

(English Translation)

Ref : SREIT/010/2024

11 April 2024

Subject: Report on the 2023 operating performance of S Prime Growth Leasehold Real Estate Investment Trust (SPRIME) presenting to the trust unitholders

To: Trust unitholders of S Prime Growth Leasehold Real Estate Investment Trust (SPRIME)

Enclosures:

1. 2023 Annual Report in QR code format
2. Profiles and work experience of SPRIME's auditors for year 2024

Reference is made to the Notification of the Securities and Exchange Commission No. SorRor. 26/2555 Re: Provisions relating to Particular, Terms and Conditions in a Trust Instrument of Real Estate Investment Trust (as amended) and the Notification of the Capital Market Supervisory Board No. TorJor. 20/2561 Re: Rules, Conditions and Procedures for Disclosure of Mutual Funds and Real Estate Investment Trusts or Infrastructure Trusts (as amended). To ensure compliance with the aforementioned notifications, the Board of Directors' Meeting No. 1/2024 of S REIT Management Company Limited (the "Company" or "REIT Manager") as the REIT Manager of S Prime Growth Leasehold Real Estate Investment Trust (the "SPRIME") held on 19 February 2024 passed a resolution to arrange the 2024 Two-way Communication by delivering the report on SPRIME's 2023 operating performance to the trust unitholders and providing them with opportunities to submit questions or concerns regarding SPRIME's operations through the specified channel and within the specified period. In this regard, the Company will deliver the report on SPRIME's 2023 operating performance together with SPRIME's 2023 Annual Report in QR code format to the trust unitholders whose name appeared on the date for determining the trust unitholders who are entitled to receive the information and the report on 2023 SPRIME's operating performance on 4 March 2024. The details of 2023 SPRIME's operating performance can be summarized as follows:

Item 1: To acknowledge the management of key activities and future management direction of SPRIME

As the REIT Manager, the Company has determined the 2024 guidelines for managing SPRIME in compliance with the terms of the Trust Deed, aiming to seek benefits from Sun Towers Project, an asset in which SPRIME has invested, comprising:

- 1) Leasehold on 7 title deeds of land, office space, common area, parking area and operating systems of Sun Towers Project for the period of 30 years ("Sun Towers Office Space"). At present, the remaining leasehold period is 25.05 years, which will be end on 17 January 2049.

2) Leasehold on retail space on the ground and 2nd floor of approximately 943 square meters, leasehold on the remaining common area from the previous investment in Suntowers Project, and storage room on the 3rd – 9th floor, 11th floor, and 29th floor (including leasable storage room of approximately 1,274 square meters, but excluding promotion area where stalls are located) totaling 1,817 square meters in Suntowers Project for the period of 26.56 years (“**Suntowers Retail Space**”). At present, the remaining leasehold period is 25.05 years which will be end on 17 January 2049.

SPRIME aims to generate good rate of return on the investment in long and consistent term to the trust unitholders. Therefore, the appropriate management policies and strategic directions for SPRIME were issued accordingly to pave the ways toward the commercial incomes and maximum benefits to the trust unitholders as follows:

1) The asset management: focusing on well-maintaining buildings to be ready for use and responsive to various significant situations, such as the safety of building users, environment, air quality and public health measures for the COVID-19 pandemic, etc. This is achieved through regular maintenance and improvement of building systems according to the specified investment plan, as well as conducting satisfaction surveys of tenants and visitors to improve service delivery and property management quality.

2) The rental fee and tenant relationship management: focusing on diversifying tenant portfolio to include target industries with stable business operations, developing rental fee policies along with plans to attract new tenants and renew lease agreements, collaborating with property managers to study new rental space formats to meet tenant needs, such as co-working space and flexible workspace, working with brokers to find suitable new tenants, managing tenant relationship by emphasizing fast service, providing efficient office space management advice, and organizing various activities to build relationships. These efforts could ensure that Suntowers Project is an office building that provides convenience in all aspects to service utilizers as intended, as well as becoming an amenity-rich workplace in highly accessible location which will result in long-term revenue growth.

3) The operation improvement: focusing on utilizing technology to support building management, for example, air conditioning systems, and turnstile and visitor management system, etc.

4) The corporate governance and sustainability: focusing on managing SPRIME in compliance with the relevant laws for the utmost benefit of trust unitholders, as well as paying attention to the environment and aiming to create a sustainable and livable working environment for employees or building users following the environmental, social, and governance (ESG) principles.

Item 2 To acknowledge SPRIME's 2023 operating performance and SPRIME's financial statements for the fiscal year ended 31 December 2023

The Company, as the REIT Manager, has summarized the SPRIME's 2023 operating performance as appeared in the 2023 Annual Report in QR Code format ([Enclosure 1](#)). Significant details of which relating to the operating results are summarized as follows:

Comparison of SPRIME's operating performance for the period from 1 January - 31 December 2023 and the period from 1 January - 31 December 2022 is as follows:

Operating results	1 January - 31 December 2023	1 January - 31 December 2022	Change (%)
1. Average occupancy rate (%)	82.97	82.50	0.47
1.1 Suntowers Office Space	82.90	82.34	0.68
1.2 Suntowers Retail Space ⁽¹⁾	87.12	98.12	(11.00)
2. Average rental rate (THB)	609	605	0.66
2.1 Suntowers Office Space	601	602	(0.17)
2.2 Suntowers Retail Space ⁽¹⁾	1,073	950	12.95
3. Total investment income (THB)			
3.1 Rentals and services income	542,499,074	506,763,060	7.05
3.2 Other income	2,543,146	2,801,327	(9.22)
4. Total expenses (THB)	258,712,845	234,449,470	10.35
5. Net investment gain (THB)	286,329,375	275,114,917	4.08
6. Total net gain from investments ⁽²⁾ (THB)	21,052,763	40,888,681	(48.51)
7. Increase in net assets from operations ⁽²⁾ (THB)	307,382,138	316,003,598	(2.73)

Remarks:

⁽¹⁾ SPRIME has invested in Suntowers Retail Space since 24 June 2022.

⁽²⁾ Resulted from the fair value adjustment of the leasehold during the asset valuation review period conducted by an independent appraiser.

For the 2023 operating performance, SPRIME had the total investment income of THB545.04 million, most of which derived from rentals and services income amounting to THB542.50 million, or 99.53% of the total investment income, which increased by THB35.74 million or 7.05% from 2022, as a result of the success in uplifting rental rates and increase in revenue full year from 2022 SPRIME's investment in Suntowers Retail Space. SPRIME had the total expenses of THB258.71 million, resulting from rentals and services costs in the amount of THB126.51 million or 48.90% of total expenses, which included cost for advancing efficiency in operation by renovating buildings in the amount of THB18.02 million. SPRIME had net investment gain of THB286.33 million.

SPRIME's financial statements for the fiscal year ended 31 December 2023 can be summarized as follows:

Details	1 January - 31 December 2023 (THB)	1 January - 31 December 2022 (THB)	Change (%)
Statement of financial position			
Total assets	6,226,580,497	6,204,649,564	0.35
Investments in securities at fair value through profit or loss	186,998,271	187,945,508	(0.50)
Investments in properties at fair value	5,930,000,000	5,912,000,000	0.30
Cash and cash equivalents	54,735,151	77,323,624	(29.21)
Trade and other receivables, net	45,978,997	18,177,902	152.94
Deferred expenses	33,720	629,657	(94.64)
Guarantee deposit	7,200,000	7,200,000	-
Other assets	1,634,358	1,372,873	19.05
Total liabilities	1,611,297,689	1,629,592,394	(1.12)
Trade and other payables	29,480,791	38,841,198	(24.10)
Unearned rentals and services income	4,464,171	5,687,386	(21.51)
Rentals and services guarantee	109,256,633	102,792,039	6.29
Accrued expenses	11,524,906	9,948,720	15.84
Borrowing from a financial institution, net	1,433,835,795	1,455,269,297	(1.47)
Other liabilities	22,735,393	17,053,754	33.32
Net assets	4,615,282,808	4,575,057,170	0.88
Net asset value per unit	10.3308	10.2407	0.88
Statement of comprehensive income			
Total income	545,042,220	509,564,387	6.96
Total expenses	258,712,845	234,449,470	10.35
Net investment gain	286,329,375	275,114,917	4.08
Net gain on disposal of investments	664,968	81,707	713.84
Net gain from change in fair value of investments	20,387,795	40,806,974	(50.04)
Increase in net assets from operations	307,382,138	316,003,598	(2.73)

Details	1 January - 31 December 2023 (THB)	1 January - 31 December 2022 (THB)	Change (%)
Statement of cash flows			
Net cash generated from operating activities	333,899,861	115,790,902	188.36
Net cash used in financing activities	(356,488,334)	(99,508,919)	258.25
Cash and cash equivalents at the end of the year	54,735,151	77,323,624	(29.21)

SPRIME's financial statements for the fiscal year ended 31 December 2023 were prepared in accordance with the accounting guidelines for the property fund, real estate investment trust, infrastructure fund and infrastructure trust established by the Association of Investment Management Companies and endorsed by the Office of Securities and Exchange Commission (the "SEC Office"); and were audited and certified by Ms. Rodjanart Banyatananusard, a certified public accountant No. 8435 of PricewaterhouseCoopers ABAS Company Limited. Details of SPRIME's financial statements for the fiscal year ended 31 December 2023 are appeared in the 2023 Annual Report in QR code format ([Enclosure 1](#)).

The dividend payment to trust unitholders for the fiscal year ended 31 December 2023

SPRIME has set out the policy to distribute dividends to the trust unitholders at the rate of not less than 90% of the adjusted net profit of the fiscal year and the payment of dividends shall not less than 2 (two) times per one fiscal year in accordance with the criteria prescribed in the Trust Deed. From the operating results during the period from 1 January - 31 December 2023, SPRIME recorded a net profit corresponding to cash equivalent of THB248.48 million. The Company as the REIT Manager, therefore, declared the dividend payment to the trust unitholders based on the operating results during the period from 1 January - 31 December 2023 in 4 payments totaling THB0.5780 per trust unit. This was paid from the 2023 operating results and retained earnings. The details of which are as follows:

1) The dividend payment was equivalent to 90.44% of the adjusted net profit for the fiscal year 2023 in accordance with the circular of the SEC Office No. Chor-Thor-3. (Wor) 2/2564, Clause 3.1 (1) after loan payments in 2023.

2) The dividend payment was equivalent to 103.92% of the adjusted net profit to correspond with the cash position in accordance with the circular of the SEC Office No. Chor-Thor-3. (Wor) 2/2564 Clause 3.2 (1) after (i) unrealized profits from appraisal or audit of property assets, (ii) difference between rental income recognized in the income statement and rental income received; and (iii) difference in expense recognized in the income statement and contract expenses (TFRS16).

Summary of historical dividend payment from the 2023 operating results is as follows:

Date of Resolution of the Board of Directors	Dividend Payment Date	Dividends (THB per unit)	Amount of Dividend Payment (THB Million)	Operating Results Period
8 May 2023	2 June 2023	0.1400	62.55	1 Jan - 31 Mar 2023
7 August 2023	4 September 2023	0.1480	66.12	1 Apr - 30 Jun 2023
6 November 2023	4 December 2023	0.1500	67.01	1 Jul - 30 Sep 2023
19 February 2024	18 March 2024	0.1400	62.55	1 Oct - 31 Dec 2023

Comparison of the dividend payment to the trust unitholders for the fiscal year ended 31 December 2023 and the fiscal year ended 31 December 2022 is as follows:

Items	Ended 31 December 2023	Ended 31 December 2022
(1) Dividend per unit (THB)	0.5780	0.6183
(2) Distribution of capital reduction per unit (THB)	-	-
Total dividend and capital reduction per unit (THB)	0.5780	0.6183
Dividend payment percentage according to the adjusted net profit (%) ⁽¹⁾	90.44	90.00
Dividend payment percentage according to the adjusted net profit to correspond with the cash position (%) ⁽¹⁾	103.92	103.72
Dividend payment ratio comparing to par value at THB9.382 per trust unit as of 28 December 2023 (%)	6.16	6.60
Dividend payment ratio comparing to market value at THB4.82 per trust unit as of 28 December 2023 and THB6.95 per trust unit as of 30 December 2022 (%)	11.99	8.90

Remark:

⁽¹⁾ New practice guidelines that are consistent with the circular of the SEC Office No. Chor-Thor-3. (Wor) 2/2564.

Item 3 To acknowledge the appointment of auditors and the determination of audit fee for the year 2024

The REIT Manager has considered and selected the auditors by taking into account qualifications, knowledge, competency, audit fee, independence, as well as audit experience and understanding of the SPRIME's businesses and therefore appointed the auditors from EY Office Company Limited ("EY") (a change in audit firm from PricewaterhouseCoopers ABAS Limited, the auditor in preceding fiscal year) as SPRIME's auditors for the fiscal year ending 31 December 2024 with the audit fee of THB670,000, decreasing by THB95,000 from the audit fee for the fiscal year ended 31 December 2023, representing 12.42%. Non-audit fee and out-of-pocket

expense for the fiscal year ending 31 December 2024 will be paid to EY upon actual basis. For the fiscal year ended 31 December 2023, SPRIME paid the non-audit fee to PricewaterhouseCoopers ABAS Company Limited in the total amount of THB16,267. List of auditors from EY is as follows:

- 1) Mr. Chatchai Kasemsrithanawat Certified Public Accountant No. 5813 (who has never been a certified signatory of SPRIME's financial statements), and/or
- 2) Mr. Kittiphun Kiatsomphob Certified Public Accountant No. 8050 (who has never been a certified signatory of SPRIME's financial statements), and/or
- 3) Ms. Isaraporn Wisutthiyan Certified Public Accountant No. 7480 (who has never been a certified signatory of SPRIME's financial statements), and/or
- 4) Ms. Krongkaew Limkittikul Certified Public Accountant No. 5874 (who has never been a certified signatory of SPRIME's financial statements), and/or
- 5) Ms. Wattoo Kayankannavee Certified Public Accountant No. 5423 (who has never been a certified signatory of SPRIME's financial statements)

In this regard, one of the auditors listed above shall audit and render opinions on SPRIME's financial statements for the fiscal year ending 31 December 2024. In the event that any one of these auditors is unable to perform his or her duties, EY shall replace other certified public accountants from EY to perform the audit work and render opinions on the financial statements of SPRIME. In this respect, the nominated auditors have been certified by the SEC Office and do not have any relationship and conflict of interest with SPRIME; therefore they independently perform their duties in auditing and opine the SPRIME's financial statements. Profiles and work experience of 5 auditors from EY are appeared in Enclosure 2.

The Company set the date for determining the trust unitholders who are entitled to receive the information and the 2023 SPRIME's operating performance report (Two-way Communication) on 4 March 2024 and would like to cordially invite trust unitholders to submit any questions and concerns (if any) by providing the trust unitholder's name, address, telephone number and email (if any) for contact, along with questions or concerns regarding SPRIME's operations. Submission can be made via email to info@sprimegrowth.com, or via registered mail to S REIT Management Company Limited, No. 123 Sun Towers Building, Building B, 37th Floor, Vibhavadi - Rangsit Road, Chom Phon Subdistrict, Chatuchak District, Bangkok 10900, between 16 April - 30 April 2024. The Company will then publish a summary of key issues in the form of FAQs through the Stock Exchange of Thailand's website (www.set.or.th) and SPRIME's website (www.sprimegrowth.com) within 14 May 2024. In this regard, the Company reserves the right not to consider questions if trust unitholders do not provided complete information, or submitted them after the specified period, or if the questions or concerns are not relevant to the operations of SPRIME.

For inquiries, please contact the Investor Relations Department of S REIT Management Company Limited at 02-617-6465 and 02-050-5555 ext. 259 during business days and hours.

Please be informed accordingly.

Sincerely yours,

S PRIME GROWTH LEASEHOLD REAL ESTATE INVESTMENT TRUST

By S REIT Management Company Limited

as the REIT Manager

- *Mr. Achawit Singсуwan* -

(Mr. Achawit Singсуwan)

Managing Director