



Annual Report
2018

“We construct not just a building, we are constructing quality of working-life”



Great location and environment

The Project is located in the central business district (CBD) on Sukhumvit Road, the entrance directly connected to BTS sky train at Phrom Phong Station and near MRT subway at Sukhumvit Station. Furthermore, there are convenience transportation by car with connected to main street such as Sukhumvit Road, Rama IV Road and the entrance and exit of expressway



Business Synergies from Mixed-use Commercial Complex

BHIRAJ TOWER at EmQuartier Office Building is developed in a part of Mixed-use Commercial Complex, located in same place of EmQuartier Shopping Complex. Thus they gain benefit together with convenience and good image



High quality of grade A office building

BHIRAJ TOWER at EmQuartier Office Building is a grade A office building constructing with high quality material and modern facilities.



Tenant Mix

Tenant mix of the project is variety and proper diversification in type of business, industry, nationality of tenant and size of rental area. In addition, there is flexibility for adjusting size of rental area

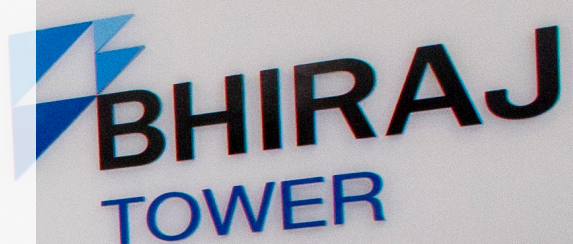




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Unit Holders are able to study additional information from 56-REIT1,
as shown via www.set.or.th or www.bofficereit.com

The image shows a modern interior space with a white wall. On the wall, there is a large logo for "BHIRAJ TOWER". The logo consists of a blue stylized 'B' followed by the word "BHIRAJ" in large, bold, black letters, and "TOWER" in smaller, blue letters below it. Below the text, there are two rectangular panels with a textured, reddish-brown surface. The floor is made of large, light-colored square tiles. The ceiling has recessed lighting fixtures.

Summary of BOFFICE

REIT Name	Bhiraj Office Leasehold Real Estate Investment Trust
Abbreviation	BOFFICE
REIT Manager	Bhiraj REIT Management Company Limited
Property Manager	BHIRAJ Management Company Limited
Trustee	Kasikorn Asset Management Company Limited
Term	Infinite
Paid-up Capital	4,974,029,775 Baht
Unit Description	Non-redeemable

Financial Highlights

Financial Statement

Statements of financial position of Bhiraj Office Leasehold Real Estate Investment Trust

(Unit: Baht)

Details	As at 31 December 2018
<u>Assets</u>	
Investment in leasehold right over properties at fair value	6,418,199,004
Investment in security at fair value	316,077,419
Other assets	159,167,435
Total assets	6,893,443,858
<u>Liabilities</u>	
Long-term loan from financial institution	1,695,154,826
Other liabilities	224,490,316
Total Liabilities	1,919,645,142
Net assets	4,973,798,716

Statement of income of Bhiraj Office Leasehold Real Estate Investment Trust

(Unit: Baht)

Details	15 January 2018 to 31 December 2018
<u>Investment income</u>	
Rental and service income	567,558,018
Other income	3,265,733
Total income	570,823,751
<u>Expenses</u>	
Cost of rental and service	106,751,403
Fee	54,939,154
Other expenses	90,407,070
Total expenses	252,097,627
Net investment income	318,726,124
Net unrealised loss on investment in leasehold right over properties	(251,193,918)
Increase in net assets from operations	67,532,206

Statement of cash flows of Bhiraj Office Leasehold Real Estate Investment Trust

(Unit: Baht)

Cash flows	15 January 2018 to 31 December 2018
Net cash flows used in operating activities	(6,518,322,793)
Net cash flows from financing activities	6,548,345,798
Net increase in cash and cash at banks	30,023,005
Cash and cash at banks at the beginning of period	-
Cash and cash at banks at the end of period	30,023,005

Significant financial ratios

Ratio	2018
Net assets at the end of period (Baht)	4,973,798,716
Average net assets during the period (Baht)	5,077,577,110
Ratio of increase in net assets resulting from operations to average net assets during the period (percent)	1.33
Ratio of total investment income to average net assets during the period (percent)	11.24
Ratio of total expenses to average net assets during the period (percent)	4.96
Ratio of weighted average investment turnover during the period to average net assets during the period (percent)	126.06



“On 15th January 2018 to its monumental listing on the Stock Exchange of Thailand on 23rd January 2018, BOFFICE pursued its investment on the leasehold rights over the BHIRAJ TOWER at EmQuartier Office Building”

Chairwoman's Message

Dear Valued Unitholder,

From the inception of Bhiraj Office Leasehold Real Estate Investment Trust or BOFFICE, on 15th January 2018 to its monumental listing on the Stock Exchange of Thailand on 23rd January 2018, BOFFICE pursued its investments on the leasehold rights over the BHIRAJ TOWER at EmQuartier Office Building, a premium, grade A office complex situated on the Central Business District (CBD), upper Sukhumvit road.

Our annual report for the fiscal year ending 31st December 2018 posted a rental occupancy rate of 97%, generating an income of 571 million Baht. Our gross profit margin of 56% testifies the proven management capacity of BOFFICE to efficiently and effectively deliver optimal returns.

Under the 2018 year in review, we have seen the transformation of the business landscape, especially in the supply of office rental spaces upon newly constructed office complexes, a trend that has been acknowledged by REIT Manager. Looking ahead, we continue to pursue our approach of cementing our tenant relationship, provide outstanding services including what we do best, which is maintaining exceptional building maintenance services to uphold our reputable performance in the market and deliver returns to our investors.

Lastly, on behalf of Bhiraj REIT Management, I would like to take this profound opportunity to thank you for your trust and faith. Here at BOFFICE is where our devotion to transparency and good governance contribute to our growth, and our investors flourish from sustainable returns.



Prapee Buri

Chairwoman

The Board of Director and Managing Director of REIT Manager



- | | |
|-------------------------------|----------------------|
| 1. Mrs. Prapee Buri | Chairwoman |
| 2. Mrs. Thippaporn Gertphol | Independent Director |
| 3. Mrs. Sarocha Buri | Executive Director |
| 4. Mr. Attakorn Netneramitdee | Managing Director |

History of Directors



Mrs. Prapee Buri

Chairwoman

Education

- Master of Economics, Chulalongkorn University

Training from Thai Institute of Directors (IOD)

- Director Certification Program (DCP 174/2013)
- Role of the Chairman Program Class 34/2014
- Boardroom Success through Financing & Investment (BFI 5/2018)

5 - Year Past Experiences

- | | |
|----------------|--|
| 2017 – Present | Chairwoman, Bhiraj REIT Management Company Limited |
| 1984 – Present | Chief Financial Officer, BHIRAJ BURI GROUP |
| 2017 – 2018 | Vice President of the Association, Thai Exhibition Association |
| 2016 – 2017 | TCEB President Evaluation Subcommittee, Thailand Convention and Exhibition Bureau |
| 2016 – 2017 | Administrative Systems Subcommittee, Thailand Convention and Exhibition Bureau |
| 2015 – 2017 | Board member, Thailand Convention and Exhibition Bureau |
| 2015 – 2017 | Strategic Planning and Risk Management Subcommittee, Thailand Convention and Exhibition Bureau |
| 2015 – 2017 | Association President, Thai Exhibition Association |



Mrs. Thippaporn Gertphol

Independent Director

Education

- Bachelor of Accounting, Thammasat University

5 - Year Past Experiences

- 2017 – Present Independent Director, Bhiraj REIT Management Company Limited
- 2004 – Present Advisor, Banpu Public Company Limited
- 2003 – Present Independent Director, Chairman of the Audit Committee, and Member of the Nomination and Remuneration Committee, Standard Chartered Bank (Thai) Public Company Limited
- 2000 – Present Director and Treasurer, Thailand National Defense College Class 4313
- 2014 – 2017 Member of Tax Accounting Committee, Federal of Accounting Professions



Mrs. Sarocha Buri

Executive Director

Education

- Bachelor of Finance and Management, University of Virginia

Training from Thai Institute of Directors (IOD)

- Corporate Governance for Executive (CGE 10/2018)
- Director Certification Program (DCP 266/2018)
- Diploma Examination (Exam 67/2018)

5 – Year Past Experiences

2017 – Present Executive Director, Bhiraj REIT Management Company Limited

2016 – Present Deputy Chief Financial Officer, BHIRAJ BURI GROUP

2009 – 2016 Director of Investment Banking - Merging and Acquisition,
The Quant Group



Mr. Attakorn Netneramitdee

Managing Director

Education

- Master Degree of Science-Real Estate Business, Thammasart University

5 - Year Past Experiences

2017 – Present	Managing Director, Bhiraj REIT Management Company Limited
2016 – 2017	Business Development Manager, Thoresen Thai Agencies Public Company Limited
2015 – 2016	Senior Manager-Business Development, MBK Public Company Limited
2012 – 2015	Fund Manager (Real Estate and Alternative), Social Security Office

The REIT Manager's Management Discussion and Analysis

Financial Position and Operating Results of the REIT

Discussion on operating results and financial position of Bhiraj Office Leasehold Real Estate Investment Trust for the period as from 15 January 2018 to 31 December 2018

Overview of the REIT's Operating Results

1) Investment Income

In 2018, BOFFICE had investment income totaled 570.82 million Baht, mostly generated from rental and service income of 567.56 million Baht accounted for 99.43% of total investment income. Resulting from the performance of BHIRAJ TOWER at EmQuartier Office Building has occupancy rate at the end of year 2018 of 97.29%.

(Unit: Baht)

Details	15 January 2018 to 31 December 2018	Portion (%)
Investment income		
Rental and service income	567,558,018	99.43
Interest income	812,168	0.14
Other income	2,453,565	0.43
Total income	570,823,751	100.00

2) Expenses

In 2018, BOFFICE had total expenses of 252.10 million Baht, mostly from cost of rental and service of 106.75 million Baht accounted for 42.35% of total expenses. Second, finance cost of 67.44 million Baht accounted for 26.75% of total expenses.

(Unit: Baht)

Details	15 January 2018 to 31 December 2018	Portion (%)
Expenses		
Cost of rental and service	106,751,403	42.35
REIT management fee	17,326,336	6.87
Trustee and custodian fee	7,666,385	3.04
Registrar fee	3,197,177	1.27
Property management fee	26,749,256	10.61
Amortisation of deferred expenses	16,542,298	6.56
Other expenses	6,421,089	2.55
Finance cost	67,443,683	26.75
Total expenses	252,097,627	100.00

3) Net Investment Income

In 2018, BOFFICE had net investment income of 318.72 million Baht, gross profit margin of 55.84%

However, BOFFICE had net unrealised loss on investment in leasehold right over properties of 251.19 million Baht. This was mainly due to appraisal BOFFICE's asset value on 1 June 2018 from independent appraiser. The value of asset is 6,426 million Baht, decreased from fair value by 242.79 million Baht.

Statements of financial position of the REIT

1) Assets

As of 31 December 2018, BOFFICE had total assets of 6,893.44 million Baht, which the significant items were:

- 1.1) Investment in leasehold right over properties at fair value of 6,418.20 million Baht. The fair value appraisal was appraised by the independent appraisers using an income approach valuation technique.
- 1.2) Investment in security at fair value of 316.08 million Baht, which were invest in mutual fund.
- 1.3) Deferred expenses of 69.63 million Baht incurred for issuing and initial public offering the trust units, and are amortized over a period of 5 years.

(Unit: Baht)

Details	As at 31 December 2018
Assets	
Investment in leasehold right over properties at fair value	6,418,199,004
Investment in security at fair value	316,077,419
Cash and cash at banks	30,023,005
Rental and service and other receivables	12,777,498
Deferred expenses	69,625,837
Other assets	46,741,095
Total assets	6,893,443,858

2) Liabilities

As of 31 December 2018, BOFFICE had total liabilities of 1,919.64 million Baht, which the significant items were:

- 2.1) Net long-term loan from financial institution of 1,695.15 million Baht, accounted for 24.59% of total assets.
- 2.2) Deposits from rental and services of 150.22 million Baht, including tenant's security deposits for lease and services

(Unit: Baht)

Details	As at 31 December 2018
Liabilities	
Trade and other payables	60,636,469
Advance receipt for rental and services	13,629,561
Deposits from rental and services	150,224,286
Long-term loan from financial institution	1,695,154,826
Total liabilities	1,919,645,142

3) Net assets

As of 31 December 2018, BOFFICE had net assets of 4,973.80 million Baht with net asset value per unit of 9.6520 Baht

Statement of Cash Flow

As of 31 December 2018, BOFFICE had cash and cash at banks of 30.02 million Baht, derived mainly from:

- 1) During the year 2018, BOFFICE had net cash flows used in operating activities of 6,518.32 million Baht, mostly from purchasing of investment in leasehold right over properties of 6,669.39 million Baht. The investment were long-term leasehold right on some areas of the BHIRAJ TOWER at EmQuartier Office Building and leasehold right of the facilities and movable properties relating to building.
- 2) During the year 2018, BOFFICE had cash flows from financing activities of 6,548.35 million Baht, mostly from issuance of trust units of 5,153.10 million Baht and cash received from long-term loan from financial institution of 1,689.90 million Baht.

(Unit: Baht)

Cash flows	15 January 2018 to 31 December 2018
Net cash flows used in operating activities	(6,518,322,793)
Net cash flows from financing activities	6,548,345,798
Net increase in cash and cash at banks	30,023,005
Cash and cash at banks at the beginning of period	-
Cash and cash at banks at the end of period	30,023,005

Table of Fee and Expenses of the REIT for the period as from 15 January 2018 to 31 December 2018

Fee & Expenses by the REIT	Amount (Baht)	% of Average Net Assets Value
Cost of rental and service	106,751,403	2.10
REIT management fee	17,326,336	0.34
Trustee and custodian fee	7,666,385	0.15
Registrar fee	3,197,177	0.06
Property management fee	26,749,256	0.53
Amortisation of deferred expenses	16,542,298	0.33
Other expenses	6,421,089	0.13
Finance cost	67,443,683	1.33
Total Fee and Expenses	252,097,627	4.97

*Average net assets value is equaled 5,077,577,110 Baht

BOFFICE Overview

BOFFICE Information

Summary of trust unit as of 31 December 2018

Authorized and paid-up capital (Baht)	4,974,029,775
Par (Baht per unit)	9.6525
Listed trust unit (unit)	515,310,000

Detail of market price of trust unit

- 1) Closing price as of 28 December 2018 was at 12.60 Baht per unit
- 2) Market price as of 28 December 2018 was 6,492.91 million Baht
- 3) Average market capitalization of year 2018 was 8.95 million Baht per day
- 4) Net asset value (NAV) of the REIT as of 18 January 2018 was 10.0016 Baht per unit
- 5) Net asset value (NAV) of the REIT as of 31 December 2018 was 9.6521 Baht per unit

Structure of Trust Holder

List of top 10 trust unit holders from book closing as of 28 December 2018

Order	Trust Unit Holder Name	Number of the Unit (Unit)	Portion (%)
1	BHIRAJ BURI Company Limited	103,000,000	19.99
2	TMB Property Income Plus Fund	39,612,500	7.69
3	Social Security Office	35,876,400	6.96
4	Thai Life Insurance Public Company Limited	29,704,000	5.76
5	K Property Sector Fund	22,774,000	4.42
6	Mr. Prasan Bhiraj Buri	18,335,000	3.56
7	Mrs. Prapee Buri	18,035,000	3.50
8	FWD Life Insurance Public Company Limited	18,000,000	3.49
9	Government Saving Bank	18,000,000	3.49
10	Muang Thai Life Assurance Public Company Limited	15,950,000	3.10
Total Top 10 Trust Unit Holders		319,286,900	61.96
Other Trust Unit Holder		196,023,100	38.04
Total		515,310,000	100.00

Benefit Distribution of REIT

Policy on Benefit Distribution

- 1) REIT Manager will distribute benefits to Trust Unit Holder in an amount of not less than 90% of the adjusted net profit for that fiscal year. Such benefits distributed to Trust Unit Holder consist of year-end distribution and distribution for each accounting period (if any). However, benefit distribution made by the REIT Manager to Trust Unit Holder are limited to a maximum of 4 times per fiscal year, except in a given accounting year where a capital increase is made, the REIT may distribute benefits more than 4 times per a fiscal year for the benefits of the existing Trust Unit Holder.

The abovementioned adjusted net profit refers to the net profit referred in the cash flow status of the REIT which includes the principal repayment as specified in the loan contract (if any).

- 2) In case the REIT sustains accumulated loss, the REIT Manager shall not distribute benefits to Trust Unit Holder.
- 3) In case benefits are distributed to Trust Unit Holder in each accounting period, the REIT Manager shall make an announcement of the benefit distribution to Trust Unit Holder, arrange for the closure of the register to compile a list of Trust Unit Holder entitled to the benefit distribution, and proceed with the benefit distribution to Trust Unit Holder within the specified period as follows;
 - a) In case of year-end distribution, the REIT Manager shall make the year-end distribution within ninety (90) days from the end of an accounting year. The distribution shall be made within thirty (30) days from the date of the closing book of the REIT Unit Holder in order to determine the right of Trust Unit Holder entitled to the benefit distribution.

Additional Conditions:

Regarding the benefit distribution for the first accounting year, to consider the annual benefit distribution, the distribution rate shall be at the discretion of the REIT Manager. If the distribution to be paid for a given year is lower than or equivalent to Baht 0.10 (zero point one zero) per unit, the REIT Manager reserves the right to withhold such benefit distribution and carry it forward to a subsequent benefit distribution. However, the above condition shall not be contrary to Item 1.

- b) In case of distribution for each accounting period (if any), the REIT Manager shall make the benefit distribution for each accounting period within ninety (90) days from the end of an accounting period for the latest quarter prior to the benefit distribution. The distribution shall be made within thirty (30) days from the date of the closing book of the REIT Unit Holder in order to determine the right of Trust Unit Holder entitled to the benefit distribution.

However, if the REIT Manager is unable to distribute benefits within such specified period, the REIT Manager shall notify the SEC Office and Trust Unit Holder in written. In case the REIT Manager fails to make benefit distribution to Trust Unit Holder within the specified period due to the mistake of the REIT Manager, the REIT Manager shall pay the interest at the rate of seven point five percent (7.5) per year from the due date until the date that the REIT Manager distributes benefits to Trust Unit Holder.

Additional Conditions:

To consider the interim distribution, the distribution rate shall be at the discretion of the REIT Manager. If the distribution to be paid for a given quarter is lower than or equivalent to Baht 0.10 (zero point one zero) per unit, the REIT Manager reserves the right to withhold such benefit distribution and carry it forward to a subsequent benefit distribution.

Regarding the policy on benefit distribution, the REIT Manager shall comply with those specified in this contract, unless in case that the SEC Office and/or other competent entities otherwise change, amend, append, announce, determine, command, approve and/or waive, the REIT Manager shall perform operations according to such change, amendment, appendix, announcement, determination, command, approval, and/or waiver.

- 4) Trust Unit Holder entitled to benefit distribution shall be the REIT Unit Holder listed on the REIT Unit Holder register of the REIT on the date of the closing book of Trust Unit Holder for benefit distribution according to the proportion of trust unit holding of each Trust Unit Holder. If it is appeared that there is any same individual or a group of person holding the REIT unit of the REIT which exceeds the rate announced and stipulated by the SEC Office, such same individual or a group of person shall not be entitled to receive benefits only the REIT unit that exceeds the rate specified in the Notification of the SEC Office

Historical Benefit Distribution

Benefit Distribution of 2018

Operation Period	Payment Date	Distribution (Baht/ unit)
15 January – 31 March 2018	7 June 2018	0.1315

Capital Reduction

No.	Cause of Capital Reduction	Amount (Baht)	Amount (Baht/ unit)	Closing Book Date	Payment Date
1	Unrealized loss investments in leasehold rights over properties	93,631,826.07	0.1817	17 Aug 18	3 Sep 18
2	Unrealized loss investments in leasehold rights over properties	85,438,398.08	0.1658	23 Nov 18	7 Dec 18
3	- Unrealized loss investments in leasehold rights over properties - Amortisation of deferred expenses - Accumulated amortisation of front end fee	85,489,929.00	0.1659	6 Mar 19	27 Mar 19

Trustee

Company Name	Kasikorn Asset Management Co., Ltd.
Address (Head Office)	400/22, KASIKORNBANK Building, 6 th & 12 th Floor, PhahonYothin Road, Avenue, Samsen Nai, Phaya Thai, Bangkok 10400
Company Contract	Telephone: 0-2673-3999 Fax: 0-2673-3900 website: www.kasikornasset.com
Type of Business	Asset management company and trustee
Major Shareholders (Portion of shareholders)	1. KASIKORNBANK Public Company Limited (holding of 27,154,272 shares, or 99.99%) 2. Mr.Siripong Nandhasri (holding of 1 share) 3. Ms.Saowaphak Pinijpichitkul (holding of 1 share)

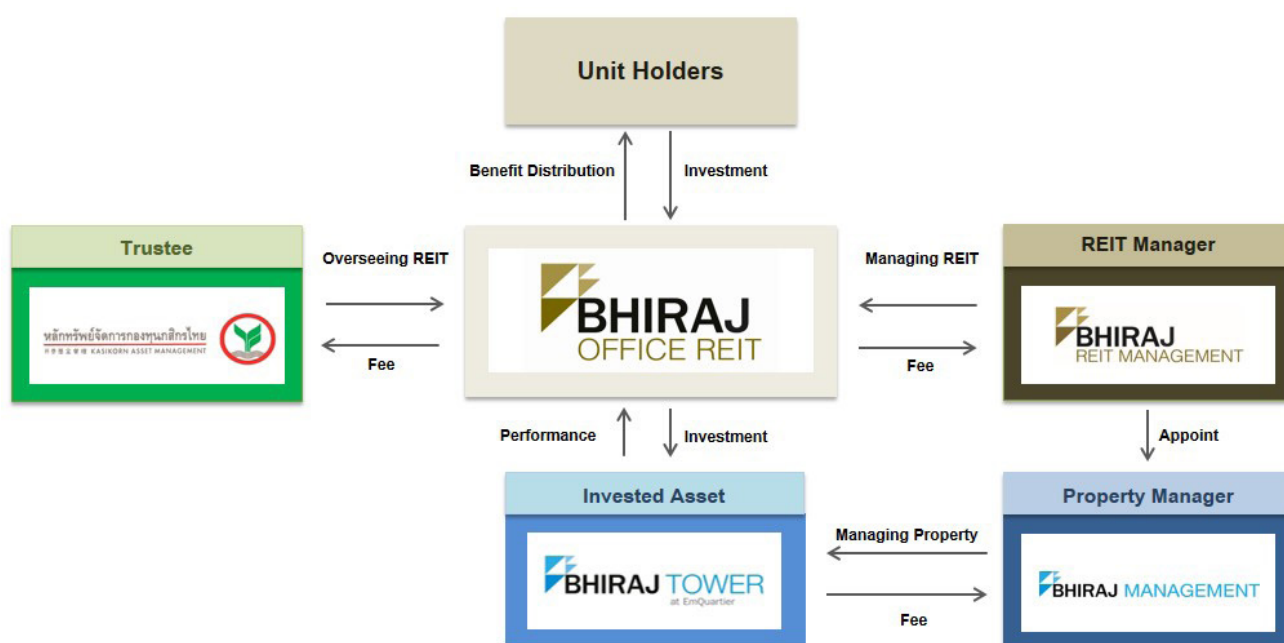
Duty and Responsibility of Trustee

Trustee is responsible for managing the Trust with duty of loyalty, duty of care, reasonable diligence and expertise. Trustee must treat beneficiaries fairly for the best benefits of the beneficiary independently and efficiently and based on the Trust Deed, including related laws and obligations additionally provided to investors (if any). Major duties of the trustee as specified in the draft of the Trust Deed are as follows;

- 1) Monitor and inspect the REIT Manager to manage the REIT in accordance with the Trust Deed and related laws
- 2) Report to the SEC Office and amend, hinder or remedy damages incurred to the REIT as deemed appropriate in case the REIT Manager performs or omits from performing operations which cause damages to the REIT or fails to perform duties under the contract and related laws
- 3) Attend the meeting of Trust Unit Holder every time. In case there is a request for the resolution of the Trust Unit Holder Meeting, the trustee must answer all inquiries and express opinions on operations whether they are in accordance with the Trust Deed or related laws, including object and inform the Trust Unit Holder that such operation cannot be carried out if it is not in accordance with the Trust Deed or related laws
- 4) Manage the REIT as necessary in order to prevent, hinder, or restrict severe damages to the benefits of the REIT or the Trust Unit Holder in case the REIT Manager fails to perform duties, and have an authority to recruit new REIT Manager
- 5) Prepare the report and present it to the Trust Unit Holder together with the annual report of the REIT by identifying how the trustee's opinion on operations of the REIT Manager in the REIT management is and whether it corresponds to the provisions of the Trust Deed, including other related laws, notifications and requirements

Management Structure

BOFFICE Structure



REIT Manager

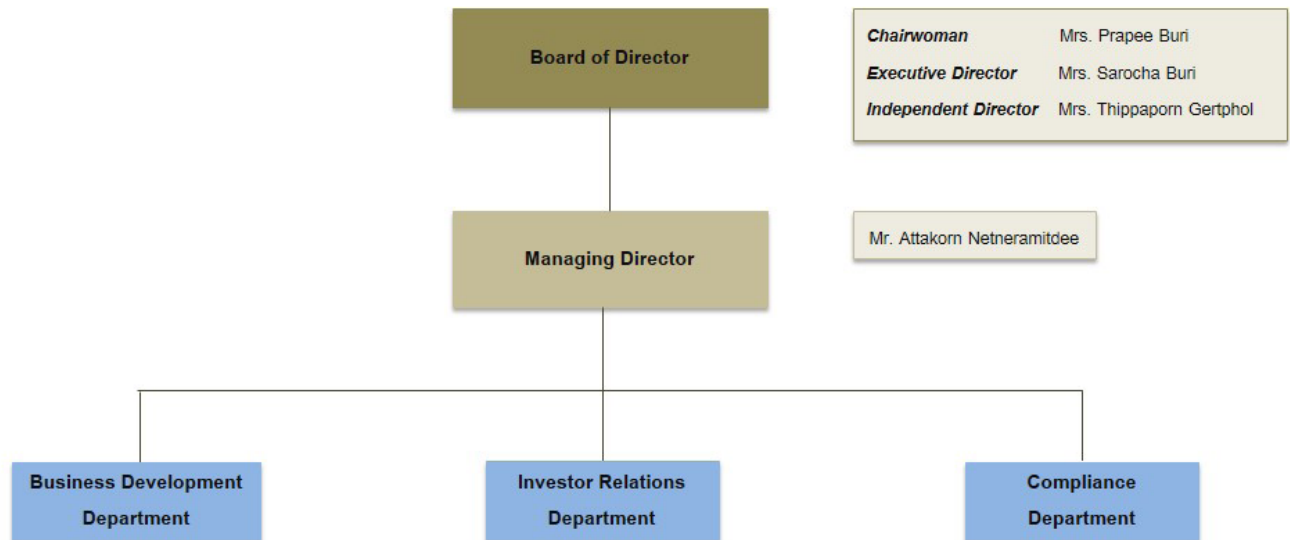
Information of REIT Manager

Bhiraj REIT Management Company Limited acts as REIT Manager which is the limited company registered in Thailand on 28 June 2017 with the paid-up registered capital of 10,000,000 Baht, divided into ordinary shares of 10,000 shares at a par value of 1,000 Baht. Its objective is to perform the duty of managing the REIT where BHIRAJ BURI Holding Company Limited is its major shareholder, holding of 70% of all issued shares. Information of REIT Manager is shown in the table.

Company Name	Bhiraj REIT Management Company Limited
Date of Incorporation	28 June 2017
Company Address	591 Sukhumvit Road, Klongton Nuea, Vadhana, Bangkok
Company Contract	Telephone: 02-261-0170 Fax: 02-261-0170 Website: www.bofficereit.com Email: boffice.brrm@bhirajburi.co.th
Paid-up Registered Capital	10,000,000 Baht
Type of Business	REIT Manager
Name of Directors	1. Mrs. Praptee Buri (Chairwoman) 2. Mrs. Sarocha Buri (Executive Director) 3. Ms. Thippaporn Gertphol (Independent Director)
Accounting Period	1 January – 31 December

Management Structure

Management structure of REIT Manager consists of the Board of Directors and executive officers according to the management structure as follows;



The director, managing director, head of department and a person holding equivalent position with other names, who is responsible for managing BOFFICE of REIT Manager, shall not possess prohibited characteristics as stipulated by the Notification of the Office of the Securities and Exchange Commission on Prohibited Characteristics of Capital Market Professionals.

The Board of Directors shall not be listed on the list that the Stock Exchange of Thailand deems that such person is not suitable for being an executive according to regulations of the Stock Exchange, does not possess characteristics indicating untrustworthiness as stipulated by the Notification of the Office of the Securities and Exchange Commission on Characteristics Indicating Untrustworthiness of Directors and Executives of Company, and is not a person sentenced by a judgment to commit offenses according to law on securities, law on undertaking of finance business, securities business and credit foncier business, law on non-life insurance, law on anti-money laundering, or other laws relating to similar financial businesses, either Thai laws or foreign laws, by competent authorizes under that law regarding offenses of unfair act relating to security trading or deceitful, fraudulent or dishonest management.

- 1) Directors authorized to sign on behalf of REIT Manager
Director signing to bind the Company is Mrs. Prapee Buri or Mrs. Sarocha Buri. Any of the abovementioned directors affix their signature and the seal of the Company.
- 2) Scope, authority and duty of Board of Directors of REIT Manager
Board of Directors of REIT Manager plays an important role in approving visions, missions, strategies, and directions, establishing REIT Manager's policies on operation and business action plan in both short term and long term, determining policies on finance, risk management and organization overview, monitoring, inspecting and evaluating performances of REIT Manager and employees for performing the duties of REIT Manager efficiently according to specified policies and business action plan under the scope of REIT Manager appointment contract, Trust Deed, Registration Statement,

Prospectus, Objectives and Regulations of REIT Manager, resolutions of the Board of Directors of REIT Manager Meeting and resolutions of Trust Unit Holder Meeting, including related laws, by mainly considering the highest benefits of the REIT and Trust Unit Holders.

In addition, the Board of REIT Manager also plays an important role in monitoring the compliance of requirements relating to operations and data disclosure of particulars with potential conflict of interests. However, according to the rules of the SEC Office, the Stock Exchange, and related competent authorities, the scope, authority and duty of Board of Directors of REIT Manager are as follows;

- 2.1) Perform duty in compliance with laws, objectives, and regulations of REIT Manager, including resolutions of the Board of REIT Manager Meeting and resolutions of Trust Unit Holder Meeting, with duty of loyalty, duty of Care, accountability and ethics
- 2.2) Manage BOFFICE under the supervision of trustee, establish strategies and long-term business action plan, organize optimal organization structure, and monitor policies on business operations, such as investment of BOFFICE, operating results of BOFFICE, annual budget draft and business plan of BOFFICE, consider risk factors possibly affected benefit provision of BOFFICE, performances of any departments, and items possibly causing conflict of interests, etc.
- 2.3) Monitor and give necessary advices so that operations of executives, employees, and REIT Manager are in compliance with any related contract and rules on duties of REIT Manager
- 2.4) Monitor and follow up performances of REIT Manager continuously and give necessary advices to ensure that operations of REIT Manager are in compliance with specified goals and handle with possible problems and issues timely and duly
- 2.5) Consider, monitor and give necessary advices so that REIT Manager will have effective and efficient internal control system and operation system for performing the duty of REIT Manager
- 2.6) Consider, monitor and take necessary actions for regularly and duly reviewing and updating important policies and action plans relating to duty of REIT Manager based on business situations
- 2.7) Consider, monitor and evaluate performances of executives of REIT Manager, including appoint executives at the level of managing director, give necessary advices to ensure that executives perform assigned duties with their full efforts and in accordance with rules and provisions in any related contracts for the benefits of BOFFICE
- 2.8) Consider, monitor and evaluate performances of the Property Manager, including give necessary advices to ensure that the Property Manager performs assigned duties with their full efforts and in accordance with rules and provisions in any related contracts for the benefits of BOFFICE
- 2.9) The Board of Directors may appoint one director or several directors or any persons to perform any action on behalf of the Board of Directors. However, such authorization will not include delegation or sub-delegation allowing directors or persons authorized by directors to approve particulars that they or connected persons have interests or benefits in any nature which causes conflict of interest of BOFFICE
- 2.10) Consider and approve the following matters;
 - (a) Transaction between BOFFICE and a person connected with REIT Manager and trustee and request for an approval from the REIT Unit Holder Meeting in case of making transactions between the REIT and such connected person requires an approval from the REIT Unit Holder Meeting
 - (b) Transaction with conflict of interest between BOFFICE and trustee

- (c) Selection of the Property Manager
 - (d) Selection of auditor, financial consultant, independent financial consultant, or other consultants
 - (e) Financial statements of BOFFICE reviewed and audited by an auditor
 - (f) Annual budget and action plans relating to operations of BOFFICE that the operation system and the internal control system require the Board of Directors to approve
 - (g) Special expenses or special investments other than annual budget that relevant departments of REIT Manager request for an approval
 - (h) Expenses collected from BOFFICE by the Property Manager
- 2.11) Consider and approve the consideration and decision on investment, disposal of main assets of BOFFICE or REIT management of Business Development Department and Compliance Department in order to correspond with Trust Deed, Registration Statement, Prospectus, and related laws and notifications as follows;
- (a) Methods of main assets and supplementary equipment acquisition

If BOFFICE invests in real estate or leasehold of real estate in future and provides benefits from such real estate or leasehold of real estate, the Board of Directors of REIT Manager shall consider and make sure that REIT Manager complies with rules on investment in assets according to SEC Office's related notifications prior to each acquisition of main assets. In addition, acquisition of main assets and supplementary equipment shall be in accordance with the following rules;

 - (1) In terms of substance of transaction, it is the transaction with the following characteristics;
 - (1.1) Being in accordance with Trust Deed and related laws
 - (1.2) Being for the best benefits of the REIT
 - (1.3) Being reasonable and using fair price
 - (1.4) Expenses of transactions collected by the REIT (if any) are in the fair and reasonable rate when compared with the market rate.
 - (1.5) Stakeholders of transaction will not participate in making decision of such transaction.
 - (2) In terms of the approval system, the following procedures shall be conducted;
 - (2.1) Being approved by trustee that the transaction is in accordance with Trust Deed and related laws
 - (2.2) In case of acquisition of main assets with the value of 10% (ten) or higher of the total asset value of the REIT, it requires an approval from the Board of Directors of REIT Manager.
 - (2.3) In case of acquisition of main assets with the value of 30% (thirty) or higher of the total asset value of BOFFICE, it requires an approval from the REIT Unit Holder Meeting with the vote of not less than 3/4 (three-fourth) of the total votes of trust unit holder attending the meeting and having the voting rights
 - (b) Disposal of main assets of BOFFICE

Regarding disposal of main assets of BOFFICE, the REIT Manager shall perform the following procedures;

 - (1) Prior to the disposal of main assets, the REIT Manager shall assess the main asset's value as specified in the Trust Deed.
 - (2) Disposal of main assets shall be in accordance with the following rules;
 - (2.1) Disposal shall be made openly and the substance of transactions shall be in accordance with those specified in Trust Deed, such as;
 - Being in accordance with Trust Deed and related laws

- Being for the best benefits of the REIT
- Being reasonable and using fair price by comparing with the market price
- Expenses of transactions collected by the REIT are in the fair and reasonable rate when compared with the market rate (if any).
- Stakeholders of transaction will not participate in making decision of such transaction. Procedures for requesting an approval from trustee or a resolution from Trust Unit Holder Meeting shall be provided as specified in Trust Deed or laws, mutatis mutandis.

(2.2) Disposal of main assets with the following characteristics shall not only be in accordance with requirements on disposal of main assets specified in the above paragraph, but it must be also the necessary and appropriate case approved by the Board of Directors of REIT Manager.

- Disposal of main assets prior to 1 (one) year from the date of such main asset acquisition
- Disposal of main assets that the REIT acquires the ownership to the original owner

(c) Procurement of REIT Manager shall be in accordance with the procurement system of the manual of operating and internal control system.

However, to cast a vote, if any director having interests in any agenda, such director shall not be entitled to cast a vote in such agenda.

According to the scope, authority, and duties specified above, the REIT Manager shall arrange the Board of Director's meeting so that the Board will consider, acknowledge and approve necessary operations of the REIT Manager in the following matter;

3) Matters that the Board considers for acknowledgement and approval

3.1) Matters that the Board considers for acknowledgement

- (a) Operating results of the REIT Manager and the REIT
- (b) Progress of operations according to action plans and marketing plans specified by the REIT Manager for providing benefits to the REIT, problems and obstacles, and corrective measures, with the support of the Property Manager
- (c) Approaches to mitigate risks or other causes possibly affecting performances of the REIT
- (d) Performances of any departments in REIT Manager, such as Compliance Department, Business Development Department, and Investor Relations Department, including problems and obstacles occurred in operations and corrective measures
- (e) Weakness on the internal control system and operation system of the REIT Manager for performing duties of REIT Manager and corrective measures and progresses

3.2) Matters that the Board considers for approval are as follows;

- (a) Establish strategies and long-term business action plans, arrange appropriate organization structure system, and monitor policies on business operation and risk factors possibly affecting the benefit provision of the REIT
- (b) Draft the annual budget of the REIT, annual business plan, and annual business strategies of the REIT prepared by the REIT Manager with the support of the Property Manager

- (c) Approaches to receive important disputes and complaints on operations of the REIT that are considered by the Board
- (d) Connected transactions and any transaction that may cause conflict of interests with operations of the REIT
- (e) Other matters required consideration and approval by the REIT Unit Holder Meeting
- (f) Other significant matters relating to operations of the REIT Manager and the REIT

4) Independent director

There is one independent director of REIT Manager which is not less than the one-third of the total number of directors of REIT Manager

4.1) To select the Board of Independent Director of REIT Manager, an independent director shall possess at least the following qualifications;

- (a) Holding no more than 1% (one) of the total number of shares with voting rights of the REIT Manager, the Parent Company, a subsidiary, an associated company, a major shareholder, or an entity with controlling authority over the Company or a connected person, including shares held by any relevant persons of such independent director under Section 258 of the Securities Act
- (b) Not being a director or being a director who previously involved with the management and not being employees, staff, consultant with monthly salary or entities with controlling authority of the REIT Manager, the Parent Company, a subsidiary, an associated company, a subsidiary at the same level or a connected person, without any benefits or interests in such manner for a period of at least 2 (two) years
- (c) Not or never have business relationship with the REIT Manager, the Parent Company, a subsidiary, an associated company, or a juristic person who possibly is a person connected in such a manner that may obstruct their exercise of independent discretion, and not or never have been a major shareholder, a non-independent director or executive of a person having business relationship with the Company, the Parent Company, a subsidiary, an associated company, or a juristic person who possibly is a connected person, except he/she does not possess such characteristic for a period of at least 2 (two) years
- (d) No connection by blood or legal registration as father, mother, spouse, sibling, son/daughter and spouse of son/daughter of an executive, a major shareholder, an entity with controlling authority over the Company, or an Individual who will be nominated as Director, or an entity with controlling authority over the REIT Manager or its subsidiary
- (e) Not or never been an auditor of the REIT Manager, the Parent Company, a subsidiary, an associated company, or a juristic person who possibly is a connected person, and not a major shareholder, a non-independent director, executive, or a managing partner to the audit office with which the auditors of the Parent Company, a subsidiary, an associated company, or a juristic person who possibly is a connected person, except he/she does not possess such characteristic for a period of at least 2 (two) years
- (f) Not or never been a person rendering any professional service or a legal or financial consultant who is paid more than 2 (two) million Baht in service fee per year by the REIT Manager, the Parent Company, a subsidiary, an associated company, or a juristic person who possibly is a connected person. In case a person rendering any professional service is a juristic person, it shall include a major shareholder

who is a non-independent director, an executive, or a managing partner of such person rendering any professional service, except he/she does not possess such characteristic for a period of at least 2 (two) years.

- (g) Not a Director who is appointed to be a representative of a director of the REIT Manager, a major shareholder or a shareholder who is connected with a major shareholder of the REIT Manager
- (h) Not be listed on the list that the Stock Exchange of Thailand deems that such person is not suitable for being an executive according to regulations of the Stock Exchange and not possess characteristics indicating untrustworthiness as stipulated by the Notification of the Office of the Securities and Exchange Commission on Characteristics Indicating Untrustworthiness of Directors and Executives of Company
- (i) Not a person sentenced by a judgment to commit offenses according to law on securities, law on undertaking of finance business, securities business and credit foncier business, law on commercial banking, law on non-life insurance, law on anti-money laundering, or other laws relating to similar financial businesses, either Thai laws or foreign laws, by competent authorities under that law regarding offenses of unfair act relating to security trading or deceitful, fraudulent or dishonest management.
- (j) Not have any other characteristics which prevent him or her from giving opinions freely on the operation of the REIT Manager

4.2) Scope, authority, duty and responsibility of independent director of REIT Manager are as follows;

- (a) Consider, monitor, and give necessary advices to REIT Manager to perform operation in providing data preparation and disclosure process in financial statements of REIT Manager and BOFFICE which is accurate, complete, adequate, reliable and timely
- (b) Consider, monitor, and give necessary advices to REIT Manager to perform operation in providing appropriate internal control system and operation system for performing duties of REIT Manager
- (c) Consider and give necessary advices on connected transactions or transactions with potential conflict of interest with the REIT in order to comply with related laws and requirements and to ensure that such transactions are reasonable and provide the highest benefits to the REIT
- (d) Perform other acts as assigned by the Board of REIT Manager which provide benefits to the REIT
- (e) Arrange relevant departments of REIT Manager to regularly report to independent directors for consideration and acknowledgement in order to give necessary advices on the following matters;
 - (1) Connected transactions or transactions with potential conflict of interest with the REIT
 - (2) Weaknesses and improvement issues relating to the internal control system and operation system for performing duties of REIT Manager and progress of such improvement

4.3) The Board of Directors and independent directors play an important role in monitoring and giving necessary advices to REIT Manager for performing operations as a REIT Manager in order to be in compliance with related rules and contracts. The managing director is responsible for controlling, monitoring, supervising, and observing operations of the REIT Manager as a REIT Manager so that the operation will be performed effectively. The REIT Manager establishes the scope, authority, duty and responsibility of the managing director as follows;

- (a) Be responsible, monitor and manage daily operations and/or management, including supervise overall operations of the REIT Manager in order to be in compliance with related rules, contracts, and resolutions of the Board of REIT Manager
- (b) Establish organization structure, management procedures, and recruitment, training, employment, and dismissal of employees of REIT Manager and determine the wage rate, salary, remuneration, bonus, and welfare for employees
- (c) Monitor and supervise any operation of REIT Manager
- (d) Be a representative of REIT Manager and authorize and assign any person to communicate with government entities and related competent authorities
- (e) Have authority to issue, amend, append, and update rules, directives and regulations relating to operation of REIT Manager
- (f) Have authority, duties and responsibilities as assigned by the Board of REIT Manager or according to the policy assigned by the Board of REIT Manager
- (g) Have authority to sub-delegate and/or assign other persons to perform a certain work. Such sub-delegation and/or assignment must be within the scope of authorization according to the provided power of attorney or rule, regulations, or directives specified by the Board of REIT Manager. However, the authority, duty, and responsibility assignment of the Board of Directors must not be an authorization or sub-delegation that causes the managing director or a person authorized by the managing manager to approve any transaction that he/she or connected persons may have interests or benefits in any manner or any conflict of interests with the REIT

Duty and responsibility of REIT Manager

REIT Manager has main duties and responsibilities in monitoring and managing the REIT, including the investment in assets of the REIT, and supervising the duty performance of Property Manager. REIT Manager performs duties under the supervision of trustee. The duties and responsibilities are as follows;

1) General duties

- 1.1) REIT Manager will perform the duties as a reliable professional with duty of care and duty of good faith for the best benefits of Trust Unit Holder and in accordance with the Trust Deed, REIT Manager Appointment Contract, related laws, and additional obligations specified in disclosed documents for benefits of offering trust units to investors, and resolutions of Trust Unit Holder. In addition, the REIT Manager shall not perform any act that is contrary to or conflict with benefits of the REIT Unit Holder and overall investors. In addition, REIT Manager shall be liable for unlimited liability in case the REIT Manager does not perform duties and/or inaccurately and incompletely performs duties.
- 1.2) REIT Manager shall perform operations in accordance with principles of business operation as a REIT Manager as follows;
 - (a) Continuously provide sufficient funds for business operation and responsibilities arising from duty performance as a REIT Manager

- (b) Adequately disclose and give important and related opinions or data for investment decision making of investors. Such data must be communicated clearly without any misrepresentation and misstatement.
- (c) Not utilize data from performing duties of the REIT Manager inappropriately for himself/herself or cause damages or affect overall benefits of the REIT
- (d) Perform duties with care to avoid conflict of interests. In case of any conflict of interests, REIT Manager shall perform operation to ensure that investors are treated fairly and appropriately. However, the REIT Manager shall perform the following operations in order to avoid conflict of interests;
 - (1) REIT Manager shall not have other interests that may conflict with the best interest of the Fund. If there is any case causing conflict of interests, the REIT Manager must be able to present that there is a mechanism to ensure that the REIT will be managed for the best benefit of the REIT and overall Trust Unit Holder.
 - (2) In case the REIT Manager manages other REITs, the main assets of the REIT requesting for an offering of trust unit shall not be the same type as the main asset of other REITs.

In addition, before making transactions that cause conflict of interests of the REIT, the REIT Manager discloses data sufficiently to Trust Unit Holder or investors as follows;

- (1) Disclose data through the Securities Exchange according to the Securities Exchange's regulations relating to such matters or other channels that Trust Unit Holder can access to the data for making transactions
- (2) Duration for disclosing reasonable data shall not be less than fourteen (14) days.
- (3) Channels, methods and durations of expressing objection are disclosed clearly. Such duration shall not be less than fourteen (14) days. However, in case the resolution of Trust Unit Holder is requested for making such transactions, such request for the resolution of Trust Unit Holder must be objected.

In case the REIT Unit Holder obviously expresses the objection according to the method disclose in Item (3) with more than one-fourth (1/4) of the number of issued trust unit, the trustee shall not perform or allow making transactions having conflict of interests with the REIT.

- (e) Comply with the Securities Act, the Trust Act, and other laws relating to operations of the REIT, including ethics and standards on professions specified by associations relating to security business or organizations relating to security business mutatis mutandis verified by the SEC Office and not support, command or cooperate with any individual to violate laws or such requirements
- (f) REIT Manager is responsible for providing cooperation for duty performance of the trustee or the SEC Office, including disclosing data that may significantly affect the management of the REIT or other information needed to be informed. In addition, it also includes the following duties;
 - (1) Prepare and store data, documents and evidence of management, internal control and data disclosure of the REIT. When Trustee intends to audit the management of any matters, the REIT Manager shall provide cooperation in submitting data, documents and evidence, including allow the trustee to access and inspect the location of real estate as requested so that the trustee will be able to inspect it and make sure that the REIT Manager does not violate laws or provisions of the Trust Deed or does not maintain benefits of the REIT Unit Holder.

- (2) Prior to the appointment of REIT, the REIT Manager is responsible for submitting data and documents relating to the arrangement of trust structure, method of leasing, provision and collection of revenues, collectable expenses from the REIT, employment contract between the REIT and any company or individual, etc., so that the trustee will plan the action plan for efficiently monitoring and inspecting management, internal control and data disclosure of such Trust.

However, the REIT Manager is responsible for coordinating and submitting data and documents to trustee based on the document, frequency and schedule as specified in the REIT Manager Appointment Contract, including other documents that the trustee requests as deemed necessary and other documents relating to trust management within the appropriate schedule.

- 1.3) REIT Manager shall provide the liability insurance arising from business operation or his/her operations as a REIT Manager, including operations of the Board of Executives and employees throughout the term of the REIT Manager Appointment Contract.
- 1.4) For making transactions relating to real estate for the REIT, the REIT Manager shall comply with the following rules;
 - (a) Perform operations to ensure that the sale, distribute and transfer of real estate or entering into contracts relating to real estate for the REIT is carried out accurately and effective according to laws
 - (b) Perform operations to ensure that the investment in the REIT is appropriate. The following procedures shall be at least carried out;
 - (1) Assess his/her readiness in investment management of such real estate before holding the position of REIT Manager or before additionally investing in such real estate for the REIT as the case may be
 - (2) Analyze and study feasibility and perform review and due diligence of real estate according to rules and practices on management of fund and trust invested in real estate as specified by the Securities and Exchange Commission, the SEC Office, and also assess any risk possibly arising from the investment in real estate and provide risk management approaches. However, such risk shall include the risk relating to development or construction of real estate (if any), such as risk from delay in construction and risk from being incapable of providing benefits from real estate
- 1.5) REIT Manager shall arrange the meeting of Trust Unit Holder as specified in the Trust Deed.
- 1.6) If there is any change of the REIT Manager, the REIT Manager shall perform operations and provide cooperation as necessary to deliver tasks to any persons who will replace him/her.
- 1.7) In case a consultant is appointed for giving consultation or advices on investment in real estate and real estate management, the REIT Manager shall perform the following operations according to rules;
 - (a) The consultant shall report interests in considered matters.
 - (b) The consultant who has interests in considered matters, directly or indirectly, is not allowed to participate in considering such matter.
- 1.8) REIT Manager shall prepare financial statements of the REIT Manager in accordance with the accounting standard as stipulated in the law on accounting professions and submit such financial statements to the SEC Office within three (3) months from the fiscal year-end date. Prepared financial statements must be audited and expressed opinions of auditors which are approved by the SEC Office.

- 1.9) Prepare and disclose data of the REIT, including information under Section 56 and 57 of the Securities Act and other information as specified in the Trust Deed and the REIT Manager Appointment Contract
- 1.10) Prepare and disclose data of the REIT to trustee, the SEC Office, the Securities Exchange, Trust Unit Holder as specified in the Securities Act, other related laws, and the Trust Deed, including submit the annual report of the REIT together with the invitation letter to attend Annual General Meeting to the REIT Unit Holder. In addition, the REIT Manager is responsible for clarifying, submitting related documents and evidence, and performing or omitting from performing operations as directed or requested by the SEC Office.
- 1.11) Avoid situations that may cause suspicious issues to the independence of the REIT Manager, especially the issue relating to the consideration of selecting, purchasing, selling, renting, subletting, leasing or subleasing real estate, including securities and other services, to the REIT. The REIT Manager, directors, executives, and employees of the REIT Manager are not allowed to receive commission or soft commission or other benefits from the original real estate owner or sponsor, security vendors, service providers, or broker companies, as his/her own revenue or benefits.
- 1.12) REIT Manager shall be responsible for disclosing interests or benefit acquirement of the REIT Manager and connected persons of the REIT Manager from companies or individuals that are business partners of the REIT in the prospectus, registration statement of trust offering, prospectus, invitation letter to attend the meeting for approving any matters, and annual report of the REIT, so that investors and trustees will be able to use such information to consider the independence of the REIT Manager for making any transactions for the REIT and reasonableness of such transaction

Interests or benefit acquirement that must be considered and disclosed include, creditors, debtors, guarantors or being guaranteed, joint shareholding or having major shareholders or executives to be in the same group, providing or receiving services, cross trade, and cross-expense payment, etc.
- 1.13) In case the REIT Manager intends to allow other individuals to perform operations under his/her responsibility, such matter shall be identified, including duties of the REIT Manager for selecting an assigned person. However, requirements on assignment shall not be contrary to or conflict with the Notification No, SorChor. 29/2555.

2) Duty of REIT management

- 2.1) To allow the monitoring and management of the REIT to be performed appropriately and effectively in compliance with laws, rules, and Trust deed, including maintain overall benefits of the REIT and Trust Unit Holder, the REIT Manager shall be responsible for providing qualified operation system, inspecting and balancing the efficient operation, and supporting works under his/her responsibilities completely. It must include at least the following matters;
 - (a) Establishing policy on REIT management, arranging fund structure of the REIT, making decision on investment in real estates, and determining policies and strategies on providing benefits from real estate so that the assigned investment management will be in accordance with duty of care and correspond to the investment policy according to the Trust Deed and stipulated laws and rules, as well as maintain the overall benefits of the REIT and Trust Unit Holder
 - (b) Managing risks relating to Trust management as assigned in order to prevent and manage risk efficiently
 - (c) Managing related conflict of interests, especially conflict between the REIT and the REIT Manager, as well as the connected person and the REIT Manager in order to maintain the overall benefits of the REIT and Trust Unit Holder when conflict of interests occurs

- (d) Selecting personnel of the REIT Manager and a person assigned to operate works relating to the operation of the REIT (if any) in order to provide skillful, knowledge, and qualified persons that are suitable for the tasks
 - (e) Monitoring operations of the manager and personnel of the REIT Manager, including observing a person assigned to operate works relating to the operation of the REIT in order to be in accordance with laws, rules, Trust Deed, Securities Act, Trust Act, notifications, regulations or directives issued by virtue of such laws, as well as other laws relating to operations of the REIT
 - (f) Disclosing data completely, accurately and adequately in order to be in accordance with provisions of Trust Deed and rules issued under Securities Act, Trust Act, notifications, regulations or directives issued by virtue of such laws, as well as other laws relating to operations of the REIT
 - (g) Operating Back Office
 - (h) Inspection and internal control
 - (i) Communication with investors and investor's complaint management
 - (j) Managing legal disputes
- 2.2) REIT Manager may assign other person to perform any actions relating to business operations as a REIT Manager as necessary to support business operations to be smoother and more effective. However, it shall be under the following rules;
- (1) The assignment shall not affect the efficiency of duty performance of the REIT Manager.
 - (2) Provide supporting measures to enable the continuous business operation in case the assigned person cannot continue performing operations
 - (3) In case such assignment relates to the investment in other assets of the REIT, it must be assigned to a person who is able to perform operations legally.
- To assign tasks to other individuals as mentioned above shall not be the assignment of system and tasks under Item (2.1) (a), (b), (c), (d) and (e).
- In case the REIT Manager intends to assign tasks under his/her responsibility to other individuals other than the Property Manager, such as assign other persons to manage assets other than the main assets of the REIT, the REIT Manager must select an assigned person carefully and also monitor and inspect operations of such assigned person. However, requirements on assignment shall not be contrary to or conflict with the Notification No, SorChor. 29/2555.
- 2.3) Manage the REIT in accordance with provisions of Trust Deed and maintain benefits of Trust Unit Holder
- 2.4) Carefully select and perform due diligence for real estate that the REIT will invest in by recording and storing data, including documents, evidence relating to selection, inspection, and decision making on investment in any asset for the REIT. However, selection and due diligence of real estate that the REIT will invest in shall be carried out by the REIT Manager in accordance with practices on management of fund and trust invested in real estate.
- 2.5) Perform any operations to ensure that finance and economic values of assets of the REIT are managed professionally for the benefits of Trust Unit Holder, for example,
- (a) Establish effective strategies and policies on investment and risk management which correspond to obligations specified in the Trust Deed

- (b) Establish the limit of loan and obligations of Trust's assets and control it not to exceed the limit specified in the Trust Deed
 - (c) Invest in real estate that corresponds to objectives of investment of the REIT
 - (d) Manage cash flow of the REIT
 - (e) Consider the distribution of benefits of the REIT
 - (f) Provide insurance to cover damages possibly incurred to real estate of the REIT and public liability insurance with the appropriate and adequate limit that can recover the assets of the REIT so that the REIT will be able to provide the same benefits and receive returns that are not less than in the past
 - (g) Provide the planning of business type proportion of tenants and service users (Tenant Mix)
 - (h) Monitor tenants and service users to comply with conditions of the lease contract, service contract, and other related contracts
 - (i) Monitor real estate and/or leasehold of real estate invested by the REIT to be in compliance to applicable rules and also supervise and perform operations to ensure that real estate and/or leasehold of real estate invested by the REIT is not used in any immoral or illegal business operations
 - (j) Manage and arrange leasing areas, such as, monitor the lease of area, negotiate with tenants about the lease contract, review the rate or price of leasing, terminate or renew the lease contract, etc. However, in case the term of the lease contract is over 3 years, the REIT Manager shall perform operations with an approval from trustee. This shall not deprive the trustee's right of claiming damages incurred to the REIT if it is found that the REIT Manager enters into such lease contract without the consent of trustee.
 - (k) Assess the past results of leasing in order to appropriately determine conditions of leasing and area services in the lease contract, area service contract and contract of service relating to areas and evaluate the result of collection of rental fee, area service charges, and expenses in order to record the allowance for doubtful account or deduct bad debt or record bad debt recovery (in case it is collected after deducting bad debt)
 - (l) Provide security system of buildings and properties invested by the REIT, such as fire alarming system, communication system, and emergency response management
 - (m) Establish policy and action plan for management, maintenance and improvement of buildings and properties invested by the REIT so that such assets will be in the condition that is comparable to the industry
- 2.6) Inspect to ensure that the REIT has ownership and/or legal right in real estate that the REIT will invest in such ownership or leasehold, including any contracts that the REIT enters into legally and has the binding effect or are effective according to conditions specified in such contract
- 2.7) Provide the storage system of documents and evidence relating to operations of the REIT, invitation letter to attend the meeting for Trust Unit Holder, registration statement of trust offering, prospectus, annual report of the REIT, and compliance to any rules applicable to the REIT and invested assets. Such data and document storage must be correct and complete and auditable within a period of at least five (5) years from the date of preparing such documents or data.
- 2.8) Prepare and disseminate financial statements, annual reports and other information relating to the REIT accurately and completely, and disseminate them within the period specified by laws, Trust Deed and regulations of the Securities Exchange

However, the REIT Manager, including directors and executives who are responsible for preparing and disclosing data relating to the REIT shall be jointly responsible for contents and data announced or disseminated to Trust Unit Holder and general investors. The inspection system must be provided to ensure that the data disclosed in the registration statement of trust offering, prospectus, invitation letter to attend the meeting for Trust Unit Holder, advertising documents, published announcements, or any other publications are inspected accurately and completely without lacking of important data and provide sufficient data for investment decision making in accordance with related laws, notifications and regulations.

- 2.9) Monitor Trust Unit Holder to receive correct, complete and adequate data before casting the vote for approving any matters, and also obtain such data in advance according to the period specified in the Trust Deed and regulations of the Securities Exchange
- 2.10) Monitor the REIT to comply with laws or practices issued by government entities or other competent organizations relating to operations of the REIT, including regulations of the Securities Exchange
- 2.11) Distribute benefits to Trust Unit Holder that is not less than 90% of the adjusted net profit of the fiscal year which include the net profit referring the cash status of the REIT that will be paid within ninety (90) days from the fiscal year-end date or the period of the fiscal year that such benefits are distributed as the case may be. However, in case the REIT still has accumulated loss, benefits shall not be distributed to Trust Unit Holder.
- 2.12) Establish scope of work or evaluation of property appraiser in each year, including inspect the condition of the REIT's assets by comparing assets that are located in nearby areas and are similar to the REIT's assets
- 2.13) REIT Manager may employ a broker to assist the Property Manager in the process for providing tenants.
- 2.14) To invest assets other than the main assets, the trustee will assign the REIT Manager to be responsible for managing the investment of other assets according to rules of the Notification No. SorRor.26/2555 and the Trust Deed. However, such assignment shall not deprive of the trustee's right in assigning other persons to manage the investment of assets other than the main assets.

3) Duty of assigning property management work to Property Manager

Although the REIT Manager will assign property management work to the Property Manager who is an external individual, the REIT Manager still monitor operations of the Property Manager in order to maintain the best benefits of the REIT and Trust Unit Holder. The following procedures shall be at least performed;

3.1) Property Manager Selection

To employ outsourcing Property Manager to be the Property Manager that the REIT invests in, such as monitoring sales, marketing, and daily task management on real estates, the REIT Manager must at least perform the following operations;

- (a) Assess and analyze past experiences, reputation, and performances of the Property Manager in terms of ability to provide tenant, service user, debt collection, maintenance of assets in buildings, area rental management system, service provision to tenants, internal control system to prevent revenue leakage and control disbursements, etc.
- (b) Consider appropriateness of the remuneration rate of the Property Manager which must be determined according to the level of performance ability in order to create motivation to the Property Manager to increase revenues for the REIT, such as remuneration of the Property Manager depending on revenues from actual collected rental fees and/or area service charge or net profits from leasing such real estate, etc.

- (c) Provide mechanism that allows the REIT to change the Property Manager in case such Property Manager does not comply with conditions or carries out dissatisfactory management performances
- (d) Provide the system for regularly monitoring and assessing the internal control system of the Property Manager to ensure that such internal control system is still effective and able to prevent any fraud or easily detect any fraud or non-compliance to the system, such as, requiring auditors of the Property Manager to assess the internal control system of the Property Manager during the audit and report weaknesses or defects of the internal control system to the REIT Manager, etc. However, the REIT Manager must consider and determine in the employment contract that the Property Manager shall be responsible for damages incurred to benefits of the REIT due to negligence of the Property Manager in the operation control system.
- (e) In case the REIT Manager finds that the Property Manager performs any act or omits to perform any act which causes lack of reliability in performing duties according to the employment contract, the REIT Manager must terminate the employment contract of such Property Manager so that the REIT Manager will be able to perform operations instead of such Property Manager or select new Property Manager to replace the former one. However, in case the REIT has the loan and there is a prohibition of Property Manager amendment indicated in the loan contract, the change of the Property Manager based on the specified cause shall be made when it is approved by the lender of the REIT.

3.2) Monitoring of Property Manager's performances

REIT Manager is responsible for monitoring the management and operations of the Property Manager in order to maintain the best benefits of the REIT and Trust Unit Holder. The following procedures shall be at least performed;

- (a) REIT Manager must participate in preparing or considering and approving an annual budget plan of Property Manager in order to present descriptions of income and expense, avoid any undesired expenses, set a goal of monthly and annual income provision, and monitor income and expense according to the planned budget plan. The annual budget plan of Property Manager must be approved by trustee.
- (b) REIT Manager must establish conditions that encourage the Property Manager to increase values and returns for the REIT and mitigate risks for Trust Unit Holder.
- (c) REIT Manager must participate in considering or reviewing strategy planning of the Property Manager in order to increase income provision and mitigate risks from fluctuation of income, rental fee and/or area service charge for the REIT, and control the Property Manager perform operations according to the planned strategy.
- (d) REIT Manager must participate in considering or reviewing approaches on selection of major leases and service users or involve with planning of business type proportion of tenant of the Property Manager in order to limit and control risks or fluctuation of income, rental fee and/or area service charge in each year.
- (e) REIT Manager must review or participate in establishing the policy on rental fee and/or area service charge so that the rate of rental fee and/or area service charge will be in accordance with the appropriate rate based on the leasing and servicing market at that time.
- (f) REIT Manager must inspect the system for monitoring expenses of maintenance or repair of equipment or building in order to keep assets in the condition that is comparable to the industry
- (g) REIT Manager must assess the appropriateness of the control system relating to procurement of the Property Manager so that the REIT will receive products or services that are worth for paying.

- (h) REIT Manager must monitor and control the income collection of the Property Manager so that the REIT will fully receive rental fees and/or service charges.
- (i) REIT Manager must assign the Property Manager to monitor and supervise the tenants and service users to pay any tax correctly according to stipulated laws.
- (j) REIT Manager must analyze abnormalities of management of the Property Manager and also randomly inspect operations of the Property Manager.
- (k) REIT Manager must select and assess the internal control system of the Property Manager.

In addition, REIT Manager must have the system to monitor, control, and randomly inspect to ensure that the Property Manager complies with the following rules;

- (1) Collect revenues and submit it to the REIT correctly and completely
- (2) Not collect excessive expenses from the REIT and the collected amount shall be under the framework of the REIT Manager Appointment Contract
- (3) Monitor and maintain assets of the REIT adequately and appropriately in order to provide benefits continuously in the long term

Property Manager

Summary of Property Manager Profile

Company Name	Bhiraj Management Company Limited
Date of Establishment Registration	December 18, 2013
Location of Company	591, Sukhumvit Road, Khlongton Nua, Wattana, Bangkok
Contact of Company	Telephone: 02-261-0261
Registered Capital	5,000,000 Baht
Nature and Scope of Business Operation	Office building management
List of Directors	1. Mr. Prasarn Bhiraj Buri 2. Mrs. Prapee Buri 3. Ms. Panittha Buri 4. Mr. Pitiphatr Buri
Accounting Period	January 1 – December 31

Scope and Responsibility of Property Manager

Duty of Property Management

Property Manager is responsible for supervising and maintaining properties and assets as necessary to be in good condition for the benefits of services, management and provision of benefits from properties of BOFFICE, and facilitation for Trustee. The Company appraises the value of BOFFICE and REIT Manager's assets in matters related to real estate as necessary and appropriate, cooperate with the REIT Manager to enable BOFFICE to obtain a license and / or other documents relevant and necessary for the provision of benefits from the real estate of BOFFICE, provides tenants to rent the space of Project, coordinate and negotiate with the tenant to enter into a space leasing agreement or any other contract relating to the Project, submit revenues, expenses and any payments relating to the operation of BOFFICE, Including manage operations according to contracts, provide assistance to the REIT Manager as reasonably requested by the REIT Manager in the event that the REIT Manager wishes to sell, transfer, lease, transfer the leasehold rights or dispose (if any) by any means In which the real estate is provided to other persons, contact, coordinate, provide information, file documents and submit fees and property tax arising from the property that the REIT has the duty to pay the withholding tax due to the property management and/or any other taxes relating to real estate to officers of the relevant government agencies, conduct and/or coordinate with the REIT Manager and provide assistance to the REIT manager in arranging the tenants of the assets of BOFFICE to receive public utility services in the Project, take any necessary actions to allow the real estate management to be in accordance with the REIT Management Project and related laws, etc.

Preparation of Account, Report, Management Document, and Internal Audit

Accounts and reports shall be prepared as assigned by the REIT, including but not limited to, daily debt collecting report, daily parking fee summary report, outstanding receivable report on the last business day of the month, as well as documents and evidence relating to Gross Property Operating Revenue and Operating Expenses of BOFFICE, in order to submit such accounts, reports and documents to the REIT Manager within the specified period. However, the Property Manager shall prepare such accounts based on the generally accepted accounting principles by separating assets and/or interests arising from the assets of the REIT and/or any assets received by the Property Manager on behalf of Property Manager and/or obtained on behalf of the REIT from his/her own assets. The Property Manager shall store documents and evidence supporting the accounting and accounting record for a period at least stipulated by relevant laws to be in good and complete condition and to allow the REIT Manager, Trustee, and any individual assigned by the REIT Manager or Trustee to inspect. In addition, the Property Manager shall facilitate the internal audit as requested.

Marketing

The Property Manager shall coordinate with the REIT Manager to develop and provide the advertising plan and sale promotion plan for assets invested by the REIT which must be in accordance with those specified in the annual action plan approved by the REIT Manager.

Other Contract**Auditor**

Name	EY Office Limited
Address	33 rd Floor, Lake Rajada Office Complex 193/136-137 Rajadapisek Road, Klongtoey, Bangkok 10110
Telephone	0-2264-9090
Website	www.ey.com

Registrar

Name	Thailand Securities Depository Company Limited
Address	93 Ratchadaphisek Road, Dindaeng, Dindaeng, Bangkok 10400
Telephone	0-2009-9000
Website	www.set.or.th/tsd

Appraisers

Name	CBRE (Thailand) Company Limited
Address	46 th Floor, CRC Tower, All Seasons Place 87/2 Wireless Road, Lumpini, Pathumwan, Bangkok 10330
Telephone	0-2119-1500
Website	www.cbre.co.th

Business Overview, Policies, and Source of Income

Business Overview of BOFFICE

BOFFICE has policy from the main assets of BOFFICE by leasing out the area of such assets to tenants. The REIT Manager shall provide benefits from assets BOFFICE by establishing policies and planning strategies of asset management of BOFFICE for the highest benefits of BOFFICE. In addition, the REIT Manager shall assign duties on property management to BHIRAJ Management Company Limited as a Property Manager. Such duty includes leasing out spaces of the assets to provide benefits according to the policy on benefit provision established by the REIT Manager, coordinating and facilitating space tenants, collecting rental fees and other service charges to submit them to BOFFICE. The Property Manager will seek for interested persons to rent spaces, allow them to visit the location and negotiate with interested persons directly, maintain and renovate the property of BOFFICE to be in good condition, and also provide benefits.

Strategies of REIT Manager

Bhiraj REIT Management Company Limited, as the REIT Manager, has the strategy on providing benefits from assets in order to drive the office building area leasing and service business, generate commercial income to BOFFICE, and create the highest benefits to Trust Unit Holder. The Company has the significant policies and strategies on business operation as follows;

1. Asset Management, the REIT Manager will monitor performances of BOFFICE. Each year the comparison to the annual budget and operating results of BOFFICE in the past shall be made so that BOFFICE will receive profits from operations based on the specified goals. However, if the operating results of BOFFICE do not meet the goal, the REIT Manager will analyze reasons, improve and develop the action plan in order to achieve the estimated goal.
2. Establishing the appropriate rental rate based on market situations
3. Developing efficiency of operations by concentrating in service provision to satisfy customers and maintaining customer base, and controlling operating expenses
4. Enhancing competence of assets invested of BOFFICE by maintaining areas of the project and developing the image of assets into good conditions
5. BOFFICE concentrate on investing efficiency office building, good location, mass transit, and transportation by car. In addition, the building has high occupancy rate. As a result, BOFFICE has high performance and trust unitholders receive stable benefit distribution

However, the Property Manager shall be responsible for asset management by leasing out spaces of the assets to provide benefits according to the policy on benefit provision established by the REIT Manager, coordinating and facilitating space tenants, collecting rental fees and other service charges to submit them to BOFFICE, including maintaining and renovating the property of the Trust to be in good condition, and also providing benefits.

Main Investment of BOFFICE

The objectives of investment in main assets of BOFFICE are to generate good and constant return from the investment in long term to Trust Unit Holders. REIT Manager will establish appropriate policies and strategies in order to create commercial income to the Trust and the highest benefit to overall Trust Unit Holders.

However, the patterns of benefit provision that the REIT will receive from the investment in real estate invested trust are as follows;

1) Rental and service income

Rental and service income of BOFFICE is received from the direct lease of spaces in office buildings and shops to tenants. Tenants use spaces in office buildings to operate their own businesses. BOFFICE charges the rental and service fee from tenants at the fixed rate based on the size of area with general contract term of 3 years. Tenants will pay the rental fee and service charges monthly to BOFFICE.

2) Other income

Other income consist of revenue from parking lot fee, overtime air conditioner fee, public utility fee collected from tenants, revenue from services, revenue from sales promotion and advertising fee (profit share from revenue of LCD display media), revenue from leasing and servicing spaces for telecommunication system, revenue from penalty, wastewater treatment cost, and cost of building entrance pass card

However, on 31 December 2018, the Building had a variety of business tenants. The distribution of tenants is based on type of business and size of rental space without significantly relying on any tenant. Most of them are in the business of consumer goods. The total rental spaces were 11,455 square meters, accounting for 23.16%. The second rank was tenants in the business of consulting and services, accounting for 15.46%, and tenants in E-commerce business, accounting for 13.11%. The details are shown below;

Type of Business of Tenants in Building

Type of Business of Tenant	Number of Tenant	Total Rental Space (Square Meter)	Percentage of Total Rental Space (%)
Consumer Goods	19	11,455	23.16
Consulting and Service	26	7,646	15.46
E-commerce	6	6,485	13.11
Pharmaceutical	5	6,433	13.01
Industrial Goods and Construction	13	5,652	11.43
Financial Institute	14	4,668	9.44
Information Technology Service	13	2,490	5.03
Government Agencies	2	1,849	3.74
Real Estate Development and Broker	7	1,561	3.16
Total Leased Spaces	105	48,239	97.53
Vacant space		1,223	2.46
Total	105	49,462	100.00

Remarks: For Data as of 31 December 2018, rental spaces of asset being invested by the REIT consist of rental space under lease agreement and service agreement, including rental spaces under the letter of intent for lease and service.

In addition, the term of lease agreement that will be expired in each period is shown in the following table.

Table of Tenants Categorized by Expiry Year of Lease Agreement

Expiry Year of Lease Agreement	Rental Space of Tenants with Expiry Year of Lease Agreement (Square Meter)	Percentage of rental space with expiration in each year compared with total rental spaces (%)	Number of Tenant with Expired Agreement ¹
2018	133	0.27	1
2019	19,919	40.27	34
2020	4,356	8.81	15
2021	23,714	47.94	54
Total Leased Spaces	48,122	97.29	104
Vacant space	1,340	2.71	-
Total	49,462	100.00	104

Remarks: For Data as of 31 December 2018, rental spaces of asset being invested by the REIT consist of rental space under lease agreement and service agreement, including rental spaces under the letter of intent for lease and service.

¹Some tenants enter into more than 1 lease agreements. Each lease agreement has different expiry date. However, the above table will categorize the groups based on the expiry year of lease agreement that has larger spaces.

Related Persons

KASIKORNBANK (Public) Company Limited ("KBank") holds 99.99% of shares in Kasikorn Asset Management Company Limited ("KAsset") ("Trustee"). As a result, KBank is the related person to Trustee and KBank entered into the lease and service agreement with BOFFICE as detailed below;

KBank entered into the lease and service agreement for the spaces of 1,640 square meters. The term of lease and service is 3 years. Its conditions of lease and service, including rate of rental fee and service charge are in accordance with standards similar to those offered by BOFFICE to other space tenants and service users of the Building.

REIT Manager considered such transaction and deemed that such transaction was beneficial to BOFFICE and Trust Unit Holders and it was not contrary to Trust Deed of BOFFICE or other related laws. However, KBank is the large corporate and operates the business of banking and finance, so the proportion of tenant's business type of banking and finance in the Project increased, resulting to better proportion of Tenant Mix distribution. Its conditions of lease and service, including rate of rental fee and service charge are in accordance with standards similar to those offered by BOFFICE to other space tenants of the Building.

Important Events of the REIT's Operation within Fiscal Year

In 2018, BOFFICE had changed and important matters as follows:

- 1) BOFFICE was established comply with The Trust for Transactions in Capital Market Act, B.E. 2550 (2007) on 15 January 2018. Kasikorn Asset Management Company Limited acts as the Trustee. Bhiraj REIT Management Company Limited acts as the REIT Manager.
- 2) On 18 January 2018, BOFFICE make the initial investment in long-term leasehold right of BHIRAJ TOWER at EmQuartier Office Building totaled amounting to 6,605 million Baht (not included related tax). The capital was from issuance of trust units of 5,153.10 million Baht and cash received from long-term loan from financial institution of 1,720 million Baht
- 3) On 23 January 2018, BOFFICE was a first trading day in Stock Exchange of Thailand

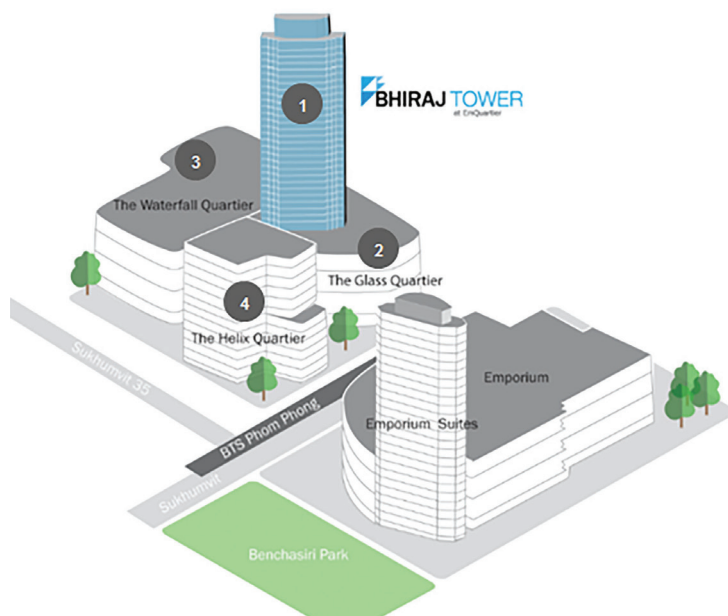


Descriptions of Invested Assets

1) BHIRAJ TOWER at EmQuartier Office Building

BHIRAJ TOWER at EmQuartier Office Building is developed in a part of Mixed-use Commercial Complex located upper Sukhumvit Road. There is comprised of office building and shopping complex in same place. The Mixed-use Commercial Complex is comprises of (1) BHIRAJ TOWER at EmQuartier Office Building (2) The Glass Quartier Building (3) The Waterfall Quartier Building (4) The Helix Quartier Building . The investment is in the area of BHIRAJ TOWER at EmQuartier Office Building and related areas in The Glass Quartier and the Waterfall Quartier which are areas for the operation of the office building, including taking conveyance of the facilities and movable properties relating to the operation of the office building. BOFFICE does not invest in the usable area of The EmQuartier Shopping Complex and common usable area between the office building and the shopping complex. Location and details of each building are as shown below.

BHIRAJ TOWER at EmQuartier Office Building



Remarks (1) BHIRAJ TOWER at EmQuartier Office Building (2) The Glass Quartier Building (3) The Waterfall Quartier Building (4) The Helix Quartier Building

2) Location and Environment

BHIRAJ TOWER at EmQuartier Office Building is located on 689 Sukhumvit Road, Klongton Nuea ,Vadhana , Bangkok. In front of the building, is on the Sukhumvit Road, between Sukhumvit Soi 35 and 39. The location is in the central business district (CBD) and close to BTS SkyTrain at Phrom Phong Station. The building is directly connected to BTS SkyTrain, M floor of The Glass Quartier Building, where is same floor of the office entrance lobby. Furthermore, the project is near MRT subway at Sukhumvit Station, connected with BTS SkyTrain at Asok Station and away from the project around 1.2 kilometer

Location of the Building



Description of Investment	
Nature of Investment	<ol style="list-style-type: none"> Some long-term leasehold area in BHIRAJ TOWER at EmQuartier Office Building <ol style="list-style-type: none"> Office space for rental of BHIRAJ TOWER at EmQuartier Office Building (15th Floor-42nd Floor and some areas on 43rd Floor) and retail store rental area (M Floor) Common area of office zone, such as, fire exit, elevator, walkway of office zone, and lobby of office zone, etc. Parking area of office zone (located on 2M Floor, 3rd Floor, and 3M Floor of The Waterfall Quartier Building) Area for public utility system work of office zone (which is some area in The Waterfall Quartier Building and BHIRAJ TOWER at EmQuartier Office Building), including the public utility system of the common area used together with The EmQuartier Shopping Complex (which is located in some area on BB Floor, B Floor, G Floor, and 5M Floor of The Waterfall Quartier Building) Ownership of movable properties related to BHIRAJ TOWER at EmQuartier Office Building, such as ownership of movable properties in the category of public utility system in the zone of office building and the common area used together with The EmQuartier Shopping Complex, including ownership of related tools and devices
Term of Investment	Approximately 26 years 9 months from the date of leasehold registration until 30 September 2044
Date of Investment in Assets	18 January 2018
Value of Invested Trust	6,668,789,000 Baht
Appraisal Price of Asset as of June 1, 2018	6,426,000,000 Baht (Appraised by CBRE (Thailand) Company Limited)
Nature of Assets Invested by Trust	
Location	689 Sukhumvit Road, Khlongton Nua, Wattana, Bangkok
Land Owner	BHIRAJ TOWER at EmQuartier Office Building is located on the land of 13 Rai 32 Square Wah which is owned by BHIRAJ BURI Company Limited.
Building Owner	Building is owned by BHIRAJ BURI Company Limited.
Type of Utilization	Office building for rent
Gross Floor Area	94,853 square meters, including the office spaces for rent, common area of office zone, parking area of office zone, area for installing work systems, other areas realign to the project
Net Leasable Area	49,462 square meters, including the office spaces for rent of 49,166 square meters, terrace area of 232 square meters, and the retail store space for rent of 64 square meters
Year of Construction Completion	Year 2015
Nature of Benefit Provision	Provide benefits by leasing out spaces to retail tenants and providing service relating to rented area leasing
Type of Customer	Tenant with a variety of type of business or service

Rental and Service Income of 2018	567,588,018 Baht
Restriction or Obligation	Under the loan contract, BOFFICE shall comply with some certain financial terms specified in the contract, such as, maintaining the debt to total asset ratio and leverage ratio based on the specified rate.

Price obtained from the latest value appraisal

CBRE (Thailand) Company Limited, the appraiser approved by the Office of the Securities and Exchange Commission, appraised the value of assets by using Income Approach as it reflected the competence of assets in generating income. Discounted Cash Flow Analysis was applied which is the method to estimate the income of asset that will possibly generate income in the future throughout the leasehold and calculate the future profits throughout the remaining term of the lease contract to be the current value.

Summary of significant assumptions on value appraisal by using the income approach is as follows;

Appraiser	CBRE (Thailand) Company Limited
Method of Value of Appraisal	Consider and select the calculation method from revenue by analyzing discounted cash flow
Duration of Appraisal	26 years 4 months from the date of appraisal until September 30, 2044 (based on the remaining term of lease contract)
Date of Appraisal	1 June 2018
Date of Asset Survey	24 April 2018
Value of Appraised Asset	6,426,000,000 Baht (Six thousand four hundred twenty-six million Baht only)
Significant Assumptions	
Average Space Rental Fee Rate (Estimation in June, 2018 – December, 2024) and Rate of Rental Fee Adjustment from 2025	<ul style="list-style-type: none"> - Office, 950 – 1,202 Baht/Square meter/Month (Increased by 5% every year) - Terrace, 310 – 415 Baht/Square meter/Month (Increased by 5% every year) - Retail stores, 2,300 – 3,042 Baht/Square meter/Month (Increased by 15% every 3 years)
Occupancy Rate	<ul style="list-style-type: none"> - Office 93% - 100% of the entire rental spaces - Terrace 87% - 100% of the entire rental spaces - Retail stores 83% - 100% of the entire rental spaces
Discount Rate	9.0%

Remarks: Public utility fee shall be charged at the rate of 3% per year from the estimated year 2018. The reserve for building renovation is at the rate of 3% of the total revenue and Property Manager fee according to the specified fixed rate throughout the term of Property Manager Appointment Contract.

Lending Policy

Lending Policy

BOFFICE may borrow loans or guaranteed/non-guaranteed obligations in compliance with regulations of loans and obligation defined by relevant law or determined in trust deed. Nevertheless, the loans or obligations shall be conducted under the following objectives;

- 1) Investments on real estate or additional leasehold real estate investment trust
- 2) Utilization for REIT's asset management
- 3) Utilization for maintenance or improvement of REIT's asset e.g. REIT's real estate or leasehold real estate investment trust in order to be prompt for benefit provision
- 4) Building construction on REIT's own land or right of asset lease entitled for BOFFICE's benefit provision
- 5) Payment of REIT's loans or obligations
- 6) Other necessities under consideration of REIT Manager for REIT management and benefit of trust unit holders

Loan will be conducted principally for benefit of trust unit holders. In case of loan under objective 3) to improve the real estate within REIT's ownership and/or real estate investment trust or objective 4) to extend or construct the building on REIT's own land and/or right of asset lease for BOFFICE's benefit provision, remaining period of land lease agreement shall be considered.

Ratio for REIT loan will be limited not to exceed 35% of total asset value. In case of reliability at investment grade, loan shall not exceed 60% of REIT's total asset value. Ratio will be calculated from REIT total loans and assets.

Conclusion of the essence of loan contract and its details of loan collaterals

BOFFICE's investments use some source of capital from loan. Kasikorn Asset Management Company Limited as BOFFICE's trustee makes a loan agreement with KASIKORNBANK Public Company Limited, related person with the trustee. Term and conditions of such loan complies with loan agreement, business security agreement and relevant financial documents between trustee and lender or between concerned contract partners. Primary conditions are determined as of follow;

Summary of terms and conditions of Bhiraj Office Leasehold Real Estate Investment Trust's loan

Lender	KASIKORNBANK Public Company limited
Borrower	Kasikorn Asset Management Company Limited acting as Trustee of Bhiraj Office Leasehold Real Estate Investment Trust
Loan Amount (Million Baht)	1,720 million Baht
Interest Rate	Minimum Loan Rate (MLR) minus by rate determined in the contract (%)
Repayment Period	Repayment within 5 years after the first date of withdrawal
Principal Payment	Principal repayment in full amount be paid promptly at the end of loan term.
Interest Payment	Monthly installment
Collaterals	<ol style="list-style-type: none"> 1. Business Security Registration on Rental Contract of BHIRAJ TOWER at EmQuartier Office Building 2. Business Security Registration on system works or public utility system, tools including equipments and/or the right of claims under sales contract of BHIRAJ TOWER at EmQuartier Office Building chattels 3. Business Security Registration on common area service contracts 4. Business Security Registration on public utility service contracts 5. Business Security Registration on parking area service contracts 6. Business Security Registration on other contracts pertaining to REIT's operation 7. Endorsement on property for all risk insurance and business interruption insurance on BHIRAJ TOWER at EmQuartier Office Building except Third Party Insurances, defining the lender as co-beneficiary and/or co-insured

Statement of Loan at the end of accounting year 2018

Outstanding Loan (Baht)	1,720,000,000
Total Assets (Baht)	6,893,443,858
Loan to Total Assets (%)	24.95
Compiling with Financial Covenants in Loan Agreement	BOFFICE complied the financial covenant in loan agreement

Overall Industry of Real Estate Investment

Overall Economic Situation of Thailand

The economic report of the Office of The National Economic and Social Development Council (NESDB) estimated that Thai economy in 2018 will expand 4.2% due to the export value, high expansion of consumption in private sector, and constant investment expansion, especially in the category of construction and machineries and tools. The headline inflation rate was 1.1%. In addition, on 19 December 2018, Monetary Policy Committee (MPC) announced the increment of the policy rate by 0.25% per year from 1.50% to 1.75% per year.

For the year 2019, NESDB estimates that the expansion will be 3.5%–4.5%. The supporting factors are as follows;

- 1) Spending of the household sector is likely to expand well.
- 2) Overall investment is improved. The investment of the public sector tends to accelerate and the investment in the private sector constantly expands well.
- 3) Improvement of the tourism sector
- 4) Economic expansion and global trade volume can support the expansion of export continuously.
- 5) Change of international trade, production, and investment

Real Estate Industrial Situation in Office Building Commercial Sector

According to the research of CBRE (Thailand), the supply of office building in the office building industry in Bangkok in the 3rd quarter of 2018 was 8.83 million sq.m. In this quarter, there were completely constructed office buildings in an amount of 61,000 sq.m. (Singha Complex of 55,800 sq.m. and Blossom Office of 5,200 sq.m.). The office spaces with tenants were about 8.21 million sq.m., accounting for the occupancy rate of 92.9%. Grade A office building in Central Business District had the occupancy rate of 90.9%, decreased from the 2nd quarter of 2018 which was 94.3%, because the supply increased in this quarter. The average rental rate of Grade A office building was 1,009 Baht/sq.m./month, increased by 0.4% compared to the previous quarter or 2.7% compared to the same period of the previous year.

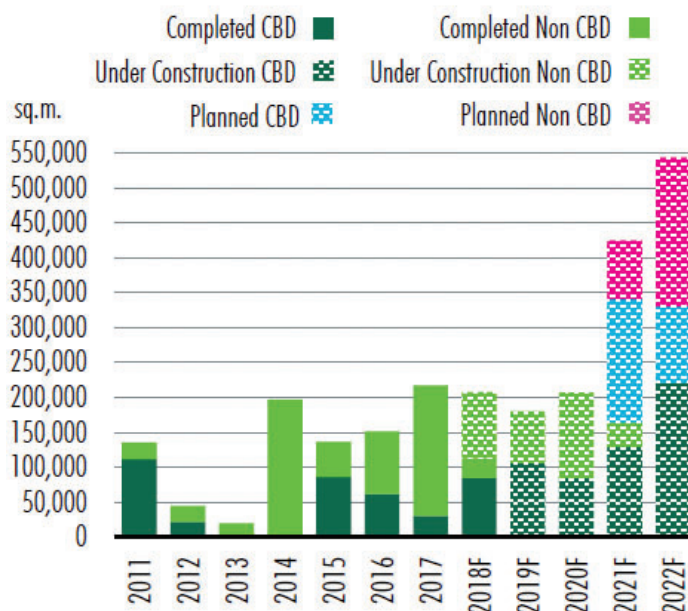
Table of Office Building Area in Bangkok Metropolitan in the 3rd Quarter of 2018

	Total Space (Million sq.m.)	Central Business District (Million sq.m.)	Grade A Office Building Located in Central Business District (Million sq.m.)	Grade A Office Building that is not Located in Central Business District (Million sq.m.)
Entire Area	8.83	4.46	1.41	0.57
Leased Area	8.21	4.13	1.28	0.55
Vacant Area	0.63	0.34	0.13	0.02
Vacancy rate	7.1%	7.6%	9.1%	3.3%

Source: Research of CBRE (Thailand)

For the period of 9 months in 2018, there were new office buildings in a total amount of 140,000 sq.m. It was estimated that throughout the year 2018 there would be new office buildings in total amount of 200,000 sq.m. In addition, during the year 2018-2022, there will be office buildings being constructed in an amount of 870,000 sq.m. More than half of them are Grade A office building located in Central Business District, including Samyan Mitrtown Project, Spring Tower Office Building, The Parq Phase 1 Project, Vanissa Building, The Unicorn Project, Rasa 2 Building, The Emsphere Project, and the first phase of The One Bangkok. In 2021 and 2022, there will be the completed construction area in an amount of 260,000 sq.m. and 320,000 sq.m., respectively. The details are shown in the graph.

Figure 2: Completed, Under Construction and Planned Office Supply by Area



Source: CBRE Research, Q3 2018

Risk Factors

1) REIT's Competitors Risk

BOFFICE may encounter the risk of office supply rental in the future due to an increase of new office buildings on the other side of current supply. Such increasing supply may cause tenants to move their offices to new office buildings that affect occupancy rate, negotiation of rental rate and operating results of BOFFICE. However, with the location of BHIRAJ TOWER at EmQuartier is in the Central Business District – CBD, outstanding surroundings of the project, and the building directly connected to BTS mass public transportation system at Phrom Phong Station, the asset has advantages and excellent competitiveness compared to other office buildings.

2) Risk that tenants and clients default on rental payment and/or service charges and/or terminate the lease agreement and service agreement prior to the expiration date which may cause negative effect on financial status and operating results of BOFFICE

Rental rate and service charges that BOFFICE will receive from tenants according to lease agreement and service agreement are regarded as the main revenue of BOFFICE. As a result, BOFFICE may have risk in case tenants and clients default on rental payment and/or service charges and/or terminate the lease agreement and service agreement prior to the expiration date, especially risk in case several small tenants and clients simultaneously terminate the lease agreement and service agreement prior to the expiration date or in case large tenants and clients terminate the lease agreement prior to the expiration date. If BOFFICE is unable to find new tenant to replace these vacant areas, such case will directly affect the revenue of BOFFICE, including the ability to distribute benefits to unit holders. However, to reduce the potential risk from payment default of rental fees and/or service charges and/or termination of the lease agreement and service agreement prior to the expiration date, previously property manager of the project pay attention to the screening process of competent tenants in business operation in terms of financial stability, reliable record and well acceptance. In addition, they also focus on the selection of various tenant groups so that the tenant mix will have appropriate distribution in the aspect of business or service type and size of rental area.

3) Potential risk in bank loan

Since BOFFICE borrow a loan, which may be a risk from such a loan because the interest rate that is the floating rate may be changed during the term of loan contract, which may cause negative effect on operating results of BOFFICE. However, risks that BOFFICE is unable to pay the interest are at the low chance because the asset of BOFFICE is able to earn income continuously and BOFFICE has loan to asset ratio at the low level. In addition, REIT manager will consider and monitor factors affecting the loan of BOFFICE, including tendency of interest rate constantly in order to assess risks and take appropriate actions according to current situations.

4) Risk relating to natural disaster, flood, sabotage and theft

Although natural disaster, flood, theft and other force majeure events seldom occurs, if it occurs in the location of asset, it not only causes damages to asset of BOFFICE, but also loss of life and asset of tenants and clients in asset areas. However, BOFFICE provides All Risks Insurance to cover damages incurred to asset. Such coverage includes damages from accidents and natural disasters, such as, fire, lightning, earthquake, flood, theft and other force majeure events for asset. The abovementioned coverage under the policy excludes any risk arising from fraud, dishonesty, electronic data and internet pollution, fungal hazard, risks arising from political movement, war and terrorism, sanction measures and civil unrest to the extent of protest against government.

5) Risk relating to compensation rate from insurance in case damaged assets may not cover worth with economic benefits that BOFFICE possibly loses

Operation business of BOFFICE has the main risk on operation and utilization of asset. Although BOFFICE provides sufficient and appropriate insurance for asset according to requirements of laws and related contracts, the compensation rate in case damaged asset may not cover worth with economic benefits that BOFFICE possibly loses from any events, or the insured period for income of BOFFICE, such as, Business Interruption Insurance Policy that BOFFICE has made for benefit compensation for a period of 24 months, may not cover the actual period that BOFFICE cannot utilize asset, or BOFFICE may not exercise the right as specified in the related insurance policy, partially or wholly, or it may cause delay of compensation under such insurance policy.

6) Risk of real estate that BOFFICE invests under the environmental law. The law may cause BOFFICE to have more expenses and responsibilities

BOFFICE real estate investment is under the environmental law, such as, sanitation law, law on control of air pollution, water pollution, waste disposal, and noise pollution. Under these laws, owners of real estate or operation controller and utilization of real estate may be punished, including fine or violating in case of violate the law. In addition, BOFFICE may have expenses on compliance to the law. In case there is any contamination or pollutions or such pollution issues are unable to be solved, BOFFICE may have liability or it may cause significant negative effect on the lease of real estate.

7) Risks relating to Thai Accounting Standards and/or amendment of related laws, rules or regulations which may be changed and are unable to verify that such changes will not significantly affect the financial statements or financial status and operating results of BOFFICE

Operating results and dividend payout of BOFFICE may be affected from the enforcement of new accounting standards in Thailand or the update of accounting standards. Such changes are unable to forecast. Regarding the amendment of laws, notifications, requirements, rules, regulations, provisions, policies and/or directives of government entities or legally authorized authorities, it is also an event that is unable to forecast. For example, in future, there may be changes in property tax collection and the current local maintenance tax is the collection in a form of land and building tax, which such changes may affect operating results, financial status and ability to return benefit distribution to unit holders.

8) Risk from land expropriation of government entities

BOFFICE may have a risk in case government entities expropriate asset of BOFFICE, causing BOFFICE to no longer use asset for business operation. In addition, in case of such expropriation, BOFFICE may not receive compensation from such event or may receive less compensation than the investment value which possibly affects that unit holders will not receive return correspond to the estimation. However, the amount of compensation that BOFFICE will receive is based on the conditions as specified in related contracts, the remaining term for using assets after expropriation, or the amount of compensation received from expropriation. According to the study of REIT manager based on the Royal Decree for Determining Areas of Land Expropriation in the area where BOFFICE invest in such asset, it is found the asset is not located in the areas of land expropriation specifically.

9) Risk of value of real estate investment trust that may reduce based on the remaining lease term

BOFFICE has invested in real estate investment trust which the valuation of leasehold real estate may reduce based on the remaining lease term when such leasehold is nearly expired. However, such changes in the value of leasehold will significantly affect the net asset value of BOFFICE and/or benefit distribution of BOFFICE.

10) Risk relating to renew contract of right on BTS station skywalk access in the future

BHIRAJ BURI Company Limited has entered into an agreement with Bangkok Mass Transit System (Public) Company Limited ("BTS Company") in order to connect some areas of Phrom Phong BTS Station to some areas of the BHIRAJ TOWER at EmQuartier on M floor. BOFFICE was completely granted the permission to access BTS station skywalk from BHIRAJ BURI Company Limited in order to be used as the passageway between BTS station and the building. The duration of concession of BTS system management that BTS Company is granted from Bangkok Metropolitan will expire in 2029. Upon the due date of such concession, BOFFICE may have a potential risk that BTS station skywalk cannot be used and accessed to some areas of the BHIRAJ TOWER at EmQuartier or may have additional expenses due to new contract with an operator of BTS system management at that time. In case BOFFICE is unable to access BTS station skywalk that connects to some areas of the BHIRAJ TOWER at EmQuartier, tenants or clients are able to access the regular entrance and exit between the BTS station and the Bhiraj Tower at EmQuartier on G floor, in front of the building.

11) Risk from non-diversified investment of BOFFICE

Currently, BOFFICE only invests in the real estate investment trust of the BHIRAJ TOWER at EmQuartier so there is no risk distribution in terms of the location of the project in order to reduce the fluctuation of investment. However, BOFFICE may additionally invest in other real estates in the future by emphasizing on the investment in assets in the category of office building, office space for rent and retail space. REIT Manager will study and assess related factors and deem that such additional investment will provide benefits to trust unit holders and may reduce investment risks resulting from non-diversified investment.

Corporate Governance of REIT

The Board of Director Meeting of REIT Manager

1) Requirements of meeting

Bhiraj REIT Management Company Limited holds the Board of Directors' Meeting every quarter. The number of attending directors shall be not less than one half of the total number of directors to constitute a quorum. The resolution required the approval shall be final based on the majority votes of director attending the meeting. The invitation letter for the meeting together with agenda and information shall be submitted to directors for consideration at least 7 days prior to the meeting. The general agendas are as follows;

- (a) Matters to be informed to the Meeting
- (b) Approve the previous minutes of Board of Directors' Meeting
- (c) Consider and approve financial statements and report of auditor of BOFFICE
- (d) Consider and approve annual budget of BOFFICE
- (e) To acknowledge the report of operating results of BOFFICE
- (f) Consider and approve the announcement of distribution payment to Trust Unit Holders
- (g) To acknowledge works relating investor relations
- (h) Risk monitoring of BOFFICE
- (i) Other matters (if any)

At the meeting, all directors are able to ask questions before voting. The resolution of the meeting in each agenda will be summarized and the written minutes of meeting are also prepared.

2) Significant transactions of the REIT presented to the Board of Directors' Meeting

In 2018, the REIT Manager held the Board of Directors' Meeting for approving and acknowledging important operations of the REIT as follows;

- (a) Matters for approval
 - (1) Financial statements and operating results of BOFFICE
 - (2) Payment distribution to Unitholder
 - (3) Annual budget
 - (4) Investment policy of BOFFICE
- (b) Matters for acknowledgement
 - (1) Report of BOFFICE's operating results
 - (2) Report of BOFFICE's unit trust price movement and questions from investors
 - (3) Actual plan for BOFFICE's risk assessment

Regarding the abovementioned agenda requested for an approval, the Board of Directors has approved it according to the proposal of the working group of the REIT Manager since each agenda is the matter that is significant and beneficial to Trust Unit Holders and is also inspected well.

Monitoring of Insider Trading

REIT Manager has the policy and methods to supervise directors, executives, or other concerned parties who have chances to exploit the insider trading by dividing internal divisions in Bhiraj REIT Management Company Limited and personnel to prevent any leakage of inside information. In addition, the schedule of no Trust Unit trading (including transfer and transfer receipt) during the period that the Company receives or has the chance to receive inside information relating to such Trust Unit is also announced to all directors, executives and employees, or in case the Company is preparing the payment to Trust Unit Holders which such information is not disclosed to the public, including monitoring the trading (including transfer and transfer receipt) of securities of employees. There will be the inspection measure to ensure that the Company's directors, executives and employees comply with policies, approaches, and internal rules of the Company, including rules, regulations, and/or directives of related agencies, by considering risks of non-compliance with rules of employees.

However, if employees violate the work regulations on this matter in any case causing damages and defamation to the Company or the REIT, such employee shall be subject to severe disciplinary action or may be terminated its employment contract by the Company without receiving compensation. In addition, the Company may consider undertaking civil and criminal prosecution (if any) against the violator.

Consideration of Investment and Management of REIT

Process and Factors in Consideration of Investment in Real Estate or Additional Real Estate Investment Trust and Management of REIT

- 1) Regarding rules on additional investment in future, if BOFFICE will invest in additional real estate or real estate investment trust and provide benefits from such real estate or real estate investment trust, the REIT Manager shall perform operations in accordance with the following rules;
 - 1.1) Main assets being invested by BOFFICE may be located in Thailand or foreign countries. BOFFICE emphasizes on investing in assets in a type of office building, office spaces for rent, and other commercial building. However, BOFFICE may consider the additional investment in other types of assets other than the asset in the type of office building, office spaces for rent, and other commercial building if the REIT Manager studies and assesses related factors and deems that such additional investment will benefit to Trust Unit Holders.
 - 1.2) Investment in real estate can be made for acquiring one of any or both ownership or long-term leasehold.
 - 1.3) Acquired real estate shall not be subjected to the real right or have any conflicts, unless the REIT Manager and the Trustee has considered and given a written opinions that being under the real right or having such conflict does not significantly affect the provision of benefits from such real estate. In addition, conditions of such real estate acquisition also provide benefits to overall Trust Unit Holders.
 - 1.4) Additionally, the REIT may indirectly invest in main assets of the REIT by investing in real estate through shareholding in the company established for the purpose of operating activities in the similar nature of the REIT. Such investment shall be in accordance with rules specified by the related Notifications of the SEC Office and Trust Deed.
 - 1.5) Entering into a contract to acquire real estate shall not have agreements or obligations that may prevent the REIT from disposing real estate in the fair price (during the disposal), such as agreements licensing the priority of purchasing real estate of the REIT to the contractual party with the fixed price in advance, etc., or may cause the REIT to have duties more than normal duties of the tenant upon the termination of the lease contract.

- 1.6) Acquired real estate must be ready to provide benefits, accounting for the total value of not less than seventy five percentage of the value of Trust Unit that is requested for a permission of additional offerings together with the amount of loan (if any).

However, the REIT may invest in any project under construction. The value of investment acquired and applied to develop real estate to be completed shall not exceed ten (10) percentage of the total asset value of the Trust (after Trust Unit offering). In addition, it shall show that there will be sufficient working capital for such development without affecting the survival of the REIT.

- 1.7) Value appraisal is completely conducted according to the following rules;

- (a) It is the full value appraisal which documents of right are inspected. In addition, it is for the purpose of disclosing information to investors publicly for a period of not exceeding six months prior to the submission of an application. There must be at least two appraisers of asset value, and;
- (b) An appraiser of asset value under (a) shall be the appraiser of asset value approved by the SEC Office according to the Notification of the Office of the Securities and Exchange Commission on Approval of Appraisal Company and Lead Appraiser. In case of real estate invested overseas, the appraiser of asset value may be a person on the list that is determined by the official entities or supervisory agencies of the nation where real estate is located to perform the duties of appraising value of such assets. However, in case there is no such list, the person appraising value of assets shall possess one of the following characteristics;
 - (1) Being a professional practitioner relating to asset value appraisal who has widely acceptable performances in the nation where such real estate is located
 - (2) Being a person having the international standards of operation and working system for asset value appraisal
 - (3) Being an appraiser of asset value having international wide networks

2) Method of REIT's additional main asset and equipment acquisition

- 2.1) Prior to each acquisition of main assets, the following procedures shall be conducted;

- (a) Perform Due Diligence of information and contracts relating to main assets and equipment (if any), such as information on finance and laws, conditions of real estate to be invested and ability of contractual party to make legal transactions, etc., to support decision-making of investment and correct information disclosure. In case the owner, lessor, or assignor of real estate leasehold is a person connected with the REIT Manager, the REIT Manager will also provide a financial consultant to give opinions on such data analysis.
- (b) Assess the value of main assets and equipment

- 2.2) Acquisition of additional main assets shall be in accordance with the following requirements;

- (a) In terms of substance of transaction, it must be the transaction with the following characteristics;
 - (1) In compliance with Trust Deed and related laws
 - (2) For the best benefits of the REIT
 - (3) Reasonable and use fair price
 - (4) Expenses for making transactions collected from the REIT (if any) are at the fair and appropriate rate.
 - (5) Special stakeholders for transactions do not involve with decision-making of such transactions.

- (b) In terms of system for approving, the following procedures shall be conducted;
 - (1) Receive an approval from the Trustee that transactions are in accordance with Trust Deed and related laws
 - (2) In case of acquisition of main assets worth from ten percentage or higher of the total value of the Trust's assets, it shall require an approval from Board of Directors of the REIT Manager.
 - (3) In case of acquisition of main assets worth from thirty percentage or higher of the total value of the REIT's assets, it shall require the resolution of Trust Unit Holders' Meeting with the votes of not less than three-fourth of the total votes of Trust Unit Holders attending the meeting and entitled to vote. The value of the abovementioned assets shall be calculated based on the value of acquisition of the total assets of each project that makes the REIT ready to seek for income and assets related to such project.
- (c) Process on requesting for an approval from Trustee or resolution of Trust Unit Holders' Meeting shall determine duties of the REIT Manager and the Trustee as follows;
 - (1) Duties of the REIT Manager for providing documents requesting for an approval or an invitation letter for meeting, as the case may be, which express his/her opinions on nature of transactions of acquiring additional main assets, including reasons and clear supporting information
 - (2) Duties of the Trustee for attending Trust Unit Holders' Meeting to give opinions on nature of transaction whether it is in accordance with Trust Deed and related laws

Provision of Benefits, Policy and Procedures on Supplying Tenants

- 1) REIT Manager shall provide benefits from main assets of the REIT by leasing and sub-leasing areas that returns can be collected and providing services relating to utilization of areas or leasing only. However, the REIT Manager shall not perform any act that allows the REIT to operate or run business, such as, operating business of hotel or hospital, etc.
- 2) In case the REIT Manager will lease real estate to any person that will use such real estate for business operation that the REIT is unable to do so, such as business of hotel or hospital, etc., the agreement on rental fee shall be determined in the fixed amount in advance.
- 3) The REIT is not allowed to use areas or lease real estate to any person that is suspicious to use such real estate to operate unethical or illegal businesses. Regarding each leasing, REIT Manager shall provide an agreement so that the REIT will be able to terminate the lease contract if tenants use the real estate to operate such businesses.
- 4) REIT Manager will maintain main assets to be in good condition and also provide income. REIT Manager is responsible for providing sufficient and appropriate insurance that can make assets of the REIT to be the original condition so that the REIT will be able to provide benefits. This covers casualties possibly incurred to real estate, business interruption insurance, and third party liability insurance that may be damaged from real estate or operations in real estate in a sufficient and appropriate limit. However, REIT Manager will assign the Trustee on behalf of the REIT and/or the lender in case the Trust has loans (if any) to be the mutual beneficiary in such insurance (except third party liability insurance). In case the REIT will invest to acquire the ownership by subleasing real estate or renting areas or buildings, REIT Manager will perform operations to make sure that assets invested by the REIT have the insurance in an appropriate limit. If the Trustee on behalf of the REIT is not the beneficiary and the insured of such insurance due to any reasons, such as being a beneficiary and an insured of such insurance will be in conflict with provisions of the main lease contract, the REIT Manager will perform operations to make sure that measures or mechanisms are provided sufficiently in order to use compensation to create new assets invested by the Trust for further providing benefits and/or compensate to the REIT for lacking benefits of possessing assets invested by the REIT.

- 5) In case the REIT acquires ownership of real estate and the REIT Manager intends to provide benefits from such real estate by leasing it to the original owner, the REIT Manager shall determine the rental fee collected from the original owner in the normal trade usages like transactions made with general partners who are the third party.

Selection of Property Manager

To employ an external Property Manager to be the Property Manager of assets invested by the Trust, such as, supervising sales, marketing, and daily management on such assets, the REIT Manager shall provide at least one of the following operations

- 1) Assess and analyze experiences, reputation, and previous works of the Property Manager in terms of ability to supply tenants and service users, debt collection, maintenance of assets in buildings, area for rent management system, monitoring and providing services to tenants, internal control system for preventing leakages of income and strictly controlling expense disbursement, etc.
- 2) Consider appropriateness of the remuneration rate of the Property Manager which must be determined based on ability to perform operations in order to create motivation for the Property Manager to increase income for the REIT, such as remuneration of the Property Manager based on actual rental fee and/or area service charge collected or net profit from leasing such real estate, etc.
- 3) Provide the mechanism that allows the REIT to change the Property Manager in case the Property Manager does not comply with conditions or perform unsatisfactory management
- 4) Provide the system for monitoring, inspecting and assessing the internal control system of the Property Manager regularly to ensure that such internal control system is effective and able to prevent corruptions or easily detect corruptions or non-compliance with the system, for example, assign the auditor of the Property Manager to assess the internal control system of the Property Manager during the audit and report weaknesses or defects of the internal control system to the REIT Manager, etc. However, the REIT Manager shall consider and determine in the employment contract that the Property Manager will be responsible for damages incurred to benefits of the Trust resulting from the Property Manager's negligence in operation controlling system.
- 5) In case the REIT Manager found that the Property Manager performs or omits from performing any acts which cause the lack of reliability in performing duties according to the employment contract, the REIT Manager shall terminate the employment contract of such Property Manager so that the REIT Manager will perform operations in replace of him/her or select new Property Manager to replace the former. However, in case the REIT has the loans and the loan agreement contains the restrictions on changing the Property Manager, such change of Property Manager based on the specified cause shall be made once it is approved by the lender of the REIT.

Monitoring of Property Manager's Performances

- 1) REIT Manager is responsible for supervising the management and operations of the Property Manager in order to maintain the best benefits of the REIT and Trust Unit Holders. The following operations shall be at least performed;
 - 1.1) REIT Manager shall participate in preparing or considering and approving the annual budget plan of the Property Manager in order to clarify descriptions of income and expenses and avoid undesirable expenses, establish goals for providing monthly and annual income, and supervise income and expenses to be in accordance with the specified budget plan. The annual budget plan of the Property Manager shall be approved by the Trustee.

- 1.2) REIT Manager shall establish conditions that motivate the Property Manager to add values and returns to the Trust and reduce risks to Trust Unit Holders.
- 1.3) REIT Manager shall participate in considering or revising strategy planning of the Property Manager in order to increase the provision of income and reduce risks from fluctuation of rental fee and/or area service charge for the REIT and supervise the Property Manager to perform operations according to specified strategies.
- 1.4) REIT Manager shall participate in considering or revising approaches on selecting major tenants and service users or planning the arrangement of business type proportion of tenants of the Property Manager in order to limit and control risks or fluctuation from rental fee and/or area service charge in each year.
- 1.5) REIT Manager shall review or participate in determining policies on rental fee and/or area service charge so that the rate of rental fee and/or area service charge shall be in accordance with appropriate rate based on leasing and servicing market situations at that time.
- 1.6) REIT Manager shall inspect the system for controlling expenses on maintenance or repair of equipment or building in order to keep assets to be in conditions that are comparable to the industry.
- 1.7) REIT Manager shall assess appropriateness of control system regarding procurement of the Property Manager so that the REIT will receive products or services that are worth for the paid amount.
- 1.8) REIT Manager shall monitor and supervise the income collection of the Property Manager so that the REIT will receive complete rental fee and/or service charge.
- 1.9) REIT Manager shall assign the Property Manager to monitor and supervise tenants and service users to pay taxes correctly as specified by laws.
- 1.10) REIT Manager shall analyze abnormalities in management of the Property Manager, including randomly inspect operations of the Property Manager.
- 1.11) REIT Manager shall select and assess the internal control system of the Property Manager.
- 2) System for monitoring and randomly inspecting to ensure that the Property Manager complies with the following rules;
 - 2.1) Collect income and submit it to the REIT correctly and completely
 - 2.2) Not collect expenses from the REIT in an amount that exceeds the necessity and must be under the frame of REIT Manager Appointment Contract for such collection
 - 2.3) Supervise and maintain assets of the REIT sufficiently and appropriately in order to provide constant benefits in the long term

In 2018, REIT Manager gave opinion on operations of the Property Manager that the Property Manager was able to perform operations according to the specified plans and expenses were under the specified budget.

Monitoring of REIT's Benefits

REIT Manager has the main objectives to make Trust Unit Holders to receive benefits from investment constantly and regularly in long term by considering benefits received from the development and enhancement of real estate's quality invested by the REIT. REIT Manager has approaches and systems for monitoring and supervising benefits from real estate invested by the REIT as follows;

- 1) REIT Manager and Trustee will monitor performances of the REIT annually by comparing with the annual budget and operating results of the REIT in the previous year in order to allow operations of real estate invested by the Trust to receive profits. In case operating results of real estate invested by the REIT does not reach the expected goal, REIT Manager and Trustee shall analyze intensively to find the cause and then closely cooperate with the Property Manager to develop the action plan for improving performances of real estate invested by the REIT to be in accordance with goals or estimation.
- 2) REIT Manager and Property Manager shall cooperate to create business growth and develop good relationships with customers, including manage the rate of leasing and rental fee and/or area service charge to be in the level that causes the highest benefits to the REIT. In the meantime, REIT Manager and Property Manager shall mutually control and manage marketing cost and risks on management of assets invested by the Trust.
- 3) REIT Manager shall cooperate with the Property Manager to enhance efficiency of the REIT's asset management, including control and manage operating expenses without causing impacts on the quality of service.
- 4) REIT Manager and Property Manager shall closely cooperate to enhance capabilities of real estate invested by the REIT. Such operations include;
 - 4.1) Determine real estate target customer groups of the REIT by adapting marketing strategies, service level, and rental fee and area service charge that is suitable for demands of customers in specified target groups
 - 4.2) Maintain and repair areas of assets invested by the REIT, such as improvement of public area and common area, and improvement of specific areas for appropriate functions
 - 4.3) Improve image of assets invested by the REIT and maintain such assets to be standardized and repair assets invested by the REIT for appropriate functions in order to create customer satisfaction
- 5) The REIT and REIT Manager have the policy to provide benefits from assets invested by the REIT by leasing areas of such assets to tenants, including any necessary service relating to tenants. Property Manager shall be responsible for providing persons interested in renting areas of the REIT's assets by allowing them to visit the site of the project and directly negotiating with persons interested in renting areas.
- 6) REIT Manager shall provide at least one of the following insurances;
 - 6.1) Sufficient and appropriate insurance of the REIT towards real estate or leasehold of invested real estate for covering possible damages to the REIT resulting from casualty incurred to such real estate shall be provided. Lender shall be the mutual beneficiary in case the REIT requests for the loan or specify the Trustee on behalf of the REIT to be the beneficiary in the case that the REIT does not request for the loan (as the case may be). However, it shall be approved by the Trustee.
 - 6.2) Third party liability insurance which may be damaged from wear and tear of buildings shall be provided. However, in case tenant or grantor of real estate to the REIT or real estate tenant from the REIT already provides such insurance, the Trustee of the REIT shall provide the liability insurance only in the case that the REIT may be forced to take liability.
 - 6.3) Any type of insurance of the REIT shall have the insured period that the Trustee of the REIT owns the title or ownership of such real estate.

- 7) To make transactions with connected persons shall be performed in accordance with rules as follows;
- 7.1) To make transactions with connected persons of the REIT Manager shall be performed in accordance with Trust Deed and related laws and for the best benefits of the REIT.
- 7.2) Reasonable and fair price shall be applied to transactions with connected persons.
- 7.3) Persons having interests with transactions, either directly or indirectly, shall not involve with the consideration and decision-making of transactions.

Remuneration of REIT Manager

Throughout the term of REIT Manager Appointment Contract, the REIT Manager shall receive the fee for REIT management at the rate of not exceeding 0.30% per year of the cost of the REIT's main assets plus the book value of the investment in financial instrument and/or deposits in financial institutes. However, in case of disposal of the REIT's main assets, it shall be calculated from the cost of the REIT's main assets less the amount of capital decrease from the disposal of such REIT's main assets. The type of leasehold used to calculate the fee shall be calculated only the effective period of leasehold only.

Information Disclosure to Trust Unit Holders

The REIT has approaches on information disclosure based on the nature of information and actual situation. Managing Director of the REIT Manager is responsible for considering information before disclosure to Trust Unit Holders. The details are as follows;

Information Disclosure	Events
Immediate Disclosure	<ul style="list-style-type: none"> Information affecting price, investment decision-making, benefits of unitholder Information on operation, such as payment and benefit distribution, disclosure of Treasury Stock Reporting when there is an event possibly affecting the dissolution of the REIT Reporting when there is an event that Trust Deed determines to be the cause of dissolution of the REIT or other events allowing to know the advance schedule of dissolution of the REIT Immediately reporting when there is an event regarding acquisition or disposal of real estate or exceeding proportion of unitholder
Within 3 business days	<ul style="list-style-type: none"> Information that does not directly affect but should be disseminated to investors, such as relocation of headquarters changes of directors changes of auditors
Within 14 days	<ul style="list-style-type: none"> Information that the Stock Exchange must collect to be used as evidence and reference, such as, copy of minutes of unitholders' meeting report of capital increase share allocation
Within 15 days	<ul style="list-style-type: none"> Report of REIT's paid-up capital decrease Report of acquisition or disposal of real estate
Within 30 days	<ul style="list-style-type: none"> Report of progress of investment in incompletely constructed real estate

Disclosure based on period	<ul style="list-style-type: none"> Financial statements <ul style="list-style-type: none"> Quarter: Submitted within 45 days after the end of accounting period Annual Submitted within 2 months after the end of accounting period (In case the financial statement of the 4th quarter is not prepared) Management Discussion and Analysis submitted together with financial statements Form 56-1 within 3 months after the end of accounting period Annual report together with the invitation letter for annual general meeting within 4 months from the end of accounting period NAV data within 45 days after the end of accounting period
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Arrangement of Trust Unit Holders' Meeting

- 1) To convene the Trust Unit Holders' Meeting, the REIT Manager shall prepare the invitation letter for the meeting by specifying the venue, date, agenda and the matter to be presented to the Meeting, together with appropriate details and stating clearly that such matter is for acknowledgement, for approval, or for consideration, including the opinion of the REIT Manager on the said matters and potential impact to Trust Unit Holders on the voting on such matter. Such invitation letter for the meeting shall be submitted to Trust Unit Holders not less than seven (7) days prior the meeting. However, publication of such meeting shall also be made in one (1) daily newspaper at least three (3) days prior the meeting. The meeting shall be convened in the locality where the office of the Trustee or the REIT Manager is located or in any nearby province.
- 2) In case the REIT manger has not summoned the Trust Unit Holders' Meeting within one (1) month after receiving the letter from the Trust Unit Holders holding Trust Unit in an aggregate of not less than 10% of the total number of Trust Unit sold that requests the REIT manger to summon the Trust Unit Holders' Extraordinary Meeting and the Trustee deems that it is necessary or appropriate to present it to the Trust Unit Holders' Extraordinary Meeting, as the case may be, the Trustee shall convene the Trust Unit Holders' Meeting by complying with the procedures of meeting summoning specified in Paragraph One mutatis mutandis. The Trustee shall be entitled shall be entitled to collect actual expenses (if any) from the Trust Unit Holders' Meeting on behalf of the REIT Manager.
- 3) Quorum and Chairman of Trust Unit Holders' Meeting
 - 3.1) To constitute a quorum in the Trust Unit Holders' Meeting, there shall not be not less than twenty (25) Trust Unit Holders or not less than a half of the total number of Trust Unit Holders. In addition, they shall hold Trust Unit in an aggregate of not less than one-third (1/3) of the total number of Trust Unit sold.
 - 3.2) If within one (1) hour from the appointment for the Trust Unit Holders' Meeting the number of Trust Unit Holder attending the meeting is insufficient to form a prescribed quorum, the Trust Unit Holders' Meeting, if summoned upon the requisition of Trust Unit Holders and the Trustee for the extraordinary meeting, shall be dissolved. If such Trust Unit Holders' Meeting is not convened upon the requisition of Trust Unit Holders for the extraordinary meeting, another meeting shall be summoned. In such case, the invitation letter for the meeting shall be submitted to Trust Unit Holders not less than seven (7) days prior the date of meeting. In the latter meeting, no quorum shall be necessary.

3.3) Under the enforcement of the Trust Act and related notifications, the Trustee shall appoint a person to act as the Chairman of the Trust Unit Holders' Meeting. However, if there is an agenda for consideration regarding interests of the Trustee at the Trust Unit Holders' Meeting, the Trustee and his/her proxy shall leave the meeting room in such agenda and the REIT manager shall nominate the name list to the Trust Unit Holders' Meeting to consider and appoint a person to be the Chairman of the Trust Unit Holders' Meeting in such agenda.

3.4) If there is an agenda for consideration regarding interests of the Trustee and the REIT manager at the Trust Unit Holders' Meeting, the Trustee and the REIT manager and their proxy has no voting right on such agenda (in case the Trustee or the REIT Manager and their proxy are the Trust Unit Holder). In case the Trustee has interests in any agenda, the REIT Manager shall nominate the name list to the Trust Unit Holders' Meeting to consider and appoint a person to be the Chairman of the Trust Unit Holders' Meeting in such agenda. In case both Trustee and the REIT manager have interests in any agenda, the Trust Unit Holders' Meeting shall consider and appoint a person to act as the Chairman of the Meeting.

However, the Chairman of the Trust Unit Holders' Meeting has authority and duties as follows;

- (a) Supervise and perform the Trust Unit Holders' Meeting to be in order
- (b) To specify any other methods to proceed the Trust Unit Holders' Meeting as the Chairman deems appropriate or necessary for the purpose of organized and effective Trust Unit Holders' Meeting, including its consideration and voting procedure
- (c) To ensure that the Trust Unit Holders' Meeting is in order under the Trust Act and related laws, the Chairman may cease the discussion or consideration of any matter at the Trust Unit Holders' Meeting.
- (d) In a case that the votes for resolution at the Trust Unit Holders' Meeting are equal, the Chairman is entitled to cast the final vote. The vote casted by the Chairman of the Trust Unit Holders' Meeting in such agenda shall be final.

4) Grant of Proxy

At the Trust Unit Holders' Meeting, Trust Unit Holder may appoint other persons to attend the meeting and vote on his/her behalf. The REIT manager shall submit the letter of authorization as determined by the Trustee to Trust Unit Holders along with the invitation letter for Trust Unit Holders' Meeting.

Such letter of authorization shall be submitted to the Chairman of the Meeting or a person appointed by the Chairman at the meeting before commencement of the meeting.

5) Method of Vote Counting

The Trust Unit Holder has one (1) voting right per one (1) unit of trust held. The Trust Unit Holder who is entitled to vote shall not have special interests in such agenda.

6) Resolution of Trust Unit Holder

Unless otherwise stated in the Trust Deed, the resolution of the Trust Unit Holders' Meeting shall consist of the following votes;

- 6.1) In general case, it shall consider the majority vote of the Trust Unit Holders attending the meeting and entitled to vote.
- 6.2) In the following cases, the voting shall be at least three-fourth (3/4) of the total votes of Trust Unit Holders attending the meeting and entitled to vote.

- (a) Acquisition or disposal of the REIT's major assets with the value equal to or over thirty percentage (30%) of the total asset value of the REIT
- (b) Increase or decrease of the REIT's paid-up capital that is not indicated in the Trust Deed in advance
- (c) Increase of capital under general mandate of REIT
- (d) Transactions with the REIT Manager or connected persons with the REIT Manager, with the transaction value equal to or above 20 million (20,000,000) Baht or higher or more than 3% of net asset value of the REIT, whichever is higher
- (e) Change of benefits and capital returned to Trust Unit Holders
- (f) Change of Trustee or REIT Manager; however, for the change of REIT Manager, it shall be in accordance with conditions specified in Item 19.5 of the Trust Deed.
- (g) Amendment of Trust Deed that significantly affects the right of Trust Unit Holders
- (h) Dissolution of the REIT

However, the resolution of Trust Unit Holders that would cause the REIT or the REIT's management to be in conflict with or contrary to the Notification SorRor. 26/2555 or related rules under the Securities and Exchange Act or the Trust Act shall be deemed unenforceable.

7) Trust Unit Holder's Minutes of Meeting

The REIT Manager shall prepare the report of Meeting's resolutions and procedures on summoning the Trust Unit Holder's Meeting. The Chairman of each meeting shall affix his/her signature to certify correctness of such report. However, the REIT shall be responsible for expenses of preparing minutes of meeting.

Selection and Nomination of Directors and Management at the Level of Managing Director

1) Board of Director

Board of Director consists of at least 3 directors and the independent directors shall not be less than 1/3 (one-third) of the total number of directors. Board of Director shall be qualified and have no prohibited characteristics as specified by laws.

2) Management at the level of managing director

Board of Director appoints the Management at the level of managing director by considering and selecting qualified, knowledgeable, and skillful persons without prohibited characteristics as specified by laws.

Remuneration of Auditor

The REIT appointed the auditor of the REIT for the accounting period ended December 31, 2018. The details are as follows;

Name of Company	EY Office Limited
Name of auditor	Waraporn Prapasirikul
Audit fee	1,000,000 Baht
Non-audit fee	None

Internal Control and Risk Management

Internal Control and Risk Management

The REIT Manager provides the internal control system to protect assets of the REIT and benefits of REIT Unit Holder, including clearly establishes the structure and apply the risk management system to estimate potential risks and identify approach to manage such risk to be in an acceptable level. In addition, the REIT Manager also systemically separates duties in the management structure of the REIT Manager, balances the power appropriately, and provides the monitoring system for operations of the Property Manager in order to prevent assets of the REIT from abuse.

In addition, the Compliance Department is responsible for inspecting the operations of the REIT to be in accordance with the manual on working system and internal control system and the Trust Deed and relevant laws.

Prevention of Conflict of Interest

Related Party Transactions for Past Accounting Period

Person/ Juristic Person	Relation	Characteristics of Related Party Transaction	Conditions of Pricing Policy	Opinion of Pricing
Bhiraj REIT Management Company Limited	- REIT manager	- Receive REIT management fee from the REIT	- Contractually agree price	- Fee is in accordance with the agreed contract
BHIRAJ Management Company Limited	- Property Manager	- Receive property management fee from the REIT	- Contractually agree price	- Fee is in accordance with the agreed contract
Kasikorn Asset Management Company Limited	- Trustee	- Receive Trustee's fee from the REIT	- Contractually agree price	- Trustee fee is similar to those of other domestic property funds
KASIKORNBANK PUBLIC COMPANY LIMITED	- The parent company of Kasikorn Asset Management Company Limited	- Deposit - Provide loan - Rent office area	- In normal rate of 0.37%-0.62% - Contractually agree interest rate - Contractually agree price	- Deposit rate follow the Bank announcement - Conditions of loan borrowing are similar to those available in the market - Monthly rental rate charge is not less than other tenant rates. Therefore, the rate is reasonable.

Person/ Juristic Person	Relation	Characteristics of Related Party Transaction	Conditions of Pricing Policy	Opinion of Pricing
BHIRAJ BURI Company Limited	<ul style="list-style-type: none"> - Property owner - Major unitholder 	<ul style="list-style-type: none"> - Has entered into lease asset agreement, as the lessor - Has entered into agreement for common area service of BHIRAJ Tower at EmQuartier - Has entered into service agreement for meeting room area 	<ul style="list-style-type: none"> - Contractually agree price - Contractually agree price - As agreed price 	<ul style="list-style-type: none"> - Lease asset price is in accordance with the agreed contract - Expense related agreement for common area service is in accordance with the agreed contract - Receive income is in accordance with the agreed contract
- Penta 591 Company Limited	<ul style="list-style-type: none"> - Property owner - Group companies of the REIT's major unitholder 	<ul style="list-style-type: none"> - Has entered into purchase agreement for the ownership of utility and movable property of BHIRAJ Tower at EmQuartier 	<ul style="list-style-type: none"> - Contractually agree price 	<ul style="list-style-type: none"> - Purchasing price is in accordance with the agreed contract
- BITEC SERVICES Company Limited	<ul style="list-style-type: none"> - Group companies of the REIT's unitholder 	<ul style="list-style-type: none"> - Has entered quotation for tree services of BHIRAJ Tower at EmQuartier and others 	<ul style="list-style-type: none"> - As agreed price 	<ul style="list-style-type: none"> - Rate of service charge is normal as transaction conducted to external party. Therefore, the rate is reasonable.

Policy on Transactions Made between REIT and Connected Person

To make transactions of the REIT and connected persons with the REIT Manager or Trustee may cause the conflict of interests. For transparency and fairness to all Trust Unit Holders, the REIT Manager establishes the transaction policy as follows;

- 1) Policy on transactions made between the REIT and the REIT Manager or connected persons and the REIT Manager shall be conducted according to the securities as follows;
 - 1.1) Terms and conditions of making transactions with connected persons
 - (a) Such transactions between the REIT and the REIT Manager or connected persons and the REIT Manager shall be in accordance with the Trust Deed and relevant laws and shall be for the best interest of the REIT.
 - (b) Such transactions between the REIT and the REIT Manager or connected persons and the REIT Manager shall be reasonable and apply fair market prices. Plus, expenses for making transactions collected from the REIT (if any) shall be at the fair and appropriate rate.
 - (c) Parties having interest in transactions, directly or indirectly, shall not be involved in the approval of such transactions.
 - 1.2) Approval on transactions between the REIT and the REIT Manager or connected persons and the REIT Manager shall be made through the following procedures;
 - (a) Approved by Trustee that the transaction is in accordance with Trust Deed and relevant laws
 - (b) In case the value of the transaction exceeds 1 million Baht or equals to 0.03% of the net asset value of the REIT or more, whichever value is higher (or other values as stipulated by the securities law), the approval of the Board of the REIT manager is required.
 - (c) in case the value of the transaction exceeds 20 million Baht or more than 3% of the net asset value of the REIT, whichever value is higher (or other values as stipulated by the securities law), the resolution of the Trust Unit Holders' Meeting passed by at least three-fourths majority vote of the Trust Unit Holder attending the meeting and having the voting right is required.
- However, in case the transaction made between the REIT and the REIT Manager or connected persons and the REIT Manager is an acquisition or disposal of the main asset, the calculation of the value shall be based on the value of the acquisition or disposal of the total assets of each project, which are ready to seek income, including value of other assets relating to such project.
- 1.3) Unless it is the transaction between the REIT and the REIT Manager or connected persons and the REIT Manager which information is clearly shown in the registration statement and prospectus, the procedure for seeking an approval from the trustee or the resolution of the Trust Unit Holders' Meeting shall be in accordance with Item 1.2). In case of seeking a resolution of the Trust Unit Holders' Meeting, the letter of invitation to Trust Unit Holders' Meeting shall also contain the opinion of the financial advisor to support the request for the resolution of the Trust Unit Holders' Meeting.

2) Policy on transactions made between the REIT and Trustee or connected persons and Trustee

Regarding the REIT management, a Trustee shall not perform any act which is in conflict with the interest of the REIT, regardless of whether such act is for interest of the Trustee or others, except in the case where;

2.1) The Trustee demands remuneration for his performance as the Trustee

2.2) It is a transaction in compliance with the following rules;

- (a) having a check and balance measure or mechanism to ensure fair treatment of such transaction
- (b) The Trustee is able to demonstrate that the REIT is fairly managed, as well as sufficiently disclose related information to the Trust Unit Holder in advance and the Trust Unit Holder who acknowledges such information has no objection.

In this regard, such disclosure of the said information and objection shall be in accordance with rules specified in the Notification No. SorRor. 27/2557 and other relevant rules announced, stipulated, or amended and appended by the SEC Office as follows;

- (1) Disclosure of information through the Stock Exchange of Thailand according to the regulation of the Stock Exchange of Thailand regarding such matter or any other channel which the Trust Unit Holder would be able to thoroughly access information of transactions
- (2) Providing reasonable period for disclosure of information which is not less than 14 days
- (3) Disclosing channels, procedures and period of time for clearly demonstrating objection which such period shall not be less than 14 days, except in case where the resolution of the Trust Unit Holders' Meeting is requested for making such transaction, the Trust Unit Holder shall object such request for the resolution of the Trust Unit Holders' Meeting
- (4) In case the Trust Unit Holder has demonstrated objection clearly through the procedures disclosed under Item (3) in the amount of more than one fourth of the total trust units sold, a Trustee shall not conduct or allow making the transaction arising conflict of interest with the REIT.

Legal Controversy

- None -

Corporate Social Responsibilities

1) Good Corporate Governance

The REIT determines the scope of stakeholders and the policy on corporate management strategies based on the structure of the organization in order to achieve the good corporate governance as follows;

1.1) Stakeholders

The REIT categorizes the type of stakeholder as follows;

- (a) Trust Unit Holder and general investor
- (b) Trustee
- (c) REIT Manager
- (d) Property Manager
- (e) Partner company
- (f) Residents in the surrounding area of the real estate invested by the REIT
- (g) Ecosystem and environments surrounding the real estate invested by the REIT

1.2) Determination of policy on corporate management strategies

The REIT is aware of the importance of real estate management in order to develop the growth sustainably to all stakeholders. As a result, the policy on corporate management strategies is determined to support the sustainable growth as follows;

- (a) Provide and establish the reliable organization in management for transparency to Trust Unit Holder

The REIT has the reliability in management for transparency, for example, transparent and acceptable trustee, selection of REIT with REIT management skill, selection of Property Manager with business expertise, including transparent, fair, effective, and traceable working system, provision of a transparent, fair, acceptable, and reliable company to assess assets approved by SEC Office, and provision of an audit company approved by SEC Office that does not have interests with the REIT.

- (b) Establish internal units of the organization for transparency to Trust Unit Holder

Apart from trustee taking care of benefits of Trust Unit Holder, the REIT Manager provides the Investor Relation Department to facilitate the coordination for any complaints. Data of the REIT is disclosed fairly for transparency to investors and Trust Unit Holder. In addition, an annual meeting of Trust Unit Holder is held to offer opportunity to Trust Unit Holder to participate in voting for agendas requesting for an approval and inquiring about performances and inquiries of any issues, as well as suggestions.

- (c) Establish internal units for sustainable growth which is a part of corporate governance or corporate social responsibility

Regarding the corporate social responsibility, the Property Manager establishes internal units for managing BHIRAJ TOWER at EmQuartier Office Building which cover economic, environment, social, community and good corporate governance aspects, such as, Quality, Safety, Occupational Health and Environment Department, Internal Control, Engineering Operation Department, Procurement Department, and Human Resource Department, etc.

2) Fair Business Operation

2.1) Fair Competition

REIT Manager and Property Manager has the policy to employ experts or service providers and general procurement by allowing 2-3 partners to quote the price for fair and traceable price and service competition.

2.2) Promotion of Social Responsibility in Partners

Property Manager has the policy on procurement. Its objectives are to align with operation approach for avoiding recurrent works, to ensure with quality of products and services, to perform procurement management effectively, correctly and clearly that meets requirements in a reasonable price, resulting to fair competition between business partners and the REIT. Documents and demands of persons requiring products and services are inspected and reviewed. Clear framework of value and time frame of procurement process are established in policies for the convenience, rapidness, and transparency, including clear characteristics of shops participating in procurement process.

2.3) Respect for Rights in Assets

REIT Manager and Property Manager promote the respect for rights in assets, especially intellectual property, by procuring and supporting related employees to use licensed software for all operations for the best efficiency and true fairness in performing activities.

3) Anti-Corruption

The REIT promotes the anti-corruption by setting the framework of operations in all procedures and strict inspection from Trustee and audit system of reliable external organizations. This is the beginning of fostering working disciplines for employees and parties relating to the REIT. It is the first step that is important to eliminate corruption in REIT management, leading to the sustainable growth.

4) Respect for Human Right

Property Manager of the REIT is aware that the respect for human right is the foundation of human resource development so it promotes and respect for matters that avoid the organization and its employees to participate in the violation of human rights. The REIT adheres to the principle of freedom, equality and peace. The selection of employees must not discriminate rights, nationality, religion, and gender. It provides equality and avoids oppression, including sex harassment. It does not limit right and freedom of thought and participation in political activity but it must not affect or lead to damages of the organization.

5) Fair Labor Practices

Property Manager of the REIT is committed to improve the labor standards, including life quality of employees managing BHIRAJ TOWER at EmQuartier Office Building to have better working environments, safety, and no harm to health, and promote think out of the box process. In addition, labors must receive fair treatment and appropriate welfare.

6) Responsibility to Consumer

Property Manager of the REIT occupies health and safety system is managed according to OHSAS & TIS 18001 Standard. Its objectives are to create reliability in safety of life and asset, promote good image, and become acceptable for building users at the international level. In addition, the REIT also pays attention to responsible treatment to tenants by considering health and safety of tenants continuously, such as

- 6.1) Submitting the report of performances of Safety Officer, Professional Level [JorPor.(Wor)] to the Department of Labor Protection and Welfare, Area 3, Bangkok, every 3 months
- 6.2) Providing annual basic fire drill training to tenants performed by a lecturer receiving the license from the Department of Labor Protection and Welfare
- 6.3) Providing annual basic fire drill and fire evacuation to tenants and certifying the result of such drill by a person receiving the license from the Department of Labor Protection and Welfare
- 6.4) Reporting the list of hazardous chemicals and descriptions of safety data of hazardous chemicals according to Ministerial Regulations on Standard of Management and Operations on Safety, Occupational Health, and Working Environment relating to Hazardous Chemicals, B.E. 2556
- 6.5) Inspecting the safety of electrical system and recording the inspection results and verifying electrical system and electrical equipment according to Ministerial Regulations on Standard of Management and Operations on Safety, Occupational Health, and Working Environment relating to Electricity, B.E. 2558
- 6.6) Inspecting and testing parts and equipment of elevators and annually testing the loading capacity of the elevator performed by engineers according to Ministerial Regulations on Standard of Management on Safety of Machines, Crane and Boiler, B.E. 2552
- 6.7) Inspecting and reporting the safety of buildings and building facilities annually according to the Building Control B.E.2522

7) Environmental Management

Property Manager of the REIT focuses on environmental operations and mitigation of internal and external environmental impacts, including energy-saving operations in order to continuously reduce impacts on environment within BHIRAJ TOWER at EmQuartier Office Building, for example;

- 7.1) System maintenance and analysis and inspection of wastewater treatment system in order to regularly monitor the wastewater quality
- 7.2) Control, measurement, and reporting of results of wastewater discharge from buildings according to Notification of Ministry of Natural Resources and Environment, Re: Prescribing Standards on Controlling Wastewater Discharge from some Type and Size of Buildings, B.E.2548

- 7.3) Report of wastewater treatment system performance results (ThorSor. 1) and summary report of wastewater treatment system performance results (ThorSor. 2) according to the Ministerial Regulations on Prescribing Rules, Procedures, and Forms of Statistic and Data Collection, Preparation of Description Memo, and Summary Report of Wastewater Treatment System Performance B.E. 2555
- 7.4) Measurement and report of atmospheric hazardous chemical concentration level analysis result (Quantity of carbon monoxide in parking building) according to the Ministerial Regulations on Standards of Management and Operation of Safety relating to Hazardous Chemicals, B.E. 2556
- 7.5) Electricity consumption saving with the management on improvement and enhancement of automatic air conditioning system efficiency
- 7.6) Electricity consumption saving with the management on reduction of chiller availability at 3.00 pm every day
- 7.7) Submission of report on energy management and annual summary report of inspection results and energy management certification according to Energy Conservation Promotion Act B.E. 2535
- 7.8) Water consumption saving with the management on improvement and enhancement of automatic water flushing system efficiency

8) Innovation and Diffusion of Innovation

The Property Manager applies innovation in management for efficiency of operations in accounting and financial systems, procurement and supplies system, and other systems linking to Sales and Marketing Department, Service Operation Department, and Operating Engineer Department, etc, in order to provide effective management and the best services to customers and service users. In the meantime, the Property Manager also continuously studies errors arising out of use of innovation and feasibility of new innovation usage for more integrated management.

Opinion of the Trustee



หลักทรัพย์จัดการกองทุนสิทธิไทย
开泰基金管理 KASIKORN ASSET MANAGEMENT



Opinion of the Trustee

To Trust unitholders of Bhiraj Office Leasehold Real Estate Investment Trust ("the Trust")

I, Kasikorn Asset Management Company Limited, as the Trustee of Real Estate Investment Trust, has supervised and monitored the management of the Bhiraj Office Leasehold Real Estate Investment Trust managed by Bhiraj REIT Management Company Limited for the accounting period from 15 January 2018 to 31 December 2018.

I am of the opinion that Bhiraj 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 provisions under Securities and Exchange Act B.E. 2535, and Trust for Transactions in Capital Market Act B.E.2550.

Trustee

Kasikorn Asset Management Company Limited



Mr. Vittawat Ajchariyavanich
Executive Vice President
Property Business Management Division

Independent Auditor's Report

To the Unitholders of Bhiraj Office Leasehold Real Estate Investment Trust

Opinion

I have audited the accompanying financial statements of Bhiraj Office Leasehold Real Estate Investment Trust (the Trust), which comprise the balance sheet, including the details of investments as at 31 December 2018, the related statements of income, changes in net assets and cash flows, and significant financial information for the period as from 15 January 2018 (the registration date) to 31 December 2018, 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 Bhiraj Office Leasehold Real Estate Investment Trust as at 31 December 2018, its financial performance and cash flows for the period as from 15 January 2018 (the registration date) to 31 December 2018 in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Trust in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

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

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

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

The valuation of investment in leasehold right over properties

As mentioned in Note 5.2 and 7 to the financial statements, the Trust presented investment in leasehold right over properties presented in the balance sheet as at 31 December 2018 at their fair value of Baht 6,418 million, representing 93% of total assets and for the period as from 15 January 2018 to 31 December 2018 the Trust recognised net unrealised loss from changes in the fair value of investment in leasehold right over properties amounting to Baht 251 million in the statement of income. These investment in leasehold right over properties are not traded on an active market and a comparable quoted price for the same or similar investments on an inactive market cannot be found. The REIT Manager therefore determined the fair value of these investment in leasehold right over properties based on the value appraised by an independent appraiser. The fair value assessments mentioned above are transactions which were calculated under the assumptions and judgment of both the REIT Manager and the independent appraiser. I addressed the measurement of such investments as a key audit matter.

I gained an understanding of the calculation of the fair value of investment in leasehold right over properties by making enquiry of responsible executives. I assessed the reliability of the independent appraiser in conformity with related Thai Standard on Auditing (TSA). I read the fair value assessment report of the independent appraiser, evaluated the valuation approach, the cash flow projections and the assumptions used by the independent appraiser to calculate the fair value and performed analytical procedures on related data. In addition, I tested the fair value calculation and reviewed the disclosures made in notes to the financial statements.

Recognition of revenue from rental and services

The Trust recognised revenue from rental and services in compliance with its accounting policy as disclosed in Note 5.1 to the financial statements. For the period as from 15 January 2018 to 31 December 2018, the Trust recognised revenue from rental and services amounting to Baht 568 million in the statement of income. Moreover, the Trust has entered into agreements with a large number of customers, most of whom are retail tenants, and there are a variety of conditions in these agreements. I, therefore, addressed the recognition of rental and service income as a key audit matter.

On a sampling basis, I selected revenue transactions to examine the rental and service agreements and supporting documents of rental and service transactions, in order to assess whether revenue recognition complied with the terms stipulated in the rental and service agreements and was in accordance with the revenue recognition policy of the Trust. I also reviewed for possible irregularities in rental and service transactions throughout the accounting period, particularly accounting entries made through journal vouchers.

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 the REIT Manager 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 Thai Financial Reporting Standards, 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 the REIT Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

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

I am responsible for the audit resulting in this independent auditor's report.



Waraporn Prapasirikul

Certified Public Accountant (Thailand) No. 4579

EY Office Limited

Bangkok: 20 February 2019

Balance sheet

Bhiraj Office Leasehold Real Estate Investment Trust

As at 31 December 2018

(Unit: Baht)

	<u>Note</u>	
Assets		
Investment in leasehold right over properties at fair value		
(At cost: Baht 6,669 million)	7	6,418,199,004
Investment in security at fair value		
(At cost: Baht 314 million)	8	316,077,419
Cash and cash at banks	9	30,023,005
Rental and service and other receivables	10	12,777,498
Deferred expenses	11	69,625,837
Other assets		<u>46,741,095</u>
Total assets		<u>6,893,443,858</u>
Liabilities		
Trade and other payables		60,636,469
Advance receipt for rental and services		13,629,561
Deposits from rental and services		150,224,286
Long-term loan from financial institution	12	<u>1,695,154,826</u>
Total liabilities		<u>1,919,645,142</u>
Net assets		<u><u>4,973,798,716</u></u>

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

Balance sheet (continued)

Bhiraj Office Leasehold Real Estate Investment Trust

As at 31 December 2018

		(Unit: Baht)
	<u>Note</u>	
Net assets:		
Trust registered		
515,310,000 units of Baht 9.6525 each	13	<u>4,974,029,775</u>
Capital from unitholders		
515,310,000 units of Baht 9.6525 each	13	4,974,029,775
Deficit	14	<u>(231,059)</u>
Net assets		<u><u>4,973,798,716</u></u>
Net asset value per unit (Baht)		9.6520
Number of units issued at the end of period (units)		515,310,000

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

Detail of investments

Bhiraj Office Leasehold Real Estate Investment Trust

As at 31 December 2018

Detail of investments classified by asset classes.

Type of investments	Areas held by the Trust	Cost (Baht)	Fair value (Baht)	Percentage of investment (Percent)
Investment in leasehold right over properties (Note 7)				
BHIRAJ TOWER at EmQuatier				
Location: 689 Sukhumvit Road				
Klongtan-Nua Wattana Bangkok	94,853 Sqm.	6,669,392,922	6,418,199,004	95.31
Total investment in properties		6,669,392,922	6,418,199,004	95.31
Investment in security (Note 8)				
<u>Opened-end fund</u>				
SCB treasury money plus open end fund (SCBTMFPLUS)				
		314,431,936	316,077,419	4.69
Total investment in security		314,431,936	316,077,419	4.69
Total investments		6,983,824,858	6,734,276,423	100.00

* The value does not include accrued rental income.

Statement of income

Bhiraj Office Leasehold Real Estate Investment Trust

For the period as from 15 January 2018 to 31 December 2018

		(Unit: Baht)
	<u>Note</u>	
Investment income		
Rental and service income		567,558,018
Interest income		812,168
Other income		2,453,565
Total income		<u>570,823,751</u>
Expenses		
Cost of rental and service		106,751,403
REIT management fee	16.1	17,326,336
Trustee and custodian fee	16.2	7,666,385
Registrar fee	16.3	3,197,177
Property management fee	16.4	26,749,256
Amortisation of deferred expenses	11	16,542,298
Other expenses		6,421,089
Finance cost		67,443,683
Total expenses		<u>252,097,627</u>
Net investment income		<u>318,726,124</u>
Net unrealised loss on investments		
Net unrealised loss on investment in leasehold right over properties	7	<u>(251,193,918)</u>
Total net unrealised loss on investments		<u>(251,193,918)</u>
Increase in net assets from operations		<u><u>67,532,206</u></u>

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

Statement of changes in net assets

Bhiraj Office Leasehold Real Estate Investment Trust

For the period as from 15 January 2018 to 31 December 2018

(Unit: Baht)

	<u>Note</u>	
Increase (decrease) in net assets resulting from operations during period		
Net investment income		318,726,124
Net unrealised loss on investment in leasehold right over properties		<u>(251,193,918)</u>
Net increase in net assets resulting from operations		67,532,206
Capital from unitholders	13	5,153,100,000
Capital reduction to unitholders	13	(179,070,225)
Distribution to unitholders	15	<u>(67,763,265)</u>
Increase in net assets during period		4,973,798,716
Net assets at the beginning of period		<u>-</u>
Net assets at the end of period		<u><u>4,973,798,716</u></u>

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

Statement of cash flows

Bhiraj Office Leasehold Real Estate Investment Trust

For the period as from 15 January 2018 to 31 December 2018

(Unit: Baht)

Cash flows from operating activities

Net increase in net assets from operations	67,532,206
Adjustments to reconcile net increase in net assets from operations to net cash provided by (used in) operating activities:	
Purchases of investment in leasehold right over properties	(6,669,392,922)
Increase in investment in security	(314,431,936)
Increase in rental and service and other receivables	(12,777,498)
Increase in deferred expenses	(86,168,135)
Increase in other assets	(46,741,095)
Increase in trade and other payables	46,268,324
Increase in advance receipt for rental and services	13,629,561
Increase in deposits from rental and services	150,224,286
Amortisation of deferred expenses	16,542,298
Amortisation of front end fee	5,254,826
Unrealised gain on change in value of investment in security	(1,645,483)
Net unrealised loss on investment in leasehold right over properties	251,193,918
Interest expenses	62,188,857
Net cash flows used in operating activities	(6,518,322,793)

Cash flows from financing activities

Cash received from issuance of trust units	5,153,100,000
Cash paid for capital reduction to unitholders	(179,070,225)
Cash received from long-term loan from financial institution	1,689,900,000
Cash paid for interest expenses	(47,820,712)
Cash distribution to unitholders	(67,763,265)
Net cash flows from financing activities	6,548,345,798

Net increase in cash and cash at banks

Cash and cash at banks at the beginning of period	-
Cash and cash at banks at the end of period (Note 9)	30,023,005

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

Significant financial information

Bhiraj Office Leasehold Real Estate Investment Trust

For the period as from 15 January 2018 to 31 December 2018

(Unit: Baht)

Operating performance information (per unit)

Net assets value at the beginning of period	-
Add: Increase in capital from unitholders	10.0000
Add: Increase from investing activities	0.6185
Less: Net unrealised loss on investment in leasehold right over properties	(0.4875)
Less: Capital reduction to unitholders	(0.3475)
Less: Distribution to unitholders	(0.1315)
Net assets value at the end of period	<u>9.6520</u>

Ratio of increase in net assets resulting from operations to average net assets during the period (percent)	1.33
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Significant financial ratios and additional significant information

Net assets at the end of period (Baht)	4,973,798,716
Ratio of total expenses to average net assets during the period (percent)	4.96
Ratio of total investment income to average net assets during the period (percent)	11.24
Ratio of weighted average investment turnover during the period to average net assets during the period (percent)*	126.06
Average net assets during the period (Baht)	5,077,577,110

* The value of investment purchases and sales during the period does not include cash at banks, and is calculated by a weighted average basis during the period.

Notes to financial statements

Bhiraj Office Leasehold Real Estate Investment Trust

For the period as from 15 January 2018 to 31 December 2018

1. Description of Bhiraj Office Leasehold Real Estate Investment Trust

Bhiraj Office 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 15 January 2018 between Bhiraj REIT Management Company Limited as Trust settlor and KASIKORN ASSET MANAGEMENT COMPANY LIMITED as the Trustee. On 15 January 2018, the Trust was established as a specific closed-end real estate investment trust with an indefinite term in order to invest in specific property.

The Trust's objectives are to mobilise funds raised from the selling of trust units and loan from financial institution to invest in the leasehold right of BHIRAJ TOWER at EmQuartier project which comprises most of the office rental areas in BHIRAJ TOWER at EmQuartier and the associated operation areas, including the transferred ownership of utility and movable property which related to the operation of office buildings.

The Stock Exchange of Thailand approved the listing of the trust units and permitted their trading from 23 January 2018 onwards.

The Trust is managed by Bhiraj REIT Management Company Limited act as the REIT Manager, KASIKORN ASSET MANAGEMENT COMPANY LIMITED acts as the Trustee, BHIRAJ Management Company Limited acts as the Property Manager and Thailand Securities Depository Company Limited acts as the trust registrar.

As at 31 December 2018, the Trust's major unitholder is BHIRAJ BURI Company Limited which hold 19.99% of issued and fully paid-up trust unit.

2. Distribution policy

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

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

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

- (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 reserve set aside for repayment of loan debt or settlement of obligations arising from borrowings of the Trust in accordance with the limit stated in the registration statement and prospectus or annual report, as the case may be.

If the amount of the first year-end distribution per unit to be paid is Baht 0.10 or less in any year, the REIT Manager reserves the right not to pay a distribution at that time and to carry such distribution forward to be paid together with the following distribution for the purpose that is not in conflict with no.2.1.

If the amount of an interim distribution per unit to be paid is Baht 0.10 or less in any quarter, the REIT Manager reserves the right not to pay a distribution at that time and to carry such distribution forward to be paid together with the following distribution.

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

3. Basis of preparation of financial statements

The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and in accordance with the regulations and format specified in Thai Accounting Standard No. 106 “Accounting for Investment Business”.

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.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

4. New financial reporting standards

(a) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2019

The Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarification of accounting treatment and accounting guidance to users of standards.

The REIT manager of Trust believe that the most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standards involves changes to key principles, as summarised below.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following accounting standards together with related Interpretations.

TAS 11 (revised 2017)	Construction Contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The REIT manager of Trust believe that this standard will not have any significant impact on the financial statements when it is initially applied.

(b) Financial reporting standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020

During the current period, the Federation of Accounting Professions issued a set of TFRSs related to financial instruments, which consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 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 Company'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.

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

5. Significant accounting policies

5.1 Revenues and expenses

Rental and related service income

Rental income is recognised on a straight-line basis over the lease term, and related service income is recognised on an accrual basis.

Interest income and interest expense

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

Other expense

Expenses are recorded on an accrual basis.

5.2 Measurement of investments

Investments are recognised as assets at cost on the date which the Trust has rights on investments. The cost of investments comprises the purchase price and all direct expenses paid by the Trust in order to acquire such investments.

Investment in leasehold right over properties

Investment in leasehold right over properties is stated at fair value with no depreciation charge. The REIT Manager measured fair value of such investments as at the first reporting date using the acquisition cost of investment, and re-measure them at subsequent reporting dates at fair value, using the appraisal value assessed by an independent appraiser approved by the Thai Valuer Association and the Valuers Association of Thailand (Pursuant to the Notification of the Securities and Exchange Commission concerning the granting of approval of valuation companies and principle valuers for public use). Revaluation is to be made when economic conditions change, but at least every two years, commencing from the date of the appraisal made for the purposes of purchasing the immovable properties. In addition, the valuation will be reviewed within one year after the latest valuation date. Valuations must not be performed by the same independent appraisers more than twice.

Gains or losses on measurement of such investments (if any) are presented as net unrealised gains or losses in the statement of income.

Investment in security

Investment in mutual fund which present in balance sheet are stated at fair value. The fair value is based on net asset value at the close of business on balance sheet date by reference to each management company.

Investments in marketable debt securities which can be freely traded on an open market are presented at their fair value, based on the latest yield rate quoted by The Thai Bond Market Association as of the date on which the investments are valued. The value of investments which cannot be freely traded on an open market is stated on fair value based in accordance with the principles and methods for determining the fair value of investments announced by the Association of Investment Management Companies and in accordance with the stipulations, principles and methods for determining fair value of investments in debt instruments which cannot be freely traded on an open market of the Office of the Securities and Exchange Commission. The Trust uses the amortised cost method to determine the fair value of debt securities, which time to maturity is within 90 days from investment date.

Gains or losses on valuation of investment is presented as a net unrealise gains or losses in the income statement. The weighted average method is used for computation of the cost of investment.

Investments in bank deposits, and non-transferable promissory notes and bills of exchange are presented using the sum of principal and accrued interest as of the date on which the investment is valued to determine fair value. Accrued interest is separately presented in the balance sheet as "Other receivables".

5.3 Accounts receivable from rental and service

Accounts receivable from rental are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

5.4 Deferred expenses

Deferred expenses consist of expenses incurred for issuing and initial public offering the Trust units such as Trust set up costs and other direct expenses. Amortisation is charged to expense on a straight-line basis for 5 years.

5.5 Related party transactions

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

Relationships of related parties are as follows:

<u>Company's Name</u>	<u>Relationship</u>	<u>Details of Business Transactions</u>
Bhiraj REIT Management Company Limited	- REIT manager	- Receive REIT management fee from the Trust
BHIRAJ Management Company Limited	- Property Manager	- Receive property management fee from the Trust
KASIKORN ASSET MANAGEMENT COMPANY LIMITED	- Trustee	- Receive Trustee's fee from the Trust
KASIKORNBANK PUBLIC COMPANY LIMITED	- The parent company of KASIKORN ASSET MANAGEMENT COMPANY LIMITED	- Receive deposit, provide loan to the Trust and rent office area
BHIRAJ BURI Company Limited	- Property owner - Major unitholder	- Has entered into lease asset agreement, as the lessor - Has entered into agreement for common area service of BHIRAJ Tower at EmQuartier - Has entered into service agreement for meeting room area
Penta 591 Company Limited	- Property owner - Group companies of the Trust's major unitholder	- Has entered into purchase agreement for the ownership of utility and movable property of BHIRAJ Tower at EmQuartier
BITEC SERVICES Company Limited	- Group companies of the Trust's unitholder	- Has entered quotation for tree services of BHIRAJ Tower at EmQuartier and others

5.6 Distribution to unitholders

Decreases in retained earnings are recognised as at the date a distribution is declared.

5.7 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 resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

5.8 Income tax

The Trust has no corporate income tax liability since it is not the juristic entity in accordance with section 39 of the Revenue Code.

5.9 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 measure 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 determine 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.

6. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires the Trust's management 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 from these estimates. Significant judgements and estimates are as follows:

Fair value of investment in leasehold right over properties

The Trust measures its investment in leasehold right over properties on the balance sheet date at fair value based on the value as assessed by an independent appraiser. The independent appraiser values the investment by using the income approach, because there is no market price that could be used to apply a comparative approach. The key assumptions used in estimating the fair value are described in Note 7. The Trust considers such fair value is appropriate. However, the actual returns to be received by the Trust on such investment in leasehold right over properties could differ depending upon certain factors and conditions which will be incurred to the assets in the futures.

7. Investment in leasehold right over properties

	(Unit: Thousand Baht)
	For the period as from 15 January 2018 to 31 December 2018
Investment in leasehold right over properties at beginning of the period	-
Add: Addition during the period	6,669,393
Less: Net unrealized loss on investment in leasehold right over properties	(251,194)
Investment in leasehold right over properties at end of the period	6,418,199

On 18 January 2018, the Trust invested in leasehold right over properties in BHIRAJ TOWER at EmQuartier by executing a lease agreement for most of the office rental areas in BHIRAJ TOWER at EmQuartier including the transferred ownership of utility and movable property which related to the operation of office buildings for a year of 26 years and 8 months. The Trust has paid Baht 6,669 million for this leasehold right.

During the period 2018, the Trust arranged for its investment in leasehold right over properties to be appraised by an independent appraiser which appraised by the income approach. The Trust recognised net unrealised loss on investment in leasehold right over properties of Baht 251.2 million (net of accrued income rental and service) in the statement of income for the current period.

Key assumptions used in the valuation are summarised below:

	Rate	Result to fair value where as an increase in assumption value
Discount rate (%)	9	Decrease in fair value
Occupancy rate (%)	99.8	Increase in fair value
Rental rate per month (Baht per square metre)	950	Increase in fair value

As at 31 December 2018, the Trust has mortgaged investment in leasehold right over properties as collateral against business security from a financial institution, as described in Note 12 to the financial statements.

8. Investment in security

(Unit: Thousand Baht)

31 December 2018

Investment in security at beginning of the period	-
Addition during the period - net purchases	314,431
Unrealised gain on change in fair value	1,646
Investment in security at end of the period	<u>316,077</u>

9. Cash and cash at banks

As at 31 December 2018, the Trust has the following deposits at banks.

Bank	Principal (Thousand Baht)	Interest rate per annum (%)
Cash	10	-
Current accounts		
KASIKORNBANK PUBLIC COMPANY LIMITED	111	-
Saving accounts		
KASIKORNBANK PUBLIC COMPANY LIMITED	28,251	0.37 - 0.62
BANGKOK BANK PUBLIC COMPANY LIMITED	1,651	0.38
Total cash and cash at banks	<u>30,023</u>	

10. Rental and service and other receivables

(Unit: Thousand Baht)

31 December 2018

Rental and service receivables	
Unrelated parties	4,547
Related party	157
Accrued rental income	
Unrelated parties	4,558
Related party	4,510
Other receivables - related parties	5
Total rental and service and other receivables	<u>12,777</u>

The balance of rental and service receivables as at 31 December 2018 amounting to Baht 3 million has not yet reached a due date. The remaining balances are receivables past due in 3 months.

11. Deferred expenses

As at 31 December 2018, deferred expenses represent deferred expenses incurred for issuing and initial public offering the trust units. The details are as follows:

	(Unit: Thousand Baht)
Deferred expenses at beginning of the period	-
Increase during the period	86,168
Amortisation during the period	(16,542)
Deferred expenses at end of the period	<u>69,626</u>

12. Long-term loan from financial institution

As at 31 December 2018, long-term loan from financial institution represents loan from KASIKORNBANK PUBLIC COMPANY LIMITED, the parent company of the trustee. The details are as follows:

	(Unit: Thousand Baht)
Long-term loan from financial institution	1,720,000
Less: Deferred amortisation on front end fee	(30,100)
Add: Accumulated amortisation of front end fee	<u>5,255</u>
Long-term loan from financial institution - net	<u>1,695,155</u>

Movement of the long-term loan account during the period ended 31 December 2018 is summarised below.

	(Unit: Thousand Baht)
Balance at the beginning of the period	-
Add: Additional borrowing	1,720,000
Less: Deferred amortisation on front end fee	<u>(24,845)</u>
Balance at the end of the period - net	<u>1,695,155</u>

The loan carries interest at MLR minus loan rate following loan agreement. The interest is to be paid monthly and the principal is to be repaid in full in the 5th year or in 2023.

The loan is secured by a leasehold right over property, as described in Note 7 to the financial statements.

The loan agreement contains covenants that, among other things, require the Trust to maintain a certain debt to total asset ratio and debt service coverage ratio.

13. Capital from unitholders

On 15 January 2018, the REIT Manager established the Trust with registered capital of Baht 5,153.10 million, consisting of 515.31 million units with a par value of Baht 10 each. Trust called up payment for all of these trust units.

Movements in capital account for the period ended 31 December 2018 are as follows:

	Number of units (Thousand Units)	Per unit (Baht)	Total (Thousand Baht)
15 January 2018	515,310	10.0000	5,153,100
Capital reduction No. 1/2018	-	(0.1817)	(93,632)
Capital reduction No. 2/2018	-	(0.1658)	(85,438)
31 December 2018	515,310	9.6525	4,974,030

14. Deficit

(Unit: Thousand Baht)

For the period as from
15 January 2018 to
31 December 2018

Balance at the beginning of period	-
Add: Increase in net assets resulting from operations during the period	67,532
Less: Distribution to unitholders	(67,763)
Deficit at the end of period	(231)

15. Distribution to unitholders

On 9 May 2018, a meeting of the Board of Directors the REIT Manager passed a resolution to approve the appropriation of an interim distribution of Baht 0.1315 per unit trust, or a total of Baht 67,763,265. The trust paid the interim distribution to its unitholders on 7 June 2018.

16. Expenses

Details of the trust management fee, trustee fee, registrar fee and property management fee are summarised below.

16.1 REIT management fee

The REIT Manager is entitled to receive a trust management fee from the Trust at a rate not exceeding 0.75 percent per annum of the Trust's net assets value. The fee is calculated and charged on a monthly basis.

16.2 Trustee and custodian fee

Trustee is entitled to receive a remuneration at a rate not exceeding 1.00 percent per annum of the Trust's net assets value. The fee is calculated and charged on a monthly basis.

16.3 Registrar fee

The fee for the work of the trust registrar shall be calculated using the rate determined by the trust registrar. The fee is calculated and charged on an annually basis.

16.4 Property management fee

Property manager is entitled to receive a remuneration consist of base fee, which a rate not exceeding 7.00 percent per annum of operating revenue, and variable fee, which a rate not exceeding 3.00 percent per annum of operating profit. The total rate ceiling is not exceeding 3.00 percent per annum of the Trust's net asset value. The fee is calculated and charged on a monthly basis.

17. Related party transactions

During the period, the Trust had significant business transactions with its related parties, which 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 period as from 15 January 2018 to 31 December 2018	Pricing policy
BHIRAJ BURI Company Limited		
Leasehold right over properties	5,799,000	Contractually agree price
Distribution paid	13,545	As declared
Capital reduction	35,793	As declared
Expenses for common area	3,721	Contractually agree price
Revenues for meeting room area	318	As agreed price
Penta 591 Company Limited		
Sales of assets	806,000	Contractually agree price
BITEC SERVICES Company Limited		
Tree service expenses and others	110	As agreed price
Bhiraj REIT Management Company Limited		
REIT management fee	17,326	As detailed in Note 16
BHIRAJ Management Company Limited		
Property management fee	26,749	As detailed in Note 16

	(Unit: Thousand Baht)	
	For the period as from 15 January 2018 to 31 December 2018	Pricing policy
KASIKORN ASSET MANAGEMENT COMPANY LIMITED		
Trustee and custodian fee	7,666	As detailed in Note 16
KASIKORNBANK PUBLIC COMPANY LIMITED		
Rental and service income	4,510	Contractually agree price
Interest income	810	As detailed in Note 9
Interest expenses	67,444	As detailed in Note 12

The balances of the accounts as at 31 December 2018 between the Trust and those related parties are as follows:

	(Unit: Thousand Baht)
BHIRAJ BURI Company Limited	
Rental and service receivable	157
Trade and other payables	982
BITEC SERVICES Company Limited	
Trade and other payables	13
Bhiraj REIT Management Company Limited	
REIT management fee payable	1,579
BHIRAJ Management Company Limited	
Property management fee payable	2,548
KASIKORN ASSET MANAGEMENT COMPANY LIMITED	
Trustee and custodian fee payable	1,362
KASIKORNBANK PUBLIC COMPANY LIMITED	
Cash at bank	28,362
Accrued rental income	4,510
Deposit from rental and services	5,120
Long-term loan from financial institution	1,720,000
Interest payable	14,368
Interest receivable	5

18. Information on investment purchase and sales transactions

The Trust's investment purchase and sales transactions during the period, excluding investments in cash at banks and promissory notes, amounted to Baht 7,406 million which is 145.85% of the average net asset values during the period.

19. Segment Information

The one main reportable operating segment of the Trust is lease of property investments 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 no major customer with revenue of 10 percent or more of an entity's revenues.

20. Commitments

20.1 The Trust is committed to pay fees to counterparties as described in the Note 16 to the financial statements.

20.2 The trust has entered into an agreement for lease of equipment and several service agreements and in cleaning service and security service. The term of the agreements are general between 1 and 2 year.

As at 31 December 2018, future service payment required under these lease of equipment and service agreements were as follows:

(Unit: Million Baht)

Payable within:

Less than 1 year	16
1 to 2 years	4

20.3 Guarantee

As at 31 December 2018, the Trust has a contractual performance guarantee of approximately Baht 4 million issued by bank to guarantee electricity use.

21. Fair value hierarchy

As at 31 December 2018, the Trust had the assets that were measured at fair value using different levels of input as follows:

	(Unit: Million Baht)			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investment in security	-	316	-	316
Investment in leasehold right over properties	-	-	6,418	6,418

The Trust estimated fair value of assets measure at fair value as stated in note 7 and 8.

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

22. Financial instruments

22.1 Financial risk management

The Trust's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash at banks, accounts receivable from rental and services, trade and other payables, deposits from rental and services and long-term loan from financial institution. 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 accounts receivable from rental and services. The REIT Manager manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Trust does not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of accounts receivable from rental and services as stated in the balance sheet.

Interest rate risk

The Trust's exposure to interest rate risk relates primarily to its cash and cash at banks and long-term loan from financial institution. Most of the Trust's financial assets and liabilities bear floating interest rates which are close to the market rate.

As at 31 December 2018, significant financial assets and liabilities classified by type of interest rate are summarised in the table below.

(Unit: Million Baht)

	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum.)
Financial assets				
Investment in security	-	316	316	-
Cash and cash at banks	30	-	30	Please see in note 9
Accounts receivable from rental and services	-	13	13	-
	30	329	359	
Financial liabilities				
Trade and other payables	-	61	61	-
Deposits from rental and services	-	150	150	-
Long-term loan from financial institution	1,695	-	1,695	Please see in note 12
	1,695	211	1,906	

Foreign currency risk

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

22.2 Fair values of financial instruments

Since the majority of the Trust's financial instruments are short-term in nature or carrying 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 balance sheet.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

23. Capital management

The primary objectives of the Trust's capital management are to maintain its ability to continue as a going concern and to maintain an appropriate capital structure in order to pay distribution for unitholders in accordance with the Trust's establishment condition.

24. Event after the reporting period

On 20 February 2019, a meeting of the Board of Directors of the REIT Manager passed a resolution to approve a capital reduction of Baht 0.1659 per unit trust, or a total of Baht 85,489,929. The Trust will pay the capital reduction to its unitholders on 27 March 2019.

25. Approval of financial statements

These financial statements were authorised for issue by the authorised person of the REIT manager on 20 February 2019.





REIT Manager

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