

AIM Industrial Growth Freehold and Leasehold
Real Estate Investment Trust
Report and interim financial statements
30 September 2018

Independent Auditor's Report on Review of Interim Financial Information

To the Unitholders of AIM Industrial Growth Freehold and Leasehold Real Estate Investment Trust

I have reviewed the accompanying balance sheet and detail of investments as at 30 September 2018, the related statements of income for the three-month and nine-month periods ended 30 September 2018, the statements of changes in net assets, cash flows and significant financial information for the nine-month period then ended as well as the condensed notes to financial statements of AIM Industrial Growth Freehold and Leasehold Real Estate Investment Trust. The REIT Manager is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

I conducted my review in accordance with Thai Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 Interim Financial Reporting.

Ratana Jala

Certified Public Accountant (Thailand) No. 3734

EY Office Limited

Bangkok: 5 November 2018

AIM Industrial Growth Freehold and Leasehold Real Estate Investment Trust**Balance sheet****As at 30 September 2018**

		(Unit: Thousand Baht)	
	Note	30 September 2018	31 December 2017
		(Unaudited but reviewed)	(Audited)
Assets			
Investments in properties at fair value			
(At Cost: Baht 2,140 Million)	6	2,305,200	2,140,000
Investments in securities at fair value			
(At Cost: Baht 87 Million)		86,723	-
Cash and cash at banks	7, 16	3,488	135,628
Receivables			
From rental and services	8, 16	-	2,744
From interest	16	110	8
From revenue department		-	15,078
Other assets		6,070	131
Total assets		2,401,591	2,293,589

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

AIM Industrial Growth Freehold and Leasehold Real Estate Investment Trust

Balance sheet (continued)

As at 30 September 2018

		(Unit: Thousand Baht)	
	Note	30 September 2018	31 December 2017
		(Unaudited but reviewed)	(Audited)
Liabilities			
Payables			
From interest		204	407
Others	16	2,532	100,740
Accrued expenses	16	6,563	954
Rent deposit received	16, 17.3	50,221	50,221
Long-term loans	9	590,000	590,000
Total liabilities		<u>649,520</u>	<u>742,322</u>
Net assets		<u>1,752,071</u>	<u>1,551,267</u>
Net assets:			
Trust registered			
155,000,000 units of Baht 10 each		<u>1,550,000</u>	<u>1,550,000</u>
Capital from unitholders			
155,000,000 units of Baht 10 each	10	1,550,000	1,550,000
Retained earnings	11	202,071	1,267
Net assets		<u>1,752,071</u>	<u>1,551,267</u>
		-	-
Net asset value per unit (Baht)		11.3036	10.0081
Number of units issued at the end of period (Thousand Units)		155,000	155,000

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

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Directors

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AIM Industrial Growth Freehold and Leasehold Real Estate Investment Trust

Details of investments

As at 30 September 2018

Details of investments classified by asset type

Type of investments/ Land title deed	Area (Rai-Ngan-Sq. Wah)	Locations	Factory/Warehouse building no.	30 September 2018			31 December 2017		
				(Unaudited but reviewed)			(Audited)		
				Cost	Fair value	Percentage	Cost	Fair value	Percentage
				(Thousand Baht)	(Thousand Baht)	(%)	(Thousand Baht)	(Thousand Baht)	(%)
Investments in properties									
Freehold right of land, cold storage building and cold storage movable assets									
157963	21-1-97.80	Pacific Cold Storage project	6, 7	804,700	936,200	39.14	804,700	804,700	37.60
		Na Dee, Mueang Samut Sakhon, Samut Sakhon							
85905	16-1-97	JWD Pacific project	-	544,200	542,900	22.70	544,200	544,200	25.43
		Suwinthawong Road, Khlong Nakhon Nueang Khet, Mueang Chachoengsao, Chachoengsao							
Freehold right of land and warehouse									
85904	12-2-56	Datasafe project	-	192,100	198,100	8.28	192,100	192,100	8.98
		Suwinthawong Road, Khlong Nakhon Nueang Khet, Mueang Chachoengsao, Chachoengsao							
128496, 144679	34-3-79.20	TIP 7 project	PD2	599,000	628,000	26.25	599,000	599,000	27.99
128498		Leab Khlong Song Nam Chonlahan Pijit Road,	PD4						
128499		Bang Pla, Bang Phli, Samut Prakan	PD5						
128500			PD6						
3572			PD7						
Total investments in properties				2,140,000	2,305,200	96.37	2,140,000	2,140,000	100.00

The accompanying notes are integral part of the financial statements.

AIM Industrial Growth Freehold and Leasehold Real Estate Investment Trust

Details of investments (continued)

As at 30 September 2018

Details of investments classified by asset type

Type of investments/ Issuer	Maturity date	Interest rate (%)	30 September 2018			31 December 2017		
			(Unaudited but reviewed)			(Audited)		
			Cost (Thousand Baht)	Fair value (Thousand Baht)	Percentage of investment (%)	Cost (Thousand Baht)	Fair value (Thousand Baht)	Percentage of investment (%)
Investments in securities								
Bill of exchange								
Phatra Securities Public Company Limited	15 November 2018	-	9,980	9,980	0.42	-	-	-
Total bill of exchange			9,980	9,980	0.42	-	-	-
Debenture								
Krungsriyudhya Card Company Limited	14 March 2019	1.60	49,000	49,000	2.05	-	-	-
TISCO Bank Public Company Limited	29 November 2018	1.85	10,004	10,004	0.42	-	-	-
Total debenture			59,004	59,004	2.47	-	-	-
Investment units								
Phatra Fixed Income Plus Fund	-	-	17,729	17,739	0.74	-	-	-
Total investment units			17,729	17,739	0.74	-	-	-
Total investments in securities			86,713	86,723	3.63	-	-	-
Total investments			2,226,713	2,391,923	100.00	2,140,000	2,140,000	100.00

The accompanying notes are integral part of the financial statements.

(Unaudited but reviewed)

AIM Industrial Growth Freehold and Leasehold Real Estate Investment Trust

Statement of income

For the three-month and nine-month period ended 30 September 2018

		(Unit: Thousand Baht)	
		For the three-month period ended	For the nine-month period ended
	Note	30 September 2018	30 September 2018
Investment income			
Rental and services income	16	43,792	131,025
Interest income	16	164	453
Total income		43,956	131,478
Expenses			
REIT Manager fee	13.1, 16	2,724	7,941
Trustee fee	13.2, 16	1,346	3,926
Registrar fee	13.3	156	463
Trust's property management fee	13.4, 16	575	1,708
Operating expenses	13.5, 16	694	2,106
Professional fee		460	1,063
Other expenses		554	1,450
Finance cost		6,246	18,534
Total expenses		12,755	37,191
Net investment income		31,201	94,287
Gains or loss on investments			
Net realised gains on investments in securities		3	8
Net unrealised gains on investments in securities		8	8
Net unrealised gains on investments in properties		165,200	165,200
Total gains or loss on investments		165,211	165,216
Increase in net assets from operations		196,412	259,503

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

(Unaudited but reviewed)

AIM Industrial Growth Freehold and Leasehold Real Estate Investment Trust

Statement of changes in net assets

For the nine-month period ended 30 September 2018

	Note	(Unit: Thousand Baht) For the nine-month period ended 30 September 2018
Increase in net assets from operations		
Net investment income		94,287
Net realised gains on investments in securities		8
Net unrealised gains on investments in securities		8
Net unrealised gains on investments in properties		165,200
Increase in net assets from operations		259,503
Distribution to unitholders	12	(58,699)
Increase in net assets during period		200,804
Net assets at the beginning of period		1,551,267
Net assets at the end of period		1,752,071
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The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

AIM Industrial Growth Freehold and Leasehold Real Estate Investment Trust

Statement of cash flows

For the nine-month period ended 30 September 2018

(Unit: Thousand Baht)

For the nine-month

period ended

30 September 2018

Cash flows from operating activities	
Increase in net assets from operations	259,503
Adjustments to reconcile increase in net assets from operations to net cash provided by (used in) operating activities:	
Purchase of investment in securities	(309,482)
Sales of investment in securities	222,833
Recognition of amortisation of discount on investment in securities	(58)
Finance cost	18,534
Decrease in receivables from rental and services	2,744
Increase in receivables from interest	(102)
Decrease in receivables from revenue department	15,078
Increase in other assets	(5,939)
Decrease in other payables	(98,208)
Increase in accrued expenses	5,609
Net realised gains on investments in securities	(8)
Net unrealised gains on investments in securities	(8)
Net unrealised gains on investments in properties	(165,200)
Net cash flows used in operating activities	(54,704)
Cash flows from financing activities	
Distribution to unitholders	(58,699)
Interest expenses	(18,737)
Net cash flows used in financing activities	(77,436)
Net decrease in cash and cash at banks	(132,140)
Cash and cash at banks at the beginning of period	135,628
Cash and cash at banks at the end of period (Note 7)	3,488

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

(Unaudited but reviewed)

AIM Industrial Growth Freehold and Leasehold Real Estate Investment Trust

Significant financial information

For the nine-month period ended 30 September 2018

(Unit: Thousand Baht)

For the nine-month
period ended
30 September 2018

Operating performance information (per unit)

Net asset value at the beginning of period	10.0081
Income from investing activities	
Net investment income	0.6083
Net realised gains on investments in securities	0.0001
Net unrealised gains on investments in securities and properties	1.0658
Total income from investing activities	1.6742
Less: Distribution to unitholders	(0.3787)
Net asset value at the end of period	11.3036

Ratio of net increase in net assets from operations to

average net assets during the period (%) 16.23

Significant financial ratios and additional significant information

Net assets at the end of period (Thousand Baht)	1,752,071
Ratio of total expenses to average net assets during the period (%)	2.33
Ratio of total investment income to average net assets during the period (%)	8.22
Ratio of weighted average investment purchases and sales during the period to average net assets during the period (%)*	5.50
Average net assets during the period (Thousand Baht)	1,599,068

* Weighted average investment trading volumes are computed based on the weighted average value of investments in each category outstanding at end of the period excluding cash at banks.

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

AIM Industrial Growth Freehold and Leasehold Real Estate Investment Trust

Notes to interim financial statements

For the three-month and nine-month period ended 30 September 2018

1. Description of AIM Industrial Growth Freehold and Leasehold Real Estate Investment Trust

AIM Industrial Growth Freehold and Leasehold Real Estate Investment Trust (“the Trust”) is a real estate investment trust established under the Trust for Transaction in Capital Market Act, B.E.2550 in accordance with the Trust Deed signed on 22 December 2017 between AIM REIT Management Company Limited as the Trust Settlor and SCB Asset Management Company Limited as the Trustee. The Trust was established as a specific closed-end real estate investment trust with an indefinite term. The Trust’s objectives are to mobilize funds raised from investors and loans from financial institutions 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 aforesaid immovable assets. The Trust initially invested in freehold right of land, cold storage buildings and cold storage movable assets in Pacific Cold Storage project and JWD Pacific project and invest in freehold right of land and warehouses in Datasafe project and TIP 7 project.

The Stock Exchange of Thailand (“SET”) approved the listing of the Trust’s investment trusts and permitted their trading from 9 January 2018 onwards.

AIM REIT Management Company Limited acts as REIT Manager, SCB Asset Management Company Limited acts as Trustee and Ngarn Somboon Company Limited acts as Property Manager of TIP 7 project.

2. Distribution policy

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

- (1) REIT Manager shall distribute to the Trust’s unitholders at least 90% of the adjusted net profit for the accounting period, comprising the year-end distribution and the interim distribution (if any). REIT Manager shall pay distributions to the Trust’s unitholders not more than 4 times in each accounting period, except in the event of a capital increase, when the Trust may pay more than 4 distributions in an accounting period in the best interests of the unitholders holding trust units prior to the capital increase.

The adjusted net profit means the net profit adjusted by the following items;

- (1) Deduction of unrealised gain from appraisal or appraisal review of assets of the Trust including adjustment of other items as prescribed by the Securities and Exchange Commission to reflect the cash position of the Trust.
- (2) Deduction of the provision for payment for debt from borrowing or obligation arising from borrowing of the Trust under the limit stated in the registration statement and prospectus or annual report, as the case may be.
- (2) If the Trust has accumulated profit that is based on the adjusted annual net profit of the Trust, in accordance with the above information for any accounting period, REIT Manager may pay distributions to Trust's unitholders from such retained earnings.
- (3) If the Trust has accumulated losses, REIT Manager will not make any distributions to the Trust's unitholders.

With respect to distribution payment, if the amount of the distribution per unit to be paid is lower or equivalent to Baht 0.10, REIT Manager reserves the right not to pay a distribution at that time and to carry forward such distribution to be paid together with the following distribution.

3. Basis of preparation of financial statements

3.1 Basis of preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 Interim Financial Reporting, with the Trust choosing to present condensed interim financial statements. However, the Trust has presented the balance sheet, the detail of investments, the statements of income, changes in net assets, cash flows and significant financial information in the same format as that used for the financial statements for the period as from 22 December 2017 (date of incorporation) to 31 December 2017.

The interim financial statements are intended to provide additional information to that included in the latest financial statements for the period as from 22 December 2017 (date of incorporation) to 31 December 2017. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the financial statements for the period as from 22 December 2017 (date of incorporation) to 31 December 2017.

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

4. Financial reporting standards that became effective in the current year

(a) Financial reporting standards that became effective in the current year

During the period, the Trust have adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Trust's financial statements.

(b) Financial reporting standards that will become effective in the future

During the period, the Federation of Accounting Professions issued a set of 5 accounting standards related to financial instruments, which are effective for fiscal years beginning on or after 1 January 2020. Key principles of these standards are summarized below.

Thai Financial Reporting Standards related to financial instruments

The set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 9	Financial Instruments
TFRS 7	Financial Instruments: Disclosures

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial reporting standard interpretations:

TRFIC 16	Hedges of a Net Investment in a Foreign Operation
TRFIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost taking into account the type of instrument, the characteristics of the contractual cash flows and the Trust's (business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

REIT Manager is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

5. Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the period as from 22 December 2017 (date of incorporation) to 31 December 2017.

6. Investments in properties

Investments in properties as at 30 September 2018 and 31 December 2017 are as follow:

(Unit: Thousand Baht)

	30 September 2018		31 December 2017	
	Cost ⁽¹⁾	Fair value	Cost ⁽¹⁾	Fair value
Pacific Cold Storage project	804,700	936,200	804,700	804,700
JWD Pacific project	544,200	542,900	544,200	544,200
Datasafe project	192,100	198,100	192,100	192,100
TIP 7 project	599,000	628,000	599,000	599,000
Investments in properties	<u>2,140,000</u>	<u>2,305,200</u>	<u>2,140,000</u>	<u>2,140,000</u>

⁽¹⁾ Amount made payment on 26 December 2017.

Reconciliation of book value of investments in properties are as follows:

(Unit: Thousand Baht)

	For the nine-month period ended 30 September 2018	For the period as from 22 December 2017 (date of incorporation) to 31 December 2017
Carrying amount at beginning of period	2,140,000	-
Purchase of investment in properties	-	2,140,000
Net unrealised gain on revaluation of investments in properties	165,200	-
Carrying amount at end of period	<u>2,305,200</u>	<u>2,140,000</u>

During the period, the Trust hired an independent appraiser to appraise the fair value of the investments in properties using the income approach. The main assumptions used in the valuation are rental rate, discount rate, growth rate, capitalization rate and other related expenses.

6.1 Information of investment in properties

On 26 December 2017, the Trust entered into the following sale and purchase agreements to acquire investment totaling Baht 2,140 million which consists of

a) Pacific Cold Storage project

The Trust invested in freehold right of land, two cold storage buildings and cold storage movable assets in Pacific Cold Storage project. It is located in Na Dee, Mueang Samut Sakhon, Samut Sakhon, with the area of approximately 21 rai of land and 17,562 square meters of building leasable areas.

b) JWD Pacific project

The Trust invested in freehold right of land, a cold storage building and cold storage movable assets in JWD Pacific project. It is located on Suwinthawong Road, Khlong Nakhon Nueang Khet, Mueang Chachoengsao, Chachoengsao, with the area of approximately 16 rai of land and 10,058 square meters of building leasable areas.

c) Datasafe project

The Trust invested in freehold right of land and a warehouses in Datasafe project. It is located on Suwinthawong Road, Khlong Nakhon Nueang Khet, Mueang Chachoengsao, Chachoengsao, with the area of approximately 13 rai of land and 9,288 square meters of building leasable areas.

d) TIP 7 project

The Trust invested in freehold right of land and five warehouses in TIP 7 project. It is located on Leab Khlong Song Nam Chonlahan Pijit Road, Bang Pla, Bang Phli, Samut Prakan, with the area of approximately 35 rai of land and 21,651 square meters of building leasable areas.

The Trust has no investment in properties purchases and sales for the nine-month period ended 30 September 2018.

The Trust invested in investments in properties totaling Baht 2,140 million accounts for 138% of the average net asset value of the financial statement for the period as from 22 December 2017 (date of incorporation) to 31 December 2017. Such investments in properties were raised fund from investors totaling Baht 1,550 million and loans from financial institutions totaling Baht 590 million.

Land and building of Pacific Cold Storage project, JWD Pacific project and TIP 7 project have been mortgaged to secure borrowing facilities from financial institutions, as mentioned in Note 9.

6.2 The details of leasing for immovable and movable assets

Project	Lessee	Lease period (years)	Lease period end
Pacific Cold Storage project	Pacific Cold Storage Company Limited	10	2027 ⁽¹⁾
JWD Pacific project	JWD Pacific Company Limited	10	2027 ⁽¹⁾
Datasafe project	Datasafe Company Limited	10	2027
TIP 7 project	5 retail lessees	3	2019 - 2021 ⁽²⁾

⁽¹⁾ The Trust has the right to renew the lease agreement twice for a period of 10 years each.

⁽²⁾ The Trust has the right to renew the lease agreement with a lessee once for a period of 3 years.

6.3 Investments in securities trading information

The Trust's investment trading transactions during the period, excluding investments in bank deposit and promissory notes, amounted to Baht 305.82 million which were 19.12% of average net assets during the period (for the period as from 22 December 2017 (date of incorporation) to 31 December 2017: none).

7. Cash and cash at banks

As at 30 September 2018 and 31 December 2017, the Trust has the details of cash and cash at banks as follows:

	30 September 2018		31 December 2017	
	Balance	Interest rate	Balance	Interest rate
	(Thousand Baht)	per annum (%)	(Thousand Baht)	per annum (%)
Cash at Banks				
Savings accounts				
The Siam Commercial Bank				
Public Company Limited	3,488	0.375	135,628	0.375
Cash and cash at banks	3,488		135,628	

8. Receivables from rental and services

The outstanding balances of receivables as at 30 September 2018 and 31 December 2017 are aged on the basis of due dates as follows:

Age of receivables	(Unit: Thousand Baht)	
	30 September 2018	31 December 2017
Past due up to 3 months	-	2,744
Receivables from rental and services	-	2,744

9. Long-term loans

	(Unit: Thousand Baht)	
	30 September 2018	31 December 2017
Long-term loans from financial institutions	590,000	590,000
Long-term loans	590,000	590,000

On 26 December 2017, the Trust borrowed Baht 590 million from a financial institution. The loans carry interest at MLR minus fixed rate per annum with monthly interest payment. The principal repayment of loan is due at the maturity date in 5 years.

The loans are secured by the mortgage of land and building as described in Note 6.

The loan agreements contain covenants which, among other things, require the Trust to maintain financial ratios such as Interest Bearing Debt to Total Asset Value Ratio and Interest Bearing Debt to EBITDA Ratio.

10. Unitholders' equity

On 22 December 2017, REIT Manager established the Trust with a registered capital of Baht 1,550 million, consisting of 155 million units with a par value of Baht 10 each. The Trust called up and received payment for all of these trust units.

11. Retained earnings

	(Unit: Thousand Baht)	
	For the nine-month period ended 30 September 2018	For the period as from 22 December 2017 to (date of incorporation) 31 December 2017
Accumulated net investment income	1,267	-
Retained earnings at the beginning of period	1,267	-
Add: Increase in net assets resulting from operations	259,503	1,267
Less: Distribution to unitholders	(58,699)	-
Retained earnings at the end of period	202,071	1,267

12. Distribution to unitholders

Distribution paid during the nine-month period ended 30 September 2018, as follows:

Approved date	The operation for the period	Per unit	Total
		(Baht)	(Thousand Baht)
14 May 2018	Retained earnings from 22 December 2017 (date of incorporation) to 31 March 2018	0.1926	29,853
7 August 2018	The operation result for the period as from 1 April 2018 to 30 June 2018	0.1861	28,846
			<u>58,699</u>

13. Expenses**13.1 REIT Manager fee**

REIT Manager is entitled to REIT Manager's fee (exclusive of value added tax or any other similar taxes) from the Trust, as detailed below:

- (1) A base fee, paid monthly and calculated at a rate not exceeding 0.75% per annum on the Trust's total asset value, as specified in the agreement.
- (2) An acquisition fee which is calculated at a rate not exceeding 3.00% per annum on the total asset value acquired by the Trust in each period and a disposal fee which is calculated at a rate not exceeding 3.00% per annum on lower of the total asset value disposed by the Trust in each period and the appraisal value assessed by an independent appraiser approved by the Securities and Exchange Commission.

13.2 Trustee's fee

The Trustee is entitled to monthly remuneration at a rate not exceeding 1.00% per annum (exclusive of value added tax or any other similar taxes) of the Trust's total asset value, as calculated by the REIT Manager and verified by the Trustee.

13.3 Registrar's fee

Operating expenses of the Trust Unit Registrar is monthly charged based on actual cost incurred.

13.4 Trust's property management fee

REIT Manager is entitled to Trust's property management fee (exclusive of value added tax or any other similar taxes) from the Trust, as detailed below:

- (1) A property management fee, paid monthly and calculated at a rate not exceeding 2.75% per annum on the Trust's net revenue from rent and service.
- (2) A incentive fee, paid monthly and calculated at a rate not exceeding 4.00% per annum on profit from operation of core assets of the Trust.
- (3) A commission fee from renewal of the rental and service agreement by retail tenants and provision of new retail tenants for vacant units, calculated not exceeding 1 month rental and service fee as specified in the rental and services agreement receivable from retail tenants.

13.5 Operating expenses

Operating expenses of the Trust of include common area fee, insurance expense and property tax.

14. Payment guarantee on rental fee

Payment guarantee for Pacific Cold Storage project, JWD Pacific project and Datasafe project

JWD InfoLogistics Public Company Limited agrees to be bound as a guarantor of income that the Trust will receive from lessee and as a joint debtor of lessee based on credit limit and period specified in rental and service agreement and action agreement. Over the lease period, if the lessee under lease agreement does not make payment for rental fee or does not make full payment for rental fee as specified in the agreement, JWD InfoLogistics Public Company Limited agrees to make payment for such undue rental fee or partial rental fee until the Trust receive full payment as specified in the agreement.

15. Risk management on rental and service fee

Tip Holding Company Limited agrees to pay for the deficit portion of the annual rental and service fee to the Trust on a quarterly basis if actual rental and service fee of the initial assets of the Trust in TIP 7 project is lower than expected fee for over 3 years starting from the date of ownership transfer (ending in December 2020) as specified in the agreement.

16. Related party transactions

During the period, the Trust had significant business transactions with the following related parties.

Related parties	Relationship
JWD InfoLogistics Public Company Limited	Major unitholder (Holds 10% of total trust units)
AIM REIT Management Company Limited	REIT Manager
Ngarn Somboon Company Limited	Property Manager of TIP 7 project
Tip Holding Company Limited	Related parties of Property Manager of TIP 7 project
SCB Asset Management Company Limited	Trustee
The Siam Commercial Bank Public Company Limited	Parent company of Trustee
Pacific Cold Storage Company Limited	Subsidiary company of major unitholder
JWD Pacific Company Limited	Subsidiary company of major unitholder
Datasafe Company Limited	Subsidiary company of major unitholder

Such related parties transactions have been agreed upon in the ordinary course of business between the Trust and its related parties. The pricing policies and amount for particular type of transactions are as follows:

	(Unit: Thousand Baht)		
	For the three-month period ended	For the nine-month period ended	Transfer Pricing Policy
	30 September 2018	30 September 2018	
Transactions with related parties			
Rental and services income	32,699	98,097	Contract price
Interest income	7	48	Market rate
REIT Manager fee			
Base fee	2,724	7,941	As detailed in Note 13.1
Trustee fee	1,346	3,926	As detailed in Note 13.2
Trust's property management fee			
Property management fee	233	692	As detailed in Note 13.4
Incentive fee	342	1,016	As detailed in Note 13.4
Operating expenses			
Common area fee	554	1,663	As detailed in Note 13.5

As at 30 September 2018 and 31 December 2017, the Trust has the following significant outstanding balances with its related parties as follows:

	(Unit: Thousand Baht)	
	<u>30 September 2018</u>	<u>31 December 2017</u>
Cash at banks		
Related companies	3,488	135,628
Receivables from rental and services		
Related companies	-	2,744
Receivables from interest		
Related companies	11	8
Other payables		
Related companies	1,905	60,687
Accrued expenses		
Related companies	3,571	484
Rent deposit received		
Related companies	39,916	39,916

17. Commitments

17.1 The Trust is committed to pay fees to counterparties under the terms and conditions as described in Note 13.

17.2 As at 30 September 2018, the Trust has a commitment in respect of payments of Baht 0.2 million during the year, in accordance with the services agreement. (31 December 2017: Baht 0.2 million).

17.3 The Trust is committed to transform net investment income which incurred from rent deposit received due from related parties as stated in Note 16 to lessees at the same amount the Trust received. As at 30 September 2018, the Trust has outstanding payable of Baht 0.4 million (31 December 2017: None)

18. Segment information

Operating segment information is reported in a manner consistent with the Trust's internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

The one main reportable operating segment of the Trust is to provide the service on the properties in which the Trust has invested and the single geographical area of its operations is Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment and geographical area.

During the period, the Trust has revenue from two major customers in amounts of Baht 88 million, arising from rent of investment properties.

19. Events after the reporting period

19.1 At the Board of Directors Meeting of REIT Manager No. 5/2018 held on 19 October 2018, the Board of Directors has approved additional investment in freehold and leasehold properties not exceeding Baht 4,300 million by offering additional units of the Trust and obtaining long-term loans. They have approved to call the Extraordinary General Meeting of Trust unitholders for approval on additional investment in such properties, additional units of the Trust and additional long-term loans. The capital structure used for the additional investment will take into account the appropriate debt-to-equity ratio and the capital the Trust and the prevailing conditions of the capital and debt markets.

19.2 At the Board of Directors Meeting of REIT Manager No. 6/2018 held on 5 November 2018, the Board of Directors has passed resolutions approved the appropriation of distribution of Baht 0.1902 per unit which will be paid from operation period for the period as from 1 July 2018 to 30 September 2018. The distribution will be paid on 4 December 2018.

20. Approval of interim financial statements

These interim financial statements were authorised for issue by REIT Manager's Board of Directors on 5 November 2018.