors
- an increase in the inflation rate
- an increase in insurance premiums
- damage or defect if the immovable properties or the effect on nature incurred from the immovable properties which require to be corrected which is deemed as an operational expense, and it is unpredictable.
- expenses incurred from repairing a significant part of the property, such as major renovation which may exceed the estimated expenses.

#### **4. The risk concerning investment in the Trust Units**

4.1. The risk from the possibility of changes in accounting standards or related laws in Thailand.

HYDROGEN may be affected by the enforcement of new accounting standards or amendment of laws, regulations, or accounting standards, financial report standards of Thailand, as well as accounting standards, improved to the satisfaction of the International Financial Reporting Standards – IFRS, The financial statements of HYDROGEN may be affected by the enforcement of the amended accounting standards. The conditions and timing of the amendment cannot be early known but depends on the related authorities, therefore, the Company cannot guarantee that such changes shall not adversely affect the financial statement of HYDROGEN or the operation and the financial status of HYDROGEN. Such changes may also adversely affect HYDROGEN's ability to pay the returns to the trust unitholders. Moreover, it cannot be guaranteed that changes in any rules shall not adversely affect the abilities of the REIT Manager in performing in accordance with the investment strategy or the financial operation of HYDROGEN. Moreover, such changes may affect the REIT Manager in paying returns to the trust unitholders.

4.2. The risk from the asset values of HYDROGEN's Initial Investment Main Assets provided by the appraisers are not actual values of such assets and could not be guaranteed that the selling price of the assets will be in accordance with the appraisal values, whether in the present or the future

The report of the valuation of HYDROGEN's Initial Investment Main Assets was prepared based on the assumption as of the date of the report, provided that the data and such assumption are based on the industrial and market conditions, such as market conditions of rental spaces, the competition ability, and the economic condition, in case that the factors taken into account have changed significantly, information and assumptions, including the industrial circumstances, may have been changed from the reporting date and may affect the value of the asset according to the report not reflect the actual value of the assets that HYDROGEN invested. Also, in the future, if HYDROGEN wishes to transfer the leasehold rights or the ownership of the invested asset, the transferred price received by HYDROGEN may be lower than as estimated in the appraisal report or lower than the number that HYDROGEN has invested.

4.3. The risk from the changes of the Trust Unit price after the offering of the Trust Units.

The offering price of trust units is determined by the market conditions and demands of the investors and distributors of trust units. The offering price of trust units may not reflect the price in the secondary market after this offering of trust units. The purchase price of trust units in the secondary market may be much lower compared to the price in this offering. The Company cannot forecast the adverse impact of the price dilution and the purchase price of trust units depends on various factors as follows:

- business and investment opportunities of HYDROGEN, including the immovable property market in Thailand from the investors' perspective
- the difference between HYDROGEN's actual performance and the forecast by investors or analysts
- changes in recommendations or estimation of the analysts
- changes in economic conditions and capital market conditions
- the market value of HYDROGEN's assets
- the attractiveness of trust units compared to other equities, including those not in the immovable properties sector
- the equilibrium between the buyer and seller of trust units
- the size and liquidity of the future real estate investment trust market in Thailand
- in the future, the relevant rules and regulations may be amended, including the tax system both, a general amendment and those that relevant to the real estate investment trust units in Thailand
- HYDROGEN may not be able to successfully operate in accordance with the investment plans and business expansion plans

- the foreign exchange rate, and
- the fluctuation of the equities market and the increase of interest rates.

With the above-mentioned factors, the trust units may be traded at the price higher or lower than the net asset value per unit. HYDROGEN's cash flow to operate the investment is a reserved capital for operation or other purposes. Such funds, although adding value to the assets may not add market value to the trust units, if HYDROGEN cannot operate in accordance with the expectation of the market, both in the procurement of revenue to the trust unitholders, the market value of HYDROGEN's trust units may be adversely affected.

Moreover, the trust units sold are not financial products for which the investment is secured, and investment in trust units of the trust unitholders are not entering into a loan agreement or are guaranteed that the trust unitholders shall receive the entire amount of their investment. In the event of dissolution or liquidation of HYDROGEN, the trust unitholders may lose part or whole of their investment in trust units.

4.4. The risk from an ability to pay distributions to the trust unitholders; and from the case in which the distributions received by the trust unitholders is less than the income received from the operation of HYDROGEN's Initial Investment Main Assets.

The income which HYDROGEN will receive from investing in the main assets that HYDROGEN invests in depends on various factors. This includes the amount of rental income received, as well as the rate of expenses relating to the main assets invested by HYDROGEN and the operating expenses incurred. If the main assets invested by HYDROGEN do not generate sufficient income, HYDROGEN's cash flow and ability to distribute benefits may be negatively impacted. The Company cannot guarantee that it will be able to distribute benefits or maintain the rate of distributing at the same level. In addition, there is no guarantee that the level of distributing will increase over time, and there can be no guarantee that the rental rate will be increased upon renewal of the agreement, or that the rental income from the expansion of the property or acquisition of additional real estates will increase, and in turn will increase the income of HYDROGEN, resulting in an increased amount of distribution paid to the trust unitholders.

In addition, the return received from the main assets invested by HYDROGEN depends on the amount of net income from the property and is calculated as income by deducting expenses incurred from ownership or leasehold rights, operations, management and leasing compared to the present value of the main assets invested by the HYDROGEN. However, the return on trust units depends on the payable benefits compared to the offering price of trust units for investors who subscribe to trust units and/or the market price for investors who have purchased trust units in the secondary market. Although the returns received by investors from trust units may be related to the returns received by HYDROGEN from the operation of the main assets invested by HYDROGEN, these two types of returns are different.

In calculating the return that investors receive from trust units, it cannot be considered based on the return received by HYDROGEN from renting or consideration of use of the area of the main assets in which HYDROGEN invests, but it must be calculated as income after deducting expenses incurred from operations, including but not limited to administrative expenses, leasing, principal payment of loans due, other obligations due considering cash flow, and other expenses of HYDROGEN. Therefore, the return received by investors from the trust units is less than the return received by HYDROGEN from the operation of the main assets invested by HYDROGEN.

#### 4.5. The risk from the significant difference between an actual operation and the estimation

The forecast for the period of 12 months from January 1, 2023, to December 31, 2023 (please refer to Attachment 3 of this form) is only an estimate of future performance and does not guarantee future performance. Although the figures are stated in the financial projection, the preparation of such financial projection is based on various assumptions and estimates, which, although deemed reasonable by the Company, the actual performance and the forecasts indicated in the profit estimates may differ significantly. This depends on the volatility of business, economy, competition, industry, regulations, and money market and capital market conditions, as most of these factors are beyond HYDROGEN's control. HYDROGEN's actual future performance will be affected by various factors, including those specified in Section 2.1, Item 5, Risk Factors. Therefore, the actual performance may differ significantly from the forecasts set forth in the profit estimates, and there is no guarantee that the REIT Manager will be able to achieve the goals specified in this document.

Factors that may affect income/profit from operations as well as the value of assets invested by the HYDROGEN include:

- In case of vacancy according to the agreement with minor tenants (if any), or expired or terminated agreement with minor tenants (if any), it will cause the rental rate to decrease, resulting in a decrease in HYDROGEN's income/profit.
- The ability of the Property Manager to collect rents and service charges (if any) from minor tenants, and to increase rents and service charges (if any) in accordance with estimates.
- The ability of Property Managers to procure adequate insurance.
- Disasters, accidents or other causes beyond the REIT Manager's control

As mentioned above, investors should be cautious in using information regarding profit forecasts and estimates to make investment decisions, as the method of calculating such information and the possibility that actual performance may differ significantly from referred estimates and assumptions.

4.6. A capital amount to be returned from dissolving HYDROGEN may be less than the amount invested by the trust unitholders in this offering

In case HYDROGEN is dissolved, the Company cannot guarantee that unitholders will receive the amount invested by the trust unitholders in part or in whole, depending on the cause of dissolving, method of dissolving, and the criteria for disposal of the main assets of HYDROGEN.

4.7. The risk from the net asset value of HYDROGEN is not an actual value that HYDROGEN will gain if all assets were sold, or HYDROGEN was dissolved.

The net asset value of HYDROGEN herein is calculated using the information from the appraisal report of the invested property as the basis. In case HYDROGEN has to dispose of its assets for the purpose of restructuring the investment or for the dissolving of HYDROGEN, the net asset value of HYDROGEN may not be the actual value that HYDROGEN will obtain upon disposal of properties in part or whole.

4.8. The risk of illiquidity in the sale and purchase of the Trust Units on the stock exchange.

HYDROGEN is a specific closed-end real estate investment trust listed on the Stock Exchange of Thailand. Liquidity of trust unit trading is assessed by the frequency and volume of trading of trust units on the stock exchange, based on the volume of bid-offer which depends on several factors that HYDROGEN cannot control. Therefore, there is a risk that the trust units will lack liquidity in trading.

4.9. The risk from taxes and fees

In the future, the tax burden and fees charged on HYDROGEN's business operations may differ from the current rates. Transfer, obtaining of leasehold rights, purchase, sale, transfer, or obtaining the transfer of immovable property in the future may incur tax burdens and fees on the purchase, sale, transfer, obtaining ownership, or the transfer or obtaining the transfer of leasehold rights of immovable property, which such burden HYDROGEN may have to assume in part or in whole, and the rate of taxes and fees to be paid by HYDROGEN may differ from the current rates.

# The Management of HYDROGEN

HYDROGEN's policy is to be managed and supervised in accordance with the terms and conditions of the Trust deed, laws, regulations, and related notifications of the SEC Board, the SEC Office, and the SET. It also provides a management structure and working system guidelines for HYDROGEN in order to determine duties and scopes of operations and supervise HYDROGEN's efficiency, effectiveness, accuracy, and accountability. Additionally, Compliance and Risk Management Department governs and properly manage the risk of each department, whereas the management of the REIT Manager and Property Manager are governed by the Trustee to ensure that the management is for the whole benefit of HYDROGEN and the Trust unitholders. Moreover, the REIT Manager Board of Director is consisted of 6 directors, 2 of which are independent directors, and no sub-committee has been appointed.

## 1 The REIT Manager Meeting

The meeting has been determined by The REIT Manager that the Board of Directors Meeting shall be held at least 4 times a year, provided that the quorum of each Meeting shall be consisted of over half of all Directors, and the resolution of the Board Directors Meeting shall be a majority vote of the Directors presenting at the Meeting and the Director who has a vested interest in the agenda must not attend and vote in such agenda to be acknowledged and approved by the Board of Directors as necessary for the operation, such as the followings:

1. The REIT Manager and HYDROGEN's performance.
2. An Annual business plan, including a business strategy prepared for HYDROGEN.
3. Progress in the application of the business strategy with the cooperation and support of the Property Manager in procuring benefits to HYDROGEN, including any arisen problems or obstructions, and the direction of a solution.
4. The performance of each department in the REIT Manager which are: Compliance and Risk Management Department, Property Management, Accounting, and Operational Supporting, including any arisen problems or obstructions, and direction of a solution.
5. Guidelines for dealing with disputes and significant complaints in relation to HYDROGEN's operations.
6. Any connected transactions and transactions which may cause a conflict of interest with HYDROGEN's operation.
7. Any matters to be considered and approved in the Trust Unitholders Meeting.

At the Board of Directors Meeting, the chairman of the meeting will allow all Directors the opportunity to express their opinions openly before voting and concluding the resolution on each agenda, provided that the REIT Manager will prepare the written minutes of the Meeting including related documents.

## 2 Internal Data Governance

To comply with the good corporate governance principles regarding the disclosure of the REIT Manager's information and accuracy, transparency, and accountability, as well as in accordance with terms and conditions of the agreements relevant to HYDROGEN establishment, laws, regulations, rules, and notifications of the SEC Committee, the SEC Office, and the SET, The REIT Manager has provided policy governing the Directors, executive officers, and employees of The REIT Manager regarding sale and purchase of Trust units in which the REIT Manager and disclosure of information as follows:

- 1) The Directors, executive officers, including those in positions at the manager level or higher and related employees who have been informed of significant internal information affecting changes in the Trust unit prices suspend trading of Trust units during the period prior to the publication of financial statements and status of HYDROGEN, including the declaration of dividend distribution, for at least 30 days prior to the disclosure of information to the public, and trading of Trust units can be made 24 hours following the disclosure of information to the public.
- 2) The Directors and executive officers of the REIT Manager are responsible for reporting the holding and changing of Trust units to the SEC Office directly in accordance with the Notification of the Office of the Securities and Exchange Commission Sor. Jor. 54/2561, date 4 October 2018 which was effective since 1 January 2019. Additionally, report of holding and changing of Trust units regarding their connected persons such as:
  - (2.1) Spouse or partner living together as a spouse,
  - (2.2) Minor children,
  - (2.3) Any juristic person to whom where such person and person under 2.1 and 2.2 holding share altogether over 30 percent of total voting rights of such a juristic person and such shareholding is the largest shareholding of such a juristic person.
- 3) Exceptional conditions which do not need to be reported, such as:
  - (3.1) Acquisition of Trust units in proportion to the number of Trust unitholding (Right Offering),
  - (3.2) Acquisition of Trust units by inheritance.
- 4) Report period
  - (4.1) Purchase of Trust unit from IPO: within 7 working days from the closing date of the offering,
  - (4.2) Purchase, sale, transfer or receive of Trust unit : within 3 working days from the date of transaction.
- 5) Report method is through the online system of the SEC Office

Moreover, the Directors, executive officers and employees of the REIT Manager, a person involved in HYDROGEN management, and related persons of such personnel who have been or may be informed of internal information that has not yet been publicized are prohibited to use internal information which affects or may affect changes of Trust unit price which he or she has known

from being in such position to purchase or sell, induce other to purchase or sell, or offer to sell Trust units or other securities (if any), whether directly or indirectly in a way which may directly or indirectly cause damage to the REIT Manager, and whether such sections are for the benefits of oneself or others, or publicize for others to act whether such a person in position receives benefits in return or not.

### 3 Decision on HYDROGEN's Investment and Management

The investment of HYDROGEN shall be in accordance with the principles as specified in Notification Tor. Jor. 49/2555, and other related notifications and orders as the SEC Committee or the SEC Office has provided or will be amended thereafter. The investment policies are as follows:

1. Direct investment in main assets and equipment's.

- 1) HYDROGEN's policy is to invest in main real estate assets or leasehold right of real estate assets (including sub-leasehold rights), and component parts or equipment of such real estate assets. HYDROGEN will invest in real estate assets, both domestic and international, for rent. The assets include but are not limited to, warehouses, distribution centers, factories, cold storages, self-storages, rental office buildings, community malls, malls markets, central markets for agricultural products, rental parking spaces, fuel or energy service or storage facilities, rental commercial buildings, residential building for rent, hotels, hospitals, sanatoriums, educational institutions, educational buildings, golf clubs, sports facilities, including other real estates in relation to support such rental space businesses, and other assets which may support HYDROGEN investment. The investment principles are as follows.
- 2) The investment in the assets is to acquire ownership or possession rights. In the case of investment for possession right, it must be one of the followings:
  - 2.1) An acquisition of the asset that has been issued an asset instrument type Nor. Sor. 3 Kor.
  - 2.2) An acquisition of the leasehold rights in the asset which has been issued an asset instrument type Nor. Sor. 3 Kor. For ownership or possession rights.

Unless it is waived by the SEC Office.

- 3) The assets which are invested and acquired by HYDROGEN must not be subjected to any property rights or dispute unless The REIT Manager and Trustee have considered and provided a written comment that being subjected to such property rights or dispute does not significantly affect beneficial use of such an asset, and the conditions of acquisition of such an asset are beneficial to the unitholders as a whole.



- 4) Entering into the agreement to acquire assets invested by HYDROGEN must not be under any agreement nor obligation that may result in HYDROGEN not being able to dispose of the asset at a fair price (as of disposal period), such as an agreement which grants the right of first refusal to the any party to purchase HYDROGEN's assets, which price has been prior agreed, or agreement which may result in HYDROGEN, as a lessee, having additional duties than normal after the termination of the lease agreement.
- 5) The acquired assets must be ready to be beneficially utilized with a total value of not less than 75 (seventy-five) percent of the combined value offered Trust units and loan. However, HYDROGEN may invest in the incomplete project, provided that the value of investment to be acquired and completed such a project must not exceed 10 (ten) percent of the total value of HYDROGEN's assets (after Trust units offering) and must be able to demonstrate that the working capital is sufficient for such completion without affecting the survival of HYDROGEN.
- 6) The assets invested by HYDROGEN must pass the appraisal criteria as follows:
  - 6.1 A full appraisal in which title documents are assessed and the disclosure of information to the investors is for the public purpose for a period no later than 6 (six) months prior to the date of filing the application by at least 2 (two) appraisers, and
  - 6.2 The appraiser is approved by the SEC Office.
- 7) The assets acquired by HYDROGEN must have a total value of not less than 500,000,000 (five hundred million) baht. In case the amount of funds raised through the offering of Trust units is less than the value of the asset in which HYDROGEN intended to invest, HYDROGEN Founder/The REIT Manager must demonstrate that there are other sources of funds sufficient to acquire such an asset.
- 8) In case HYDROGEN's investment is intended to acquire possession rights by sub-leasing the asset building, facilities, or structures where the lessor is not an owner in accordance with the title deed nor a person not entitled to possession rights according to the certificate of utilization, The REIT Manager shall provide risk prevention measures or remedies for damages which may arise due to termination of the agreement by the asset owner or a person entitled to possession, default of lease agreement, or an inability to enforce the rights under a lease agreement; such as an agreement with connected person warranting to fulfil contractual obligations or indemnify HYDROGEN, or an agreement granting HYDROGEN to directly remedy the default with the asset owner or a person entitled to possession and is assigned as lessee in such a lease agreement. The risk prevention measures must be disclosed to the Trustee and Trust unitholders.

- 9) In case HYDROGEN has acquired ownership in the asset and The REIT Manager demands to procure benefits from such an asset by letting rent to the previous owner, The REIT Manager must determine the rental fee to be paid by the previous owner both for rental fee and rental conditions which are normally commercial practice as, or not inferior to a normal transaction with other third-party partners.

## 2. Indirect investment in main assets and equipment

Indirect investment is an investment in the main assets of HYDROGEN through shareholding in the company or an investment in another Trust where its objectives are similar to HYDROGEN in accordance with Notification No. Tor. Jor. 49/2555, provided that such investment must be in compliance with the principles as follows:

- 1) It is an investment through the company established with the purpose of operating in similarity to HYDROGEN, whether one the company or several companies, by holding shares or debt instrument by such the company or entering into an agreement to lend money to such company; provided that such the company must be in compliance with principles in clause 3), and an investment in another Trust as main assets of HYDROGEN in case of submitting for approval to offer Trust units for a capital increase, it must be in compliance with principles in clause 4).
- 2) It is an investment in another Trust as main assets of HYDROGEN.
- 3) The company in which HYDROGEN indirectly invest as the main assets in accordance with clause 1.2(1)(a) must comply with the principles as follows:
  - 3.1 It is a wholly owned subsidiary of HYDROGEN.
  - 3.2 In the event that person who wishes to sell, dispose of, transfer, let lease, or grant the rights in the main asset is not a connected person with The REIT Manager, it must be the company which meets one of the conditions as follows:
    - a. The company in which HYDROGEN is a shareholder of not less than 75 (seventy-five) percent of the total number of shares sold and not less than 75 (seventy-five) percent of the total voting rights of the company.
    - b. The companies in which HYDROGEN or the company under clause 1) are shareholders in an aggregate amount of not less than 75 (seventy-five) percent of the total number of shares sold and not less than 75 (seventy-five) percent of the total voting rights of the company.
    - c. The company which shares are being successively held, starting with the shareholding of clause 1) or 2), in the amount not less than 75 (seventy-five) percent of the total number of shares sold and not less than 75 (seventy-five) percent of the total voting rights of the company.

Shareholding in the company pursuant to paragraph one in any class shall have voting rights not less than the amount required by applicable laws in the state governing such company for approval of the significant resolution. Shareholding in the last class when calculated on a pro-rata basis shall not be less than 51 (fifty-one) percent of the total number of shares sold by the company in the last class.

- 3.3 The company in which HYDROGEN cannot hold shares in such company in a proportion in clause 3.1 or 3.2 due to other legal restrictions, provided that HYDROGEN or company under clause 3.1 or 3.2 must aggregately hold shares not less than the highest amount allowed by the applicable laws which shall not less than 40 (forty) percent of the total voting rights of the company and shall be able to demonstrate that HYDROGEN is involved in the management of the company at least in proportion to its shareholding in the company.
- 4) In case of submission for approval to offer Trust units for a capital increase, indirect investment in the main assets by HYDROGEN must comply with the criteria as follows:
  - 4.1 In the event that HYDROGEN indirectly invest in the main assets through investing in securities or entering into an agreement to lend money for any company pursuant to clause 3, if the proportion of such investment or lending exceeds the proportion that such companies under clause 3 aggregately held, it must comply with criteria as follows:
    - a) Approval from the Trustee is obtained to invest in or enter into such agreements,
    - b) Approval from the Trust Unitholders Meeting is obtained to invest in or enter into such agreements, provided that the notice of meeting letter sent to the Trust unitholders must contain information as specified in the agreement relevant to HYDROGEN establishment, information significant to the decision of Trust unitholders, and information which consists of:
      - Reasons and necessity for investing in or entering into such agreements,
      - Reasonableness of the interest rate,
      - Terms of principal repayment.
  - 4.2 In case that HYDROGEN indirectly invests in the main assets through shareholding in the company under clause 3.2 or 3.3, approval from the Trust Unitholders Meeting must be obtained, provided that the notice of meeting letter sent to the Trust unitholders must contain information as specified in the Trust deed, information significant to the decision of Trust unitholders, and information which consists of:
    - a) Risk of investment through holding such a proportion of shares,
    - b) Details on the key terms of the joint venture, allocation of profits and returns among HYDROGEN and other shareholders of the company, the effectiveness of agreement among HYDROGEN and other shareholders of the company, restrictions on the transfer of shares held by HYDROGEN, and opinion of legal advisors on such matters.

- 4.3 In case HYDROGEN indirectly invests in the main assets through shareholding in the company under clause 4.2 (a) or 4.2 (b), approval from the Trust Unitholders Meeting must be obtained, provided that it must be in accordance with the principle in clause 4.1 or 4.2, as the case may be.
- 5) It is demonstrated that there are measures or mechanisms for the Trustee and the company to govern the company's operation to comply with the Trust deed, principles under Notification No. Tor.Jor. 49/2555, and other related notifications as provided by the SEC Office which is similar to directly investing in the main assets and equipment.

#### **4 Acquisition and disposal of the main assets and equipment**

- 1) In each acquisition of the main assets, the REIT Manager must proceed as follows:
- a) Audit and review due diligence for information and agreements relevant to the main assets and equipment (if any) in the following matters:
- The condition of the asset, such as the location, entrances and exits, opportunity to procure returns, obligation of such an asset, etc.
  - Legal information about the assets to be invested and the ability of the parties to enter into legal transactions, including the completeness, accuracy, and enforceability of the relevant title documents or agreements.
  - In the case that the asset to be invested is in a foreign state, the ability of HYDROGEN in acquiring and holding assets in accordance with the applicable laws of such a foreign state must be audited and reviewed, provided that the opinion of legal advisors specialized in the laws of such a foreign state must be considered.
  - Financial information of the assets and other suitability to invest in those assets.
- In case the owner, lessor, or transferor of leasehold rights of the assets is a connected person with the REIT Manager, the REIT Manager will provide opinion of financial advisors for such transaction.
- The audit and review of the main assets and equipment shall be done for the purpose of making an investment decision and the disclosure of accurate information.
- b) The appraisal of the main assets at lease as required.
- c) In case HYDROGEN invests in leasehold rights of the main assets by sub-leasing, HYDROGEN shall provide for risk prevention measures or remedies for damages which may arise from default in the lease agreement or the inability to enforce the rights under the lease agreement.
- 2) The acquisition of additional main assets shall be in accordance with the followings:
- a) For the substance of the transaction, it must be qualified as follows:
- It is in accordance with the agreement and relevant laws.
  - It is in the best interests of HYDROGEN.
  - It is reasonable and at a fair price.

- The transaction cost charged to HYDROGEN (if any) shall be at a fair and reasonable rate.
  - The stakeholder who has a special interest in the transaction is not involved in deciding to enter into such a transaction.
- b) For the approval process, the following actions must be taken:
- It is approved by the Trustee as a transaction in accordance with the agreement and relevant laws.
  - In the event it is an acquisition of the main asset which values 10 (ten) percent or over of the total value of main assets, it must be approved by the Board of Directors of the REIT Manager.
  - In the event it is an acquisition of the main asset which values 30 (thirty) percent or over of the total value of main assets, the resolution by 3/4 (three fourths) of the total voting rights of the Trust unitholders attending the meeting and entitled to vote.

Additionally, calculation of the asset value under this clause shall be calculated based on the total acquisition value of each project which is ready to receive the returns, including the related assets of such a project.

- 3) To obtain approval from the Trustee or the resolution of the Trust unitholders the REIT Manager and the Trustee shall be responsible as follows :
- a) The REIT Manager's duty is to provide documents for approval or notice of meeting letter, as the case may be, expressing its opinion on the nature of the transaction to acquire additional main assets, as well as clear rational and supporting information.
  - b) The Trustee's must attend the Trust Unitholders Meeting and provide its opinion on the nature of the transaction whether it is according to the agreement and relevant laws or not.
- 4) Disposal of the main assets and equipment
- In the disposal of the main assets, the REIT Manager must take action as follows:
- a) Prior to the disposal of the main assets, the REIT Manager must arrange for the appraisal of the main assets.
  - b) The disposal of the main assets shall be as the followings:
    - The disposal shall be done openly with the essence of the transaction as specified, with the approval obtaining process for the Trustee's approval or resolution of the Trust unitholders.
    - The disposal of the main assets prior to 1 (one) year from the date of acquisition of the main assets and the disposal of the main assets to the previous owner shall be in accordance with the rules on disposal of the main assets as specified in the preceding paragraph, and must also be necessary and appropriate, with the approval from the Board of Directors of the REIT Manager.

## 5 Selection of Property Manager

1. The assets management team procures the Property Manager to be hired to manage HYDROGEN's assets under the qualification, such as building maintenance, rental space management system, service for tenants, revenue control system, expense control system, debt collection, and other significant factors, in order to enable the property manager to manage HYDROGEN's assets properly and bring added value to HYDROGEN and the Trust unitholders.
2. The Property Manager can be considered and selected by the renewal of the agreement with the previous Property Manager if it appears that the performance is satisfactory. However, in the case of not renewing the agreement, a new property manager shall be considered based on the experience, reputation, and previous performance of each candidate.
3. Considering the Property Manager fee which will be determined by the competence and suitability to the market price.
4. After considering the Property Manager fee found that the rate may not meet the competency level or is not suitable, the appropriate rate will be bargained.
5. Consequence to the mutual agreement on the Property Manager fee, the Property Management Agreement shall be prepared and proposed for authorized signatories.

## 6 Monitoring of operations of the Property Manager

The REIT Manager shall arrange for the system to monitor and control the operation of the Property Manager by the following actions:

1. The Property Manager prepares the Work Plan for the Property Manager covering duties as specified in the Property Management Agreement and other terms.
2. The Property Manager is required to regularly report on the performance of HYDROGEN to the REIT Manager for acknowledgement.
3. The REIT Manager, in-- the audit department and assets management department, shall supervise the Property Manager according to the checklist in order to ensure that the operations are as planned.
4. The REIT Manager controls the procurement of the assets and services by the Property Manager to ensure that HYDROGEN will receive goods or services suitable for the expense incurred.

The REIT Manager has an opinion that The Property Manager performs its duties appropriately according to the Property Manager Appointment Agreement from 1 December 2022 - 31 December 2022

## 7 Monitoring of HYDROGEN's interest

The REIT Manager shall provide guidelines and systems to monitor and supervise HYDROGEN's interest to preserve the best interest of HYDROGEN and the Trust unitholders by the following guidelines.

1. Monitoring HYDROGEN's performance each year by comparing annual budget and with HYDROGEN's actual performance in the past year to ensure that the operation of the assets invested in by HYDROGEN is profitable. In case the performance of the assets invested in by HYDROGEN is not as expected, HYDROGEN will analyze and determine the cause and develop plan to improve the performance in accordance with the goals or projections.
2. Cooperating with the Trustee or person designated by the Trustee to facilitate the inspection of the main assets.
3. Managing HYDROGEN's budget and cash flow
4. Preparing the financial statements of HYDROGEN in accordance with the accounting standards provided by the laws relevant to accounting and disclosing the financial statements in accordance with the specified principles.
5. Disbursing expenses of HYDROGEN solely for the disbursement from the account for daily operation or for other purposes as agreed with the Trustee under the limits approved by the Trustee.
6. Providing returns for the Trust unitholders in accordance with terms and conditions specified in the agreements relevant to the Trust deed, resolution of the Trust Unitholders Meeting, regulations, and relevant laws.
7. In case approval from the Trust unitholders is required, the REIT Manager shall provide its opinion and analyze the impact as supporting information.
8. Providing for the preservation of documents related to HYDROGEN's operations.
9. The REIT Manager is responsible for preparing and delivering to the Trustee of documents regarding the HYDROGEN's revenue structure, procurement and collection of revenue and expenses collectable from HYDROGEN, and agreements which the REIT Manager has entered into as HYDROGEN with other companies or persons.

In addition, the REIT Manager and Trustee must coordinate and enter into agreements regarding the nature of information, documents supporting the transaction, and reports, including the frequency and duration to submit information and documents to the Trustee for the purpose of governing and auditing the operations of HYDROGEN.

## 8 Remuneration of The REIT Manager

The Trustee, acting on behalf of HYDROGEN, agrees to pay fees (VAT included) for the performance of duties under the REIT Management Agreement with the details as follows:

1. The base fee shall not exceed 2 percent per annum of the total asset value of HYDROGEN and the Trustee agrees to pay the base fee to the REIT Manager monthly.

2. Fees for the acquisition or disposal of the assets
  - 2.1 Fee for the acquisition of main assets of HYDROGEN: in case of acquisition of assets from a connected person to the REIT Manager, the fee shall not exceed 0.75 percent of the acquired asset value.
  - 2.2 Fee for the acquisition of main assets of HYDROGEN: in case of acquisition of assets from other persons, the fee shall not exceed 3.00 percent of the acquired asset value. (VAT, SBT, or other similar tax excluded).
  - 2.3 Fee for the disposal of the main assets of HYDROGEN: the fee shall not exceed 1.50 percent of the disposed asset value. (VAT, SBT, or other similar tax excluded).

## 9 Disclosure of information to the Trust unitholders

The REIT Manager is responsible for preparing and disclosing information regarding the operations of HYDROGEN, provided that such information must be accurate, complete, transparent, and adequate for the investors to make decisions. The information shall be in the form of a report, financial information and general information, as well as other important information which the REIT Manager will disclose through other communication channels, including the SET's website, the REIT's website, documents sent to the Trust unitholders, including a report to the relevant regulatory authorities as specified in the agreement relevant to the Trust deed, the REIT Manager appointment Agreement, registration statement, prospectus, regulations and related laws. The investor relations and operational support department shall disclose the information which has been prepared and reviewed in accordance with the REIT Manager's procedures to the relevant persons or entities, as follows:

Type of Information	Reporting Period
Quarterly Financial Statements	Within 45 days from the end of the quarter.
Annual financial statements and clarification of performance that changed over 20 percent from the same period in the past year,	Within 2 months from the end of the fiscal year in case of non-submission of the 4th quarterly financial statements, or within 3 months in case of submission of quarterly financial statements for the 4 <sup>th</sup> quarter.
HYDROGEN Annual Report	Together with the notice of the Annual General Meeting of Trust unitholders within 120 days from the end of the fiscal year.
Form 56-REIT	Within 3 months from the end of the fiscal year
Free Float Report	Within 14 days from the record date for Annual General Meeting.
Report on the acquisition or disposition of HYDROGEN's Assets	Reveal as soon as possible on the day the REIT acquired or disposed of its main assets, the Trust is acquired or disposed of.



## 10 The Trust Unitholders Meeting

### a) Type of Trust Unitholders Meeting

The REIT Manager is responsible for the arrangement of the Trust Unitholders Meeting at least as follows:

1. The Annual General Meeting must be held within 4 months from the end of HYDROGEN's fiscal year.
2. The Extraordinary Meeting is a meeting other than the Annual General Meeting which shall be held upon the followings:
  - 2.1 When any Trust unitholders holding Trust units not less than 10 percent of all issued Trust units mutually submit a joint letter requesting the REIT Manager to call the Meeting of Trust Unitholders with explicit specification on the reasons of such meeting. When Trust unitholders mutually submit a joint letter for calling the Meeting of Trust Unitholders, the REIT Manager shall hold the Meeting of Trust Unitholders within 45 days from the date of receiving such letter from Trust unitholders.
  - 2.2 When Trustee considers that is it necessary or appropriate to propose the agendas to the Meeting of Trust Unitholders for considering and giving the resolutions on such agendas, the REIT Manager shall hold the Meeting of Trust Unitholders within 1 month from the date of receiving the letter from Trustee. However, the right of the Trustee on consulting with the REIT Manager on such necessity shall not be deprived.
  - 2.3 In any other case that the REIT Manager deems it is necessary or appropriate to propose the matter to the Trust Unitholders' meeting for consideration and give the resolution on such matter for the benefit of the REIT management, provided the right of the Trustee on consulting with the REIT Manager on such necessity shall not be deprived.

### b) The Convening of Trust Unitholders Meeting

To call the meeting of Trust unitholders, the REIT Manager shall make the invitation letter specifying venue, date, time, agendas, and proposals of the meeting with proper details and methods. It is necessary to clearly specify that each agenda is for acknowledgement, or approval as the case may be, including the REIT Manager's opinion regarding the agenda as aforementioned which may affect Trust unitholders. In this connection, the REIT Manager shall send the invitation letter to Trust unitholders by the following case:

1. The invitation letter must be sent to Trust unitholders prior to the unit holder's meeting as follows:
  - 14 days prior to the meeting : in case that the agenda requires the resolution from Trust unitholders no less than 3/4 of the number of Trust unitholders attending the meeting and have the right to vote.
  - 7 days prior to the meeting : in other cases.

2. The meeting notice shall be announced in at least 1 local daily newspaper, not less than 3 days prior to the unitholder's meeting.

In the event that the REIT Manager does not call the Trust unitholders' meeting within a period of 45 days from the date of receipt of the letter from the Trust unitholders and/or Trustee as specified in the Trust Deed, as the case may be, Trustee may call a meeting of the Trust unitholders by complying with the above meeting procedures mutatis mutandis. The Trustee also has the right to collect expenses incurred (if any) for the Trust unitholders' meeting, in lieu of the REIT Manager.

c) Quorum and Chairman of Trust Unitholders Meeting

A minimum of 25 Trust Unitholders or not less than half of the total number of Trust unitholders must attend the meeting to form a quorum, and must count a total number of Trust units not less than 1/3 of all issued Trust units in order to constitute a quorum.

In the event of any unitholders' meeting whereby 1 hour after the appointed meeting time, it appears that the number of unitholders attending the meeting do not constitute a quorum as specified in the first paragraph, if the unitholders' meeting has been called due to a request by unitholders, the meeting should be adjourned. If said unitholders' meeting is not per a request by unitholders, a new meeting time shall be set and an invitation for said meeting shall be sent to unitholders not less than 7 days before the proposed meeting date. In the case of the latter meeting, a quorum is not required.

Furthermore, under the Trust Act and related laws, the REIT manager shall appoint a person to act as the chairman of the Trust unitholders' meeting. However, if, in any agenda, the chairman of the meeting has a conflict of interest, the chairman shall leave the meeting room in such agenda and the REIT manager shall propose the Trust unitholders' meeting to consider and appoint another person to act as the chairman of the Trust unitholders' meeting in such agenda.

In case the REIT Manager has conflict of interest in any agenda, the Trustee shall propose the Trust unitholders' meeting to consider and appoint another person to act as the chairman of Trust unitholders' meeting in such agenda. In case the Trustee and the REIT manager both have conflict of interest in any agenda, the Trust unitholders' meeting shall consider and appoint another person to act as the chairman.

If there is an agenda for consideration regarding conflict of interest of the Trustee or the REIT manager, the Trustee or the REIT manager and their proxy have no voting right on such agenda (in case the Trustee or the REIT Manager and their proxy are the Trust unitholders).

Additionally, the chairman of the Trust unitholders' meeting has authority as detailed below:

- (1) To control and perform the Trust unitholders' meeting.
- (2) To specify any other method to proceed the Trust unitholders' meeting as the chairman deemed appropriate or necessary with the purpose of orderly and efficiently proceeding the Trust unitholders' meeting and consideration and voting procedure.

- (3) To ensure that the Trust unitholders' meeting is in order under the Trust Act and related laws, the chairman may cease the discussion or consideration of any matter in the Trust unitholders' meeting.
- (4) In a case that the votes for resolution are equal, the chairman is entitled to cast the vote. The vote cast by the chairman in such agenda shall be final.
- d) Granting of Proxies  
For the unitholders' meeting, a unitholder may appoint another individual or the Trustee or the Independent Directors as his/her proxy to attend a meeting and cast votes on his/her behalf. The REIT manager shall send the proxy form to unitholders attached with the invitation letter. Furthermore, proxies must submit the proxy form and supporting documents as specified in the invitation letter to HYDROGEN prior to the meeting.
- e) Vote count  
A unitholder has 1 (one) vote for each Trust Unit holds and a unitholder who is entitled to vote must not have conflict of interest in the matter being considered.
- f) Resolution of Trust Unitholders  
In the event that it is not otherwise defined by Trust Deed, the resolution of Trust unitholders shall consist of the following votes:
1. In general cases, the resolution must be obtained from the majority votes of attended Trust unitholders with voting right.
  2. In the following cases, the votes must not be less than 3/4 of the total votes of attended Trust unitholders with voting rights.
    - 2.1 Acquisition or disposal of main assets with a value from 30 percent of total assets of HYDROGEN.
    - 2.2 Increase or reduction of paid-up capital of HYDROGEN that is not specified the herein Trust Deed.
    - 2.3 General Mandate HYDROGEN.
    - 2.4 Transactions made by and between the REIT Manager or persons in relation to the REIT Manager with a value from 20,000,000 Baht or over than 3 percent of the HYDROGEN's net value, whichever is higher.
    - 2.5 Changing of returns and return of investment to Trust unitholders.
    - 2.6 Replacement or discharge of Trustee.
    - 2.7 Amendment of Trust Deed on clauses that may significantly affect to the rights of Trust unitholders.
    - 2.8 Termination of HYDROGEN.
- Moreover, any resolutions passed by Trust unitholders that will result in the HYDROGEN or the REIT Management being in contradiction of or inconsistent with the rules and regulations prescribed in Notification No. Sor Khor.26/2555 or any other criteria under the Securities Act or the Trust Act shall be considered null and void.

g) Preparation of the Unitholder's Meeting Memorandum

The REIT manager records and indexes the memorandum and the meeting's resolutions each time. The chairman of the meeting will be responsible for authorizing the details of the memorandum. Furthermore, all expenses with the meeting's memorandum are the Trust's expenses.

h) Limitations on voting rights of the Trust unitholders

The Trust unitholders have certain limitations on their voting rights, as follows :

1. The Trust unitholders who hold Trust units exceeding the permitted rate or not in accordance with the criteria specified in Notification No. Tor Jor. 49/2555, Notification No. Kor Ror 14/2555, and Notification No. Sor Thor 29/2555, as the case may be, or in any other proportion as specified in SEC notifications thus far or any future amendments. This is applicable only to the parts exceeding the permitted rate or that do not meet such criteria.
2. The Trust unitholders who have special interests in the matter(s) requiring resolution.

## 11 Selection and Appointment of Directors and Top Executives

The REIT Manager has the criteria for the selection and appointment of directors and top executives who shall have the expertise, qualifications, and business ethics with no prohibited characteristic as specified in the notification of the SEC Office.

## 12 Remuneration of the Auditor

HYDROGEN has appointed EY Office Company Limited as the Auditor for the financial period from 29 November 2022 (HYDROGEN Establishment Date) to 31 December 2022 with the auditing fee in the total amount of 400,000 Baht.

## Internal governance and risk management

The REIT Manager gives priority to internal governance that is effective, adequate, and suitable for business operation for a purpose to increase the efficiency of business operation, property maintenance, have accurate and reliable accounting and financial report systems, be in compliance with the laws, regulations, and rules in relation to the operation of the business. The REIT Manager also provides a policy and risk control related to the management and investment of HYDROGEN to be in accordance with the Trust deed and other related principles; by governing and preventing the conflict of interest between HYDROGEN and connected person and guiding to reserve best interest of HYDROGEN and the Trust Unitholders.

Moreover, the audit department is responsible for regularly monitoring and evaluating the internal control structure of the Property Manager to ensure that the internal governance structure of the Property Manager is efficient and can effectively prevent corruption or can detect corruption or non-compliance with the system.



## Prevention of conflict of interest

The REIT Manager, has main duties and responsibilities to manage HYDROGEN, including investing in the Initial Main Assets Investment by HYDROGEN and supervising all benefits of HYDROGEN, as well as governing the performance of the Property Manager. HYDROGEN may conduct connected transactions with persons who may cause a conflict of interest, have a vested interest or may cause a conflict of interest in the future. However, REIT Manager shall control such connected transactions to be reasonable and in accordance with the Trust deed, laws regarding securities, stock exchange regulations, regulations of the SEC, and notifications of the SEC Office regarding disclosure of information and conducts in connected transaction and acquisition or disposition of properties, as well as compliance with accounting standards specified by Federation of Accounting Professions of Thailand.

Transaction between HYDROGEN and The REIT Manager/Trustee and a connected person with The REIT Manager/Trustee

Person/ Juristic	Characteristic of Transaction	Value and Related Party Transaction (Baht)	Reasonableness of the Transaction
HYDROGEN REIT MANAGEMENT CO., LTD. Relationship : The REIT Manager	- Trust Management fee	- Base fee for HYDROGEN management: not exceeding 1.00 percent of HYDROGEN's total asset value with a minimum amount not less than 10,000,000 baht for the first year (Minimum base fee), provided that the annual increase rate will be 1.00 percent per year of the minimum amount in the last fiscal year.	- The fees are in accordance with the agreed contract; and do not exceed the limit prescribed in the Trust Deed
	- Acquisition fees of HYDROGEN's main assets and equipment.	- The fee shall not exceed 3 percent of the value of HYDROGEN's acquired assets in each transaction	- Acquisition fees of HYDROGEN's main assets and equipment with the agreed contract; and do not exceed the limit prescribed in the Trust Deed.
	- In case the other person is the owner of the asset: the fee shall not exceed 3 percent of the value of HYDROGEN's acquired assets in each transaction.		



Person/ Juristic	Characteristic of Transaction	Value and Related Party Transaction (Baht)	Reasonableness of the Transaction
HYDROGEN REIT MANAGEMENT CO., LTD. Relationship : The REIT Manager (Cont)		<ul style="list-style-type: none"> <li>- In case the connected person of the REIT Manager is the owner of the asset: the fee shall not exceed 0.75 percent of the value of HYDROGEN's acquired assets in each transaction.</li> </ul>	
Saha Pathana Inter-Holding Public Company Limited (SPI) Relationship : SPI is the Property Manager and HYDROGEN's indirect major shareholder.	<ul style="list-style-type: none"> <li>- Rent property fee Saha Group Industrial Park - Sri Racha, Kabinburi, Mae Sot and the systems purchase with Tiger Suvarnabhumi DC</li> </ul>	<ul style="list-style-type: none"> <li>- 2,884,591,650 baht (The price includes the property for the initial investment and includes transfer costs and related expenses)</li> </ul>	<ul style="list-style-type: none"> <li>- HYDROGEN invest in Initial Main Assets Investment by the value of HYDROGEN is higher than the lowest appraised value by the approximately 15.09 percent, which is an acceptable, is reasonable, and does not cause a disadvantage to HYDROGEN because. HYDROGEN can invest in factory facilities and warehouses that have the quality and potential to generate returns. The expected return payment in the first year of HYDROGEN is comparable to the returns rate and capital reduction of other REITs which similarly invest in the same type of assets.</li> </ul>
	<ul style="list-style-type: none"> <li>- Property management fee</li> </ul>	<ul style="list-style-type: none"> <li>- Property management fee at the rate of 3 percent of Operating Revenue during management hired period.</li> </ul>	<ul style="list-style-type: none"> <li>- SPI is one of the operators in Thailand who is experienced and expert in managing factory facilities and warehouses, Property management fee is an ordinary business practice (the rate not higher than management fees of other comparable REITs) and is an incentive for the Property Manager to create revenue and manage costs effectively. The fees that HYDROGEN shall pay to SPI is normal, fair, and reasonable.</li> </ul>
	<ul style="list-style-type: none"> <li>- Incentive Fee</li> </ul>	<ul style="list-style-type: none"> <li>- at the rate of 2 percent of Net Operating Revenue. The minimum charge for the base and incentive fee is no less than Baht 6 Million per annum ("Minimum fee") with the annum increase rate of 1 percent per annum of the minimum amount in the fiscal year.</li> </ul>	

Person/ Juristic	Characteristic of Transaction	Value and Related Party Transaction (Baht)	Reasonableness of the Transaction
Sahapat Real Estate Co., Ltd. (SPR) Relationship : SPI is SPR's major shareholder and HYDROGEN's indirect major shareholder.	- Purchase of initial assets investment of Tiger Suvarnabhumi Distribution Center	- 2,884,591,650 baht (The price includes the property for the initial investment and includes transfer costs and related expenses)	- HYDROGEN initial assets investment is higher than the lowest appraised value by approximately 15.09 percent, which is an acceptable investment value, is reasonable, and does not cause a disadvantage to HYDROGEN because HYDROGEN invest in factory facilities and warehouses that have the quality and potential to generate returns. The expected return payment in the first year of HYDROGEN is comparable to the returns rate and capital reduction of other REITs which similarly invest in the same type of assets.
	- Revenue from Undertaking Agreement	- The rate of revenue from the Undertaking Agreement	- The rental rate of the vacant spaces are similar to the market price of rental rate factory facilities, warehouses, and systems located near the appraised assets.
I.D.F. Co., Ltd. (IDF) Relationship : Mr. Vichai Kulsomphob SPI and HYDROGEN are director, is IDF's major shareholder.	- Purchase of initial assets investment	- 2,884,591,650 baht (The price includes the property for the initial investment and includes transfer costs and related expenses)	- HYDROGEN initial assets investment is higher than the lowest appraised value by approximately 15.09 percent, which is an acceptable investment value, is reasonable, and does not cause a disadvantage to HYDROGEN because . HYDROGEN invest in factory facilities and warehouses that have the quality and potential to generate returns. The expected return payment in the first year of HYDROGEN is comparable to the returns rate and capital reduction of other REITs which similarly invest in the same type of assets.



Person/ Juristic	Characteristic of Transaction	Value and Related Party Transaction (Baht)	Reasonableness of the Transaction
LION (Thailand) Co., Ltd. (LION) Relationship : SPI is LION's major shareholder and HYDROGEN's indirect major shareholder.	- Revenue from Lease Agreement and basic utilities fee (if any) Relationship : SPI is LION's major shareholder and HYDROGEN's indirect major shareholder.	- Rental rate is according to Lease Agreement and basic utilities fee (if any)	- The rate of the rental fee and basic utilities fee (if any) specified in the present lease agreement of such tenant is similar to the rate of the rental fee and basic utilities fee (if any) of other tenants in the same project and conditions of the present lease agreement of such tenant are ordinary commercial terms and are comparable to the conditions of the lease agreement of other tenants in the same project.
H&B Intertex Co., Ltd. (H&B) Relationship : SPI is H&B's major shareholder and HYDRM's indirect major shareholder.	- Revenue from Lease Agreement and basic utilities fee (if any) Relationship : SPI is H&B's major shareholder and HYDRM's indirect major shareholder.	- Rental rate is according to Lease Agreement and basic utilities fee (if any)	- The rate of the rental fee and basic utilities fee (if any) specified in the present lease agreement of such tenant is similar to the rate of the rental fee and basic utilities fee (if any) of other tenants in the same project and conditions of the present lease agreement of such tenant are ordinary commercial terms and are comparable to the conditions of the lease agreement of other tenants in the same project.
TIGER Distribution & Logistic Co., Ltd. (TIGER) Relationship : SPI is TIGER's major shareholder and HYDROGEN's indirect major shareholder.	- Revenue from Lease Agreement and basic utilities fee (if any) Relationship : SPI is TIGER's major shareholder and HYDROGEN's indirect major shareholder.	- Rental rate is according to Lease Agreement and basic utilities fee (if any)	- The rate of the rental fee and basic utilities fee (if any) specified in the present lease agreement of such tenant is similar to the rate of the rental fee and basic utilities fee (if any) of other tenants in the same project and conditions of the present lease agreement of such tenant are ordinary commercial terms and are comparable to the conditions of the lease agreement of other tenants in the same project.

Person/ Juristic	Characteristic of Transaction	Value and Related Party Transaction (Baht)	Reasonableness of the Transaction
Impact Solar Co., Ltd. (Impact Solar) Relationship : SPI is Impact Solar's major shareholder and HYDROGEN's indirect major shareholder	- HYDROGEN allow Impact solar to access and use some HYDROGEN initial invert assets to install and produce electricity from solar system	-	- HYDROGEN will receive indirect benefits due to the solar system shall be a heat insulation on the roof and Impact Solar as an owner of the solar system has duties to maintainance the solar system with Impact Solar's sole expenses. In case that damage occurred to the invest asset from solar system, installation, and/or operation by Impact Solar, Impact Solar agrees to indemnify for such damages in the amount as limited in the agreement and also shall provide insurance policy for the solar system.
Land and Houses Fund Management Co., Ltd. Relationship : Trustee	- Trustee fee	-	- The fees are in accordance with the agreed contract; and do not exceed the limit prescribed in the Trust Deed and comparable to Trustee fee of other Trustee.

Policy on the Future Transaction between The HYDROGEN and The REIT Manager, and Connected person to the REIT Manager; and Guidelines to Prevent Conflict of Interest

Transaction between HYDROGEN and the REIT Manager and connected person to the REIT Manager shall be in accordance with the principles and conditions as follows:

1. Characteristic of the Transaction: it must be a transaction that:
  - 1) Is in accordance with the agreements relevant to HYDROGEN establishment and relevant laws.
  - 2) Is for the best interest of HYDROGEN.
  - 3) Is reasonable and with a fair price.
  - 4) The rate of expense for entering into transaction collected from HYDROGEN (if any) is in fair price and appropriate.
  - 5) The person who has vested interest in the transaction is not presented in considering of such transaction.

2. Approval System

Transaction between HYDROGEN and REIT Manager and connected person to the REIT Manager must be as follows, in addition to clearly disclose in the filing application and prospectus:

- 1) It is approved by the Trustee that the transaction is in accordance with the agreements relevant to HYDROGEN establishment and relevant laws.
- 2) In the case of the transaction exceeding 1,000,000 baht or from 0.03 percent of the total asset value, whichever is higher, shall be approved by the Board of Directors of the REIT Manager.
- 3) In case of the transaction exceeding 20,000,000 baht or exceeding 3 percent of the total asset value, whichever is higher, shall be approved by the special majority resolution of Trust unitholders who attended the meeting and is entitled to vote.
- 4) In the event that such transaction is acquisition or disposal of the main assets, an estimation of value shall be in accordance with the acquisition or disposal of all assets which is capable of procuring revenue in each project.
- 5) Unless it is a transaction between HYDROGEN and the REIT Manager and/or connected person to the REIT Manager which has clearly disclosed in the filing and prospectus, the process of approval from Trustee or special resolution from the Trust unitholders must be in accordance with the agreements relevant to HYDROGEN establishment, In case of process for resolution of Trust unitholders, the notice of meeting letter must contain the comments of the independent financial advisors for consideration.

Policy and process of the future transaction between HYDROGEN and the REIT Manager and connected person; and guidelines to prevent conflict of interest.

The Trustee shall not commit any action which will cause conflict of interest with HYDROGEN, either for the sole benefits of the Trustee or other persons, except for the followings:

- 1) A demand for the Trustee fee.
- 2) A transaction which has audit or fair equilibrium measures, and it can be demonstrated by the Trustee that HYDROGEN has been managed in a fair manner and the adequate related information has been priorly disclosed to the Trust unitholders, provided that the Trust unitholders has not object such transaction. the disclosure of information and the objection shall be in accordance with the principles specified by the SEC Office.

Unless otherwise specified by the SEC Board or the SEC Office, disclosure of information as specified hereinafter shall be deemed to be an adequate disclosure to the Trust unitholders or the investors prior to entering int transaction which cause conflict of interest to HYDROGEN.

- 1) The disclosure through the SEC in accordance with regulations of the SEC regarding such matters or through other channels which can be thoroughly accessed by the Trust unitholders.
- 2) The period of disclosure is reasonable, which shall not be less than 14 days.
- 3) The channel, method, and period of objection are distinctly disclosed which shall not be less than 14 days, unless in the case that the resolution of the Trust unitholders is required, the objection shall be made in the request of such Trust unitholder's resolution.
- 4) In the case that the Trust unitholders clearly object in accordance with the disclosed method under clause 3) in the amount over 1/4 of the Trust units sold, the Trustee must not conduct or allow to be conducted of the transaction which has conflict of interest with HYDROGEN.

## Legal Dispute

As of 31 December 2022, HYDROGEN has no legal dispute that may significantly and adversely impact to HYDROGEN's business operation.

## Social Responsibility

The REIT Manager has recognized the importance of conducting business with transparency, fairness, and social and environmental responsibility. This is considered a critical foundation for sustainable development and creating long-term value for the business, as well as being socially acceptable based on ethical principles and good corporate governance practices and also taking into account, The benefits of Trust unit holders as priority.

The REIT manager emphasizes conducting business with accuracy, transparency, and the disclosure of important information that can be verified. This includes giving equal attention to every tenant and ensuring that property managers fulfill their duties in accordance with relevant contracts and laws. In addition, attention is paid to maintaining service standards and delivering quality services to tenants, as well as taking care of the environment and the surrounding community.

Furthermore, the REIT manager recognizes the importance of basic human rights, including the right to life and freedom. The REIT Manager oppose any actions that violate human rights in any way and are against human trafficking and child labor. It also respect human dignity and basic human rights, which are applied equally to all involved parties, whether employees, customers, partners, communities, or various organizations.

# Opinion of the Trustee



Fund

บริษัทหลักทรัพย์จัดการกองทุน แลนด์ แอนด์ เฮ้าส์ จำกัด  
LAND AND HOUSES FUND MANAGEMENT CO.,LTD

## Opinion of the Trustee

February 10<sup>th</sup>, 2023

To Trust Unitholders

Hydrogen Freehold and Leasehold Real Estate Investment Trust (“the Trust”)

I, Land and Houses Fund Management Company Limited, as the Trustee of Hydrogen Freehold and Leasehold Real Estate Investment Trust (“Trustee”), has supervised and monitored the management of the Trust managed by Hydrogen REIT Management Company Limited, as the REIT Manager for the accounting period from 29 November 2022 to 31 December 2022

I have an opinion that Hydrogen REIT Management Company Limited has reasonably and appropriately performed its duties in managing the Trust in accordance with the objectives specified in the Trust Deed, the prospectus and the provision under Securities and Exchange Act B.E.2535, and Trust for Transactions in Capital Market Act B.E.2550

Your faithfully,

( Mr.Monrat Phadungsit ) ( Ms.Thanita Bunraeng )

Land and Houses Fund Management Company Limited,

as the Trustee of the Trust

# Financial Statements

Hydrogen Freehold and Leasehold Real Estate Investment Trust  
Report and financial statements  
For the period as from 29 November 2022 (the establishment date)  
to 31 December 2022



**EY Office Limited**  
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## Independent Auditor's Report

To the Unitholders of Hydrogen Freehold and Leasehold Real Estate Investment Trust

### Opinion

I have audited the accompanying financial statements of Hydrogen Freehold and Leasehold Real Estate Investment Trust (the Trust), which comprise the statement of financial position, including the details of investments as at 31 December 2022, and the related statements of comprehensive income, changes in net assets, and cash flows for the period as from 29 November 2022 (the establishment date) to 31 December 2022, 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 Hydrogen Freehold and Leasehold Real Estate Investment Trust as at 31 December 2022, its financial performance, changes in net assets, and cash flows for the period as from 29 November 2022 (the establishment date) to 31 December 2022 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 Accountant 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 Matter**

Key audit matter is the matter that, in my professional judgement, was of most significance in my audit of the financial statements of the current period. This matter was 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 this matter.

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 this matter. 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 matter below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

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

### **Measurement of investments in properties and leasehold rights**

As described in Note 6 to the financial statements, the Trust presented the investments in properties and leasehold rights in the statement of financial position as at 31 December 2022 at its fair value of Baht 2,885 million, representing 95.21% of total assets. The investment is not traded in an active market and a quoted price is not available for the same or similar investments. Therefore, the REIT Manager determined the fair value of the investment based on the appraisal value calculated by an independent appraiser using the income approach. The REIT Manager had to exercise significant judgment with respect to the projections of future operating performance and the determination of an appropriate key assumptions. I, therefore, addressed the measurement of such investments as a key audit matter.

I gained an understanding of the calculation of the fair value of the investments in properties and leasehold rights by inquiry with the responsible persons and considered the scope and objectives of the fair value measurement performed by an independent appraiser, and evaluated the techniques and models, applied by the independent appraiser, to measure fair value as specified in the fair value report prepared by the independent appraiser, and evaluating the competence and the independence of the independent appraiser. I also reviewed the key information and the reasonableness of main assumptions used in the measurement and examining lease agreements, and compared the fair value with transaction costs occurred during the year. In addition, I reviewed the adequacy of the information disclosure in the notes to the financial statements relating to the fair value measurement of the investments in properties and leasehold rights.

## **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 the REIT Manager for the Financial Statements**

The REIT Manager is responsible for the preparation and fair presentation of the financial statements in accordance with the 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 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 the REIT Manager either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

## **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 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 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 this matter that was of most significance in the audit of the financial statements of the current period and is therefore the key audit matter. I describe this matter 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.



Wichart Lokatekrawee

Certified Public Accountant (Thailand) No. 4451

EY Office Limited

Bangkok: 24 February 2023

## Statement of financial position

Hydrogen Freehold and Leasehold Real Estate Investment Trust

As at 31 December 2022

		(Unit: Baht)
	<u>Note</u>	<u>2022</u>
<b>Assets</b>		
Investments in properties and leasehold rights at fair value		
(At cost: Baht 2,884,591,650)	6	2,884,591,650
Cash and cash equivalents	7	132,844,102
Receivables from rental and services	8	4,302,836
Other accounts receivable	14	29,200
Prepaid expenses		673,979
Other assets		7,302,239
<b>Total assets</b>		<u>3,029,744,006</u>
<b>Liabilities</b>		
Accounts payable and accrued expenses	14	30,055,268
Deposits from rental and services		44,995,335
Long-term loan from financial institution	9	852,478,546
Other liabilities		43,605,109
<b>Total liabilities</b>		<u>971,134,258</u>
<b>Net assets</b>		<u>2,058,609,748</u>

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

## Statement of financial position (continued)

Hydrogen Freehold and Leasehold Real Estate Investment Trust

As at 31 December 2022

		(Unit: Baht)
	<u>Note</u>	<u>2022</u>
<b>Net assets:</b>		
Capital from trust unitholders	10	2,047,102,922
Retained earnings	11	<u>11,506,826</u>
<b>Net assets</b>		<u><u>2,058,609,748</u></u>
Net assets value per unit (Baht)		9.9105
Number of units issued at the end of the year (Units)		207,720,000

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

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

## Details of investments

Hydrogen Freehold and Leasehold Real Estate Investment Trust

As at 31 December 2022

The details of investments were classified by asset type

Type of investments/location	Land title deed no.	Registered area (Rai-Ngan-Square Wah)	Area of factory building/ warehouse (Square meter)	2022		Percentage of investments (%)
				Cost (Baht)	Fair value (Baht)	
<b>Investments in properties and leasehold rights</b>						
<b>Leasehold on land and 8 factories</b>						
Sahapat Industrial Park - Sriracha project Nong Kharm Sub-district, Sriracha District Chonburi	15944, 21814	9-0-71.49	14,760	337,214,848	337,214,848	11.69
<b>Leasehold on land and 4 factories</b>						
Sahapat Industrial Park - Kabinburi project Nonsi Sub-district, Kabinburi District, Prachinburi	4207, 18530, 89280	9-2-63.90	16,145	266,739,666	266,739,666	9.25
<b>Leasehold on land and 8 factories</b>						
Sahapat Industrial Park - Mae Sot project Mae Kasa Sub-district, Mae Sot District, Tak	34896, 46829, 46830, 46831	22-1-31.85	23,303	272,918,716	272,918,716	9.46
<b>Freehold on land and 1 warehouse</b>						
Tiger Suvamabhumi DC project Klong Sam Prawet Sub-district, Lat Krabang District, Bangkok	48854, 50580	47-0-79.40	64,723	2,007,718,420	2,007,718,420	69.60
<b>Total investments in properties and leasehold rights</b>				<b>2,884,591,650</b>	<b>2,884,591,650</b>	<b>100.00</b>
<b>Total investments</b>				<b>2,884,591,650</b>	<b>2,884,591,650</b>	<b>100.00</b>

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

## Statement of comprehensive income

Hydrogen Freehold and Leasehold Real Estate Investment Trust

For the period as from 29 November 2022 (the establishment date) to 31 December 2022

	<u>Note</u>	(Unit: Baht)
<b>Investment income</b>		
Rental and services income		18,607,612
Interest income		<u>95,279</u>
<b>Total income</b>		<u>18,702,891</u>
<b>Expenses</b>		
Cost of rental and services		972,342
REIT management fee	13, 14	1,269,431
Trustee and property custodian fee	13, 14	338,515
Registrar fee	13	72,819
Property management fee	13, 14	943,287
Professional fee		400,000
Other expenses		256,841
Finance cost		<u>2,942,830</u>
<b>Total expenses</b>		<u>7,196,065</u>
<b>Net investment income</b>		<u>11,506,826</u>
<b>Net increase in net assets resulting from operations</b>		<u>11,506,826</u>

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



## Statement of changes in net assets

Hydrogen Freehold and Leasehold Real Estate Investment Trust

For the period as from 29 November 2022 (the establishment date) to 31 December 2022

	<u>Note</u>	(Unit: Baht) <u>2022</u>
<b>Increase in net assets resulting from operations during the period</b>		
Net investment income		<u>11,506,826</u>
<b>Increase in net assets resulting from operations</b>		<u>11,506,826</u>
Net increase in capital received from trust unitholders	10	<u>2,047,102,922</u>
<b>Increase in net assets during the period</b>		2,058,609,748
Net assets at the beginning of period		<u>-</u>
<b>Net assets at the end of period</b>		<u><u>2,058,609,748</u></u>
		-
<b><u>Changes in investment units</u></b>		
Investment units as at the beginning of the period		-
Investment units as at the end of the period		207,720,000

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

## Statement of cash flows

Hydrogen Freehold and Leasehold Real Estate Investment Trust

For the period as from 29 November 2022 (the establishment date) to 31 December 2022

(Unit: Baht)

<b>Cash flows from operating activities</b>	
Increase in net assets resulting from operations	11,506,826
Adjustments to reconcile the increase in net assets resulting from operations to net cash provided by (paid from) operating activities:	
Acquisition of investments in properties and leasehold rights	(2,884,591,650)
Increase in receivables from rental and services	(4,302,836)
Increase in other accounts receivable	(29,200)
Increase in prepaid expenses	(673,979)
Increase in other assets	(7,302,239)
Increase in accounts payable and accrued expenses	18,280,897
Increase in deposits from rental and services	44,995,335
Increase in other liabilities	43,605,109
Amortisation of long-term loan transaction cost	43,546
Interest expenses	2,942,830
<b>Net cash used in operating activities</b>	<b>(2,775,525,361)</b>
<b>Cash flows from financing activities</b>	
Proceed from capital from trust unitholders	2,077,200,000
Cash paid for the cost of issuing and offering of trust units	(18,509,758)
Cash received from long-term loan (net of transaction cost)	852,435,000
Cash paid for interest expenses	(2,755,779)
<b>Net cash flows from financing activities</b>	<b>2,908,369,463</b>
<b>Net increase in cash and cash equivalent</b>	<b>132,844,102</b>
Cash and cash equivalents at the beginning of period	-
<b>Cash and cash equivalents at the end of period (Note 7)</b>	<b>132,844,102</b>

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

## Notes to financial statements

Hydrogen Freehold and Leasehold Real Estate Investment Trust

For the period as from 29 November 2022 (the establishment date) to 31 December 2022

### 1. General information of Hydrogen Freehold and Leasehold Real Estate Investment Trust

Hydrogen Freehold and Leasehold Real Estate Investment Trust (“the Trust”) is a closed-end trust with specific purpose. The Trust was established as a trust on 29 November 2022, with no project life stipulated and a capital of Baht 2,077 million.

The Trust’s objectives are to raise funds from general investors and to use proceeds from such fund-raising to invest in properties or leasehold rights and generate benefits from such properties by way of lease and/or rendering of services related to rental properties in which the Trust invests or other processes for the benefit of the property and create the revenue and returns to the Trust and the unitholders. This includes investment in other assets and/or securities and/or seeks benefits by any other means as prescribed by securities laws and/or other relevant laws.

The Stock Exchange of Thailand approved the listing of the Trust’s units and permitted their trading from 13 December 2022 onwards.

The Trust is managed by Hydrogen REIT Management Company Limited (“the REIT Manager”), Land and Houses Fund Management Company Limited acts as the Trustee and Custodian, Saha Pathana Inter-Holding Public Company Limited acts as the Property Manager and Thailand Securities Depository Company Limited acts as the Trust Registrar.

As at 31 December 2022, the Trust’s major unitholders are Saha Pathana Inter-Holding Public Company Limited and Sahapat Real Estate Company Limited, holding 11.91% and 10.01% of the issued and paid-up Trust units, respectively.

## **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, 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 less than 2 times a fiscal year and is entitled to pay special distributions in addition to 2 times a fiscal year distributions to the unitholders, if it is deemed appropriate by the REIT Manager (the distribution payment will commence in the initial fiscal year of the Trust, provided that the Trust has gained sufficient profit to allow such distribution payment in that fiscal year).

The adjusted net profit means the net profit of the Trust less reserves for repair, maintenance, or improvement of the Trust's real estate according to the plan, including the repayment of loans or obligations from borrowing of the Trust and the distribution payment to unitholders with the first priority to obtain benefits or return of capital (if any).

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

In consideration of making a distribution payment, distributions depend on the discretion of the REIT Manager. If the value of the interim dividend per unit to be paid during the year or the quarter are equal or below Baht 0.10, the REIT Manager reserves its right to withhold that distribution payment and carry the whole amount over the next distribution payment.

## **3. Basis of preparation of financial statements**

The financial statements are 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.

## **4. Significant accounting policies**

### **4.1 Revenue and expenses recognition**

#### *Rental income and related service income*

Rental income is recognised as revenue in the income statement on a straight-line basis over the lease term. Service income is recognised when services have been rendered.

#### *Interest income and financial cost*

Interest income and finance cost are recognised on an accrual basis based on the effective interest rate.

#### *Expenses*

Expenses are recorded on an accrual basis.

### **4.2 Investments in properties and leasehold rights**

Investments in properties and leasehold rights are stated at fair value with no depreciation or amortisation charges. The REIT Manager measured their fair value as at the first balance sheet date at the acquisition cost of investments in properties and leasehold rights. At balance sheet dates of the next fiscal years, they are presented at fair value, using the appraisal value assessed by an independent appraiser approved by Thai Valuers 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.

Gains or losses on valuation of investments in properties and leasehold rights are presented as net unrealised gains or losses in the statement of comprehensive income.

### **4.3 Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

### **4.4 Receivables from rental and services**

Receivables from rental and services are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in no collection of receivables. The allowance is generally based on collection experience and analysis of debtor aging.

#### **4.5 Related party transactions**

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

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

#### **4.6 Cost of issuing and offering of trust units**

Incremental expenses directly related to the issuing and offering of trust units are deducted from the capital from unitholders.

#### **4.7 Distribution of income to unitholders**

Decreases in retained earnings are recognised as at the date dividends are declared.

#### **4.8 Long-term leases**

Lease of assets which all the risks and rewards of ownership are not substantially transferred to lessee are classified as operating leases. Receipts of money of the Trust as the lessor under operating leases are recognised in the income statement on a straight-line basis over the lease term.

#### **4.9 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 resource embodying economic benefits will be required to settle obligation, and a reliable estimate can be made of the amount of the obligation.

#### **4.10 Income tax**

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

#### **4.11 Financial instruments**

Financial assets are initially measured at fair value and classified, at initial recognition, as to be subsequently measured at fair value through profit or loss ("FVTPL"), carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of comprehensive income. A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or when the rights to receive cash flows, substantially all the risks and rewards, or control of the asset have been transferred.

At initial recognition, the Trust's financial liabilities are recognised at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortised cost using the effective interest rate ("EIR") method. The Trust takes into account any fees or costs that are an integral part of the EIR. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the EIR amortisation process. The EIR amortisation is included in finance cost. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

#### **4.12 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 financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Trust measures fair value using 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 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

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

#### **5. Use of significant judgement and accounting estimates**

The preparation of financial statements in conformity with financial reporting standards 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. Significant judgements and estimates are as follows:

## Fair value of assets

The Trust measures its investments in properties and leasehold rights on the statement of financial position date at fair value based on the value as assessed by an independent appraiser. The fair value is determined by using discounted expected future cash flows received from investments in the properties and leasehold rights by the appropriate discount rate which reflect related risks. Key assumptions used in the valuation are rental rate in accordance with the lease agreement and the rental assurance agreement, expenses related to the rental, occupancy rate, discount rate, capitalisation rate and terminal value. The Trust considers such fair value is appropriate.

However, the actual returns to be received by the Trust on such investments in properties and leasehold rights could differ, depending upon certain factors and conditions which will be incurred to the assets in the futures.

## Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the REIT Manager is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

## 6. Investments in properties and leasehold rights

	(Unit: Thousand Baht)
	For the period as from 29 November 2022 to 31 December 2022
Investments in properties and leasehold rights at the beginning of the period	-
Add: Acquisition of investments during the period	2,884,592
Investments in properties and leasehold rights at the end of the period	<u>2,884,592</u>

On 1 December 2022, the Trust invested in properties and leasehold rights by entering into a sale and purchase agreement of immovable and movable properties, and agreements to lease immovable properties with Saha Pathana Inter-Holding Public Company Limited, Sahapat Real Estate Company Limited, and I.D.F. Company Limited with the leasehold term of 30 years, totaling Baht 2,885 million (including transfer fee, lease registration fee and other related expenses). Details of investments are summarised as follow:



Type of investment	Land area (Rai-Ngan-Square Wah)	Rental area (Square meters)	Number of factories/ warehouse
Leasehold rights on land and factories for 30 years	41-0-67.24	54,208	20
Freehold on land and warehouse	47-0-79.40	64,723	1
<b>Total</b>	<b>88-1-46.64</b>	<b>118,931</b>	<b>21</b>

The Trust estimated fair value of the investments in properties and leasehold rights as at 31 December 2022 to be equal to the balance of investments determined using the cost method of Baht 2,885 million. The REIT Manager believed that this represented the best estimation of fair value as it was established primarily based on the latest exchange transaction that the price was determined under the market mechanism and the transaction was undertaken close to the reporting period end date.

As at 31 December 2022, the Trust pledged its land and/or buildings with net book value amounting to Baht 2,008 million as collateral to secure credit facilities received from a financial institution as described in Note 9 to the financial statements.

The Trust has several operating lease agreements relating to the lease of factories and warehouse. As at 31 December 2022, future minimum rental and services income to be generated under these operating leases are as follows:

	(Unit: Thousand Baht)
	2022
In up to 1 year	213,943
In over 1 year and up to 3 years	253,729
In over 3 years	98,975

## 7. Cash and cash equivalents

As at 31 December 2022, the Trust has the following cash and cash equivalents.

Bank/Account type	Principal (Unit: Thousand Baht)	Interest rate (% per annum)
Kasikorn Bank Public Company Limited		
Saving account	132,844	0.35% - 0.50%
<b>Total</b>	<b>132,844</b>	

## 8. Receivables from rental and services

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

	(Unit: Thousand Baht)
	<u>2022</u>
<u>Age of receivables</u>	
Past due	
Up to 3 months	3,503
Unbilled operating leases receivables	800
Total	<u><u>4,303</u></u>

## 9. Long-term loan from financial institution

On 29 November 2022, the Trust entered into a long-term loan agreement with a financial institution for a credit facility of Baht 900 million to finance an initial investment in main assets. The loan of Baht 855 million was drawn down on 1 December 2022. The loan carried interest at the rate not exceeding MLR -1.50 percent per annum. The interest was payable on the last working day of each month, starting from the date of the loan had been drawn down. The loan principals are repayable in 2027.

Movements of the long-term loan during the period are as follows:

	(Unit: Thousand Baht)			
	Balance as at 29 November			Balance as at 31 December
	<u>2022</u>	Drawdown	Amortisation	<u>2022</u>
Long-term loan from financial institution	-	855,000	-	855,000
Less: Deferred borrowing costs and amortisation	-	(2,565)	44	(2,521)
Net	-	<u>852,435</u>	<u>44</u>	<u><u>852,479</u></u>

The long-term loan was secured by the following:

- The mortgage of the Trust's land and warehouse
- The registered business security of partial claims on leases and services contracts with minor tenants and/or claims on the Trust's operating account

The loan agreement contains several covenants which, among other things, requires the Trust to maintain a ratio at rates prescribed in the agreement.

## 10. Capital from trust unitholders

Movements of trust units for the period ended 31 December 2022 are as follows:

	Units	Unit value	Amount
	(Thousand units)	(Baht)	(Thousand Baht)
Beginning balance as at 29 November 2022	-	-	-
Capital received from unitholders	207,720	10.00	2,077,200
Less: Costs of issuing and offering trust units	-	(0.14)	(30,097)
Ending balance as at 31 December 2022	<u>207,720</u>	<u>9.86</u>	<u>2,047,103</u>

On 29 November 2022, the REIT Manager established the Trust with 207,720,000 units at a par value of Baht 10 each totaling Baht 2,077 million. The Trust has already called up payment and received payment for all of these units. The incremental costs directly related to the issuing and offering of trust units were deducted from the capital from unitholders as presented in the statement of financial position.

## 11. Retained earnings

(Unit: Thousand Baht)

Retained earnings as at 29 November 2022	-
Add: Net investment income	<u>11,507</u>
Retained earnings as at 31 December 2022	<u><u>11,507</u></u>

## 12. Income from the contractors of the agreement

Saha Pathana Inter Holding Public Company Limited and Sahapat Real Estate Company Limited as the contractors of the agreement, agreed to pay rent and/or infrastructure fees and/or other service fees (if any) to the Trust for initial investment assets acquired by the Trust as follows:

- If any assets acquired by the Trust do not have any lessee at the acquisition date, the contractors agree to pay rent to the Trust at the rate and conditions prescribed in the agreement for a period of 3 years from the acquisition date until the Trust has a lessee to lease these assets.
- If the lease contracts of the assets acquired by the Trust mature within 1 year from the initial investment assets acquired by the Trust and have not renewed and/or have not been making a new agreement with a new lessee, the contractors agree to pay rent to the Trust for the differences from the rate and conditions prescribed in the agreement for 1 year from the acquisition date until the Trust has a lessee to lease these assets.

### 13. Expenses

Details of the REIT management, trustee and custodian, registrar and property management fees are summarised below:

#### **REIT management fee**

The REIT Manager is entitled to receive a monthly management fee from the Trust at a rate not exceeding 1% per annum (excluding value added tax, specific business tax or any other similar tax) of the total asset value of the Trust. The minimum charge is no less than Baht 10 million for the first year, with the annual increase rate of 1% per annum of the minimum amount in the last fiscal year but not exceeding such 1% per annum rate.

The REIT Manager is to receive an acquisition fee at a rate not exceeding 3% of the acquired assets of the Trust in case of the properties from others and not exceeding 0.75% of the initial assets acquisition and the assets acquired from related parties of the REIT Manager.

#### **Trustee and property custodian fee**

The Trustee is entitled to receive a monthly remuneration at a rate not exceeding 0.5% per annum (excluding value added tax, specific business tax or any other similar tax) of the net asset value of the Trust. The minimum charge is no less than Baht 3 million per annum, with the annual increase rate of the minimum fee of 0.5% per annum.

#### **Registrar fee**

The Trust's registrar fee is calculated from rates specified by the trust unit registrar to be calculated and paid on an annual basis.

#### **Property management fee**

Fee and expenses of the Property Manager shall be payable to the Property Manager under to the Property Management Agreement between the Trust and the Property Manager. The rate shall not exceed 3% per annum of the gross property operating revenue of the Trust (excluding value added tax, specific business tax or any other similar tax). In addition, the Property Manager is entitled to receive an extra fee at a rate not exceeding 2% per annum of the net property operating revenue of the Trust (excluding value added tax, specific business tax or any other similar tax). The minimum charge for the collective base and extra fee is no less than Bath 6 million per annum for the first year, with the annum increase rate of 1% per annum of the minimum amount in the last fiscal year.

#### 14. Related party transactions

The following are relationship between the Trust and its related parties:

<u>Company's name</u>	<u>Relationship</u>	<u>Details of business transactions</u>
Saha Pathana Inter-Holding Public Company Limited	The Trust's major unitholder and the Property Manager	<ul style="list-style-type: none"><li>- Entered into the lease agreements on land and factories as the lessor</li><li>- Entered into the sale and purchase agreement on land as the seller</li><li>- Receive property management fees from the Trust</li><li>- Pay compensation for maintaining occupancy rate to the Trust</li></ul>
Sahapat Real Estate Company Limited	The Trust's major unitholder	<ul style="list-style-type: none"><li>- Entered into the sale and purchase agreement on warehouse as the seller</li><li>- Pay compensation for maintaining occupancy rate to the Trust</li></ul>
Hydrogen REIT Management Company Limited	The REIT Manager	<ul style="list-style-type: none"><li>- Receive management fees from the Trust</li><li>- Receive acquisition fees from the Trust</li></ul>
Land and Houses Fund Management Company Limited	Trustee	<ul style="list-style-type: none"><li>- Receive Trustee fees from the Trust</li></ul>

During the period, the Trust had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Trust and those related parties.

	For the period as from 29 November 2022 to 31 December 2022	(Unit: Thousand Baht)  Pricing policy
<b>Saha Pathana Inter-Holding Public Company Limited</b>		
Purchases of investments in properties and leasehold rights	973,632	As detailed in Note 6
Property management fee	943	As detailed in Note 13
<b>Sahapat Real Estate Company Limited</b>		
Purchases of investment in properties	1,838,169	As detailed in Note 6
Compensation for maintaining occupancy rate	85	As detailed in Note 12
<b>Hydrogen REIT Management Company Limited</b>		
REIT management fee	1,269	As detailed in Note 13
<b>Land and Houses Fund Management Company Limited</b>		
Trustee and property custodian fee	339	As detailed in Note 13

The balances of the accounts as at 31 December 2022 between the Trust and those related parties are as follows:

	(Unit: Thousand Baht)  2022
<b>Saha Pathana Inter-Holding Public Company Limited</b>	
Other payables	11,653
Accrued property management fees	962
<b>Sahapat Real Estate Company Limited</b>	
Others accrued expenses	820
<b>Hydrogen REIT Management Company Limited</b>	
Other receivables	2
Accrued REIT management fees	1,295
<b>Land and Houses Fund Management Company Limited</b>	
Accrued trustee and property custodian fees	345

## 15. Information on investment purchases and sale transactions

The Trust's investment purchases and sale transactions for the for the period as from 29 November 2022 (the establishment date) to 31 December 2022, excluding investment in cash at bank totaled Baht 2,885 million, representing 140.56% of the average net asset values during the period.

## 16. Segment information

The Trust is principally engaged in the lease of properties. Its operation is carried out 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.

For the period ended 31 December 2022, the Trust had revenue from three major customers amounting to Baht 11 million.

## 17. Commitments

The Trust is committed to pay service and other fees to counterparties as described in the Note 13 to the financial statements.

## 18. Fair value hierarchy information

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

(Unit: Thousand Baht)

	2022			
	Level 1	Level 2	Level 3	Total
Investments in properties and leasehold rights	-	-	2,884,592	2,884,592

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

## 19. Financial instruments

### 19.1 Financial risk management objectives and policies

The Trust's financial instruments principally comprise cash and cash equivalents, accounts receivable, 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 receivables from rental and services. The REIT Manager manages the risk by adopting appropriate credit control policies and procedures such as requirements stipulating that lessees are to provide rental and service deposits as security against collection losses, and outstanding receivables from rental and services are regularly monitored by the REIT Manager. In addition, the Trust does not have high concentrations of credit risk since it has a large customer base and therefore does not expect to incur material financial losses. The maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position.

### **Interest rate risk**

The Trust's exposure to interest rate risk relates primarily to its 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 2022, significant financial assets and liabilities classified by type of interest rates are summarised in the table below.

(Unit: Million Baht)

	2022			
	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
<b>Financial assets</b>				
Cash and cash equivalents	133	-	133	Please see in note 7
Receivables from rental and services and other accounts receivable	-	4	4	-
	133	4	137	
<b>Financial liabilities</b>				
Accounts payable and accrued expenses	-	30	30	-
Deposits from rental and services	-	45	45	-
Long-term loan from financial institution	852	-	852	Please see in note 9
	852	75	927	



### ***Foreign currency risk***

The Trust considers itself being exposed to no foreign currency risk because it has no foreign currency transactions, and no financial assets and liabilities denominated in foreign currencies outstanding at the balance sheet date.

### **19.2 Fair values of financial instruments**

Since the majority of the Trust's financial instruments are short-term in nature, and loan carries 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.

### **20. 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 objectives.

### **21. Approval of financial statements**

These financial statements were authorised for issue by the Board of Directors of Hydrogen REIT Management Company Limited who is responsible as the REIT Manager on 24 February 2023.





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