

Information Memorandum on the Acquisition of Assets of ALLY and the Connected Transaction between ALLY and Its Related Persons (Connected Person of the REIT Manager)

Acquisition of Additional Assets

1. **Transaction date** : After obtaining the approval from the Trust Unitholders' Meeting of ALLY and after the contractual parties have completely performed the conditions precedent as stipulated in the agreement relating to the acquisition of assets of ALLY Leasehold Real Estate Investment Trust.

2. **Connected person and relationship with ALLY** : KE 111 Company Limited ("KE 111"), the owner of the additional investment assets, is related to the REIT Manager by having 2 directors in common, namely, Mr. Kavin Eiamsakulrat and Mr. Yutthana Phuprakai, and being the affiliated companies under the same group by having major shareholders in common, namely, KE Benjakij Company Limited ("KE Benjakij") and KE KFS Company Limited ("KE KFS").

 KE Property Management Company Limited ("KE Property"), a company intended to be appointed by ALLY to act as the Property Manager after the completion date of the acquisition of additional investment assets, is related to the REIT Manager by having 1 director in common, namely, Mr. Yutthana Phuprakai, and being the affiliated companies under the same group by having major shareholders in common, namely, KE Benjakij and KE KFS.

3. **Interest of connected person of the REIT Manager** : Both major shareholders of KE 111 and KE Property, namely, KE Benjakij and KE KFS, are interested persons by being major Trust Unitholders of ALLY.

4. **General characteristics of the transaction** : ALLY will acquire the additional investment assets by leasing parts of the buildings of 111 Praditmanutham Project and purchasing movable assets, equipment, furniture, and system works from KE 111; and will appoint KE Property to act as the Property Manager after the completion date. In addition, ALLY will enter into an undertaking agreement and various service agreements related to the additional investment assets at this time with KE 111 and/or KE 111's associated

person for the procurement of benefits in the additional investment assets by ALLY.¹

5. **Details of the Additional Investment Assets** : The additional investment assets are consisting of:
- 1) Leasehold rights in parts of the buildings of 111 Praditmanutham Project with a total area of approximately 19,954 square meters and a leasable area of approximately 10,611 square meters, consisting of approximately 8,775 square meters of office space and 1,836 square meters of retail space; and
 - 2) Ownership of movable assets, equipment, furniture, and the system works in 111 Praditmanutham Project.

6. **Transaction size** : The details of the additional investment assets are as follows:

The Acquisition Transaction of Assets from a Connected Person of the REIT Manager	
Project	Investment Value in Assets
The 111 Praditmanutham	Not exceeding Baht <u>670</u> Million

As for the consideration of the Property Manager, KE Property will charge a property management fee (excluding VAT) from ALLY, which will consist of:

¹ For a period of 3 years from the acquisition date of the additional investment assets, when the occupancy rate of the additional investment assets is lower than 92 percent, property manager or promisors agree to lease units in the additional investment assets in order to maintain the occupancy rate of the additional investment assets to not lower than 92 percent at the rental rate as follows:

Periods	Rental Rate / Square Meter / Month (THB)
within 1 st year from the acquisition date of the additional investment assets	629.00
within 2 nd year from the acquisition date of the additional investment assets	630.00
within 3 rd year from the acquisition date of the additional investment assets	642.00
<u>within 4th year from the acquisition date of the additional investment assets</u>	<u>661.00</u>
<u>within 5th year from the acquisition date of the additional investment assets</u>	<u>674.00</u>

(1) Management fee

Term	Management fee (per annum)
1 st -10 th Year	3 percent of the Project's operating income

(2) Special fee

Term	Special fee (per annum)
1 st -10 th Year	5 percent of gross profit from the immovable property after adjustment

The conditions shall be in accordance with the Property Manager Appointment Agreement that ALLY will enter into with KE Property afterward.

The acquisition of additional investment assets is the acquisition transaction of assets from a connected person of the REIT Manager with an investment value of not exceeding Baht 670 Million, or equivalent to 7.82 percent of the Net Asset Value of ALLY, which is greater than 3 percent of the Net Asset Value of ALLY according to the report of the Net Asset Value of ALLY as of 30 June 2023 was Baht 8,571,549,401.57) and therefore considered a connected transaction with a connected person of the REIT Manager that must be approved in the Trust Unitholders' Meeting of ALLY by affirmative votes of not less than three-fourths of the number of Trust Unitholders attending the meeting and having the right to vote.

7. **Value of the Additional Investment Assets** : The value of the acquisition of additional investment assets shall not exceed Baht 670 Million.
8. **Criteria for determining the value of the consideration** : The value of the additional investment assets of ALLY shall be determined by considering various relevant factors, including (1) the property appraisal value as appraised by two appraisers approved by the Office of the SEC; (2) conditions of the money market and capital market during the expected acquisition period of the additional investment assets; (3) the appropriate level of the rate of return that the investors will receive; (4) commercial potential of the assets; (5) interest rates in both domestic and global markets; (6) rates of return on investment in equity securities, debt instruments, as

well as other alternative investments; and (7) values mutually agreed upon between the lessee and the lessor.

As for the property management fee, the rate shall be as mutually agreed upon between ALLY and KE Property, taking in account the market rate of property management fee and the appropriateness.

9. **Benefits from the acquisition of Additional Investment Assets** :
 - 1) Increasing returns to the Trust Unitholders from ALLY's procurement of benefits from the additional investment assets; and
 - 2) Strengthening ALLY's long-term operating income through the diversification of risk in the procurement of benefits from immovable properties, and the mitigation of dependence on a source of income from the assets of any one project (Asset Diversification).
10. **Source of funds for the acquisition of Additional Investment Assets** : The sources of funds to be utilized for the acquisition of additional investment assets are long-term loans from banks in the amount not exceeding Baht 670 Million. In this regard, the capital structure used in the acquisition of additional investment assets by ALLY shall be considered based on the appropriateness of ALLY's debt ratio, its capital, and the current state of capital market and debt market.
11. **Approval of the transaction** : The aforementioned transaction is considered a connected transaction between ALLY and a connected person of the REIT Manager with a value equivalent to or greater than Baht 20 Million or exceeding 3 percent of the Net Asset Value of ALLY, whereby the value is not exceeding Baht 670 Million, or equivalent to approximately 7.82 percent of the Net Asset Value of ALLY. Therefore, such transaction must be approved in the Trust Unitholders' Meeting by affirmative votes of not less than three-fourths of all Trust Units of the Trust Unitholders attending the meeting and having the right to vote.
12. **Opinions of the Board of Directors of the REIT Manager regarding the entering into the transaction and comparison of the rationality between the**
 - 1) The Board of Directors of the REIT Manager is of the opinion that the investment in the additional investment assets is in the best interest of ALLY as it is an investment expansion for ALLY's stable and continuous long-term growth via the acquisition of office building assets situated in a good-potential location that will strengthen ALLY's stability of

transaction with the connected person and the third party	<p>long-term operating income through the diversification of risk in the procurement of benefits from immovable properties, and the mitigation of dependence on a source of income (Asset Diversification). In view of the value of the additional investment assets of ALLY, which shall be determined by considering various relevant factors, including (1) the property appraisal value as appraised by two appraisers approved by the Office of the SEC; (2) conditions of the money market and capital market during the expected acquisition period of the additional investment assets; (3) the appropriate level of the rate of return that the investors will receive; (4) commercial potential of the assets; (5) interest rates in both domestic and global markets; (6) rates of return on investment in equity securities, debt instruments, as well as other alternative investments; and (7) values mutually agreed upon between the lessee and the lessor; the Board of Directors deems that it is reasonable. In addition, the independent directors are not of any dissenting opinion after considering the information obtained from the management of the REIT Manager and the independent financial advisor, and deem that the transaction is reasonable and beneficial to ALLY.</p>
	<p>2) As for the consideration of the Property Manager, the Board of Directors of the REIT Manager is of the opinion that the proposed fee is fair and reasonable because KE Property has been acting as the property manager of additional investment assets since its beginning. Therefore, KE Property possesses the experience and familiarity that can manage its operation to the fullest efficiency and yield benefits for ALLY and the Trust Unitholders.</p>
13. Dissenting opinion of the independent director and/or director of the REIT Manager which is different from the opinion of the Board of Directors of the REIT Manager	None
14. Past transaction	None

15. List of executives of the REIT Manager and list of the top 10 major Trust Unitholders as of the latest book closing date

The executives of the REIT Manager consist of:

1. Mr. Kavin Eiamsakulrat;
2. Mr. Yutthana Phuprakai;
3. Mr. Buttra Thoburee;
4. Mr. Charnyud Natesuwon;
5. Miss Arisara Kongsawang.

The list of the top 10 major Trust Unitholders as of the record date (19 July 2023) appears in the List of Trust Unitholders in **Enclosure 7**.

16. Summary of Financial Information

Please consider **Attachment 1**

17. Summary of Appraisal Value

Please consider **Attachment 2**

18. Borrowings from connected person of the REIT Manager

None

19. Borrowings from connected person of Trustee

None

Attachment 1

Summary of Financial Information

Financial information according to the financial statements of ALLY Leasehold Real Estate Investment Trust as audited by a certified public accountant for the year ended 31 December 2020, for the year ended 31 December 2021, and for the year ended 31 December 2022, and the interim financial statements for the three-month period ended 31 March 2023 consist of the statement of financial position and Interim financial statements for the three-month and six-month periods ended 30 June 2023, the statement of income, and the cash flow statement, which can be summarized as follows:

1. Statement of Financial Position of ALLY

(Unit: Thousand Baht)	2020	2021	2022	1 st Quarter of 2023	2 nd Quarter of 2023
Assets					
Investments in leasehold properties at fair value	11,349,243	12,161,749	12,497,359	12,611,499	<u>12,605,848</u>
Investments measured at fair value through profit or loss	59,995	-	-	-	
Cash and cash at banks	515,349	543,896	641,111	680,980	<u>688,318</u>
Receivables on accrued rental and service income	197,735	248,424	236,440	208,055	<u>203,146</u>
Receivables on accrued other income		9,179	9,131	2,899	<u>5,191</u>
Receivables on accrued interest income	9	9	36	695	<u>44</u>
Deferred expenses	82,433	61,466	40,498	35,328	<u>30,101</u>
Refundable value added tax		5,359	5,359	5,359	<u>5,359</u>
Refundable deposits	31,738	34,101	35,635	35,635	<u>35,635</u>
Other assets	14,371	30,311	42,753	48,486	<u>46,347</u>
Total assets	12,250,874	13,094,495	13,508,322	13,628,936	<u>13,619,989</u>
Liabilities					
Trade accounts payable	30,909	43,681	59,596	47,374	<u>40,547</u>
Other payables and accrued expenses	99,402	109,693	98,506	109,540	<u>124,814</u>
Rental and service income received in advance	7,384	6,672	10,343	13,725	<u>11,164</u>
Deposits from rental and services	387,057	411,289	432,388	433,451	<u>426,653</u>

(Unit: Thousand Baht)	2020	2021	2022	1 st Quarter of 2023	2 nd Quarter of 2023
Borrowings from financial institution	2,760,897	3,431,785	3,608,387	3,609,918	<u>3,611,046</u>
Lease liabilities	539,192	674,443	828,761	825,039	<u>823,396</u>
Other liabilities	48,385	23,445	14,406	13,058	<u>10,820</u>
Total Liabilities	3,873,225	4,701,009	5,052,387	5,052,105	<u>5,048,440</u>
Net assets	8,377,649	8,393,486	8,455,935	8,576,831	<u>8,571,549</u>
Registered capital	8,644,499	8,565,830	8,565,830	8,565,830	<u>8,565,830</u>
Capital from Trust Unitholders	8,644,499	8,565,830	8,565,830	8,565,830	<u>8,565,830</u>
Discount on trust units	(317,465)	(317,465)	(317,465)	(317,465)	<u>(317,465)</u>
Retained earnings	50,615	145,121	207,570	328,466	<u>323,184</u>
Net assets	8,377,649	8,393,486	8,455,935	8,576,831	<u>8,571,549</u>
Net asset value per unit (Baht)	9.5843	9.6024	9.6738	9.8121	<u>9.8061</u>

2. Statement of Comprehensive Income

(Unit: Thousand Baht)	2020	2021	2022	1 st Quarter of 2023	2 nd Quarter of 2023
Income					
Rental and service income	1,106,170	1,094,831	1,441,888	394,340	<u>403,407</u>
Interest income	822	600	925	659	<u>777</u>
Other income	25,532	32,450	149,433	25,005	<u>24,570</u>
Total income	1,132,524	1,127,881	1,592,245	420,004	<u>428,754</u>
Expenses					
Management fee	48,655	48,447	52,089	12,960	<u>13,162</u>
Trustee fee	12,544	12,538	13,461	3,349	<u>3,400</u>
Registrar fee	2,647	2,283	2,081	578	<u>584</u>
Property management fee	90,879	91,699	129,404	34,905	<u>35,749</u>

(Unit: Thousand Baht)	2020	2021	2022	1 st Quarter of 2023	2 nd Quarter of 2023
Professional fees	3,356	3,183	3,720	578	<u>1,002</u>
Amortization of deferred expenses	21,025	20,967	20,967	5,170	<u>5,227</u>
Costs of rental and services	362,823	385,459	532,094	144,772	<u>148,871</u>
Administrative expenses	21,794	33,476	60,047	9,848	<u>8,138</u>
Finance costs	134,375	145,529	158,950	48,802	<u>51,679</u>
Total expenses	698,097	743,581	972,813	260,962	<u>267,812</u>
Net profit on investments	434,426	384,300	619,432	159,042	<u>160,942</u>
Net gain on investments					
Net gain on changes in fair value of investments in leasehold properties	(385,668)	(30,186)	(26,404)	113,073	<u>(20,249)</u>
Net gain on changes in fair value of investments measured at fair value through profit or loss	3	-	-	-	
Total net gain on investments	(385,665)	(30,186)	(26,404)	113,073	<u>(20,249)</u>
Net increase in net assets resulting from operations	48,761	354,114	946,409	272,115	<u>140,693</u>

3. Cash Flow Statement

(Unit: Thousand Baht)	2020	2021	2022	1 st Quarter of 2023	2 nd Quarter of 2023
Cash flow from operating activities					
Net increase in net assets from operations	48,761	354,114	593,028	272,115	<u>412,808</u>
<i>Adjustments to reconcile increase (decrease) in net assets resulting from operations to net cash from (used in) operating activities</i>					
Purchase of investments in leasehold properties	(14,283)	(701,114)	(188,631)	(754)	<u>(12,926)</u>
Purchase of investments	(209,400)				
Proceeds from sale of investments	190,000	60,000			
Expected credit loss			12402.851		
Amortization of deferred expenses	21,025	20,967	20,967	5,170	<u>10,397</u>
Amortization of discount on investments in bonds	(593)	(5)			
Decrease (increase) in receivables on accrued rental and service income	(147,213)	(50,689)	4,592	5,170	<u>28,123</u>
Decrease in receivables on accrued other income	57,535	(9,179)	49	23,375	<u>3,939</u>
Decrease (increase) in refundable value added tax	20,078	(5,359)			
Increase in refundable deposits	(31,738)	(2,363)	(1,534)		=
Increase in other assets	(6,466)	(15,940)	(17,452)	(723)	<u>1,577</u>
(Decrease) increase in trade accounts payable	19,122	12,772	15,915	(12,222)	<u>(19,050)</u>
Increase (decrease) in other payables and accrued expenses	(320,021)	10,288	(13,003)	8,085	<u>24,388</u>
Increase in rental and service income received in advance	3,624	(711)	3,671	3,382	<u>821</u>
Increase in deposits from rental and services	35,315	24,233	21,098	1,063	<u>(5,735)</u>
Decrease in other liabilities	46,594	(24,940)	(9,038)	(1,348)	<u>(3,586)</u>
Interest income	(822)	(600)	(925)	(659)	<u>(1,436)</u>
Interest received	1,110	600	898		<u>1,428</u>
Finance costs	134,375	145,529	158,950	48,802	<u>100,481</u>
Payment of lease agreement liabilities	(35,060)	(33,484)	(54,471)	(10,506)	<u>(25,048)</u>
Net gain on changes in fair value of					

(Unit: Thousand Baht)	2020	2021	2022	1 st Quarter of 2023	2 nd Quarter of 2023
investments in leasehold properties	385,668	30,186	26,404	(113,073)	<u>(92,824)</u>
Net gain on changes in fair value of					=
investments measured at fair value through profit or loss	(3)				=
Net cash from (used in) operating activities	197,609	(185,695)	572,921	228,939	<u>423,357</u>
<i>Cash flows from financing activities</i>					
Interest paid	(114,674)	(116,141)	(116,584)	(37,851)	<u>(78,956)</u>
Cash from borrowings from financial institution		670,000	171,800		=
Payment for transaction cost of borrowings from financial institution		(1,340)	(344)		=
Distribution to Trust Unitholders	(52,446)	(259,608)	(530,579)	(151,219)	<u>(297,194)</u>
Capital return to Trust Unitholders	(253,489)	(78,669)			
Net cash (used in) from financing activities	(420,609)	214,242	(475,706)	(189,070)	<u>(376,150)</u>
Net increase in cash and cash at banks	(223,000)	28,547	97,215	(189,070)	<u>47,207</u>
Cash and cash at banks at the beginning of the period	738,349	515,349	543,896	641,111	<u>641,111</u>
Cash and cash at banks at the end of the period	515,349	543,896	641,111	452,041	<u>688,318</u>

Attachment 2

Summary of Appraisal Value

For the acquisition of additional investment assets, the REIT Manager has engaged 2 asset appraisal companies, namely, Jones Lang LaSalle (Thailand) Limited and Edmund Tie & Company (Thailand) Company Limited which are appraisers approved by the Office of the SEC, to conduct an appraisal of the additional investment assets. The details of which are as appeared in the table below:

Project	Appraisal by Income Approach		
	Jones Lang LaSalle (Thailand) Limited	Edmund Tie & Company (Thailand) Company Limited	Appraisal Period
111 Praditmanutham Project	Baht 712,000,000	Baht 710,000,000	1 September 2023 - 30 August 2053