

# 2019 Annual Report

For accounting period ending on 31st December 2019

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## Talaad Thai Leasehold Property Fund

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Krung Thai Assets Management Public Company Limited  
“KTAM Happy Life Happy Investment”

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Dear Unitholders

Talaad Thai Leasehold Property Fund

The company presents the 2019 annual report for the period of 1 January 2019 to 31 December 2019 to report the performance of the Talaad Thai Leasehold Property Fund for your information.

The company would like to express our sincere appreciation to all unitholders for the confidence and trust that have been extended to us for your investment.

Yours Faithfully,  
Krung Thai Assets Management Public Company Limited

## Part 1 Summary of the Fund

### 1) Material information of the Fund

Fund's name (Thai)	: กองทุนรวมสิทธิการเช่าอสังหาริมทรัพย์ตลาดไท
Fund's name (English)	: Talaad Thai Leasehold Property Fund
Abbreviation	: TTLPF
Project type	: close-ended property fund
Project period	: not specified
Project type	: specific
Fund Manager	: Krung Thai Assets Management Public Company Limited
Trustee	: Citibank N.A. Bangkok branch
Investment type	: leasehold right of property
Capital invested :	1,782,000,000 Baht (Originally 1,800,000,000Baht)

Characteristics of the procurement of benefit: Talaad Thai Leasehold Property Fund invests in the right to lease (part of) the areas and (part of) buildings in the Talaad Thai project, which is a one-stop centre for the buying and selling of agricultural and agricultural industry's products. The Fund appointed Thai Agro Exchange Company Limited as the Property Manager in order to manage the rental areas in and around the buildings. The Property Manager shall procure benefit by leasing out the market areas inside the building, i.e. orange market, assorted fruit market, fresh market, flower market and opened-plan market grounds e.g. vegetable ground, seasonal fruit ground, and fresh water fish market to minor tenants and charging a fixed rent.

Most recent appraisal or revaluation of assets value: 1 September 2019

Price from the most recent appraisal or revaluation of assets value: 1,803,000,000 Baht

Summary of important information regarding income procurement from the investment property; if the Fund allows long term lease or charter, please provide a material summary of the rental contract.

-none-

Where there is a guarantee on the income of the property, please specify important information such as the conditions, the guarantee, information of the income guarantor and its credibility (if any).

-none-

Summary of significant events affecting the operation of the Fund (Milestone) in the past year, such as additional investment or the distribution of the Fund's assets, change of major tenants and change of the hotel executives where investment is in a hotel

-none-

Summary of important information regarding loans (if any) such as the lender, the status of the loan on the last day of the fiscal year

-none-

Information on past dividend payments at a minimum of 5 years (if any)

#### History of dividend payments

Fund performance	dividend (Baht)		book closing date	dividend payment date
	Amount	Per unit		
1 Jan 2014 – 31 Mar 2014	66,600,000.00	0.3700	30 Nov 2014	16 Jun 2014
1 Apr 2014 – 30 Jun 2014	64,800,000.00	0.3600	29 Aug 2014	15 Sep 2014
1 Jul 2014 – 20 Sep 2014	59,400,000.00	0.3300	28 Nov 2014	17 Dec 2014
1 Oct 2014 – 31 Dec 2014	59,400,000.00	0.3300	27 Feb 2015	16 Mar 2015
1 Jan 2015 – 31 Mar 2015	74,358,000.00	0.4131	27 May 2015	15 Jun 2015
1 Apr 2015 - 30 Jun 2015	67,680,000.00	0.376	31 Aug 2015	14 Sep 2015
1 Jul 2015 – 30 Sep 2015	81,000,000.00	0.4500	30 Nov 2015	16 Dec 2015
1 Oct 2015 – 1 Dec 2015	73,800,000.00	0.4100	29 Feb 2016	14 Mar 2016
1 Jan 2016 – 31 Mar 2016	82,350,000.00	0.4575	31 May 2016	14 Jun 2016
1 Apr 2016 – 30 Jun 2016	77,490,000.00	0.4305	31 Aug 2016	15 Sep 2016
1 Jul 2016 – 30 Sep 2016	81,090,000.00	0.4505	30 Nov 2016	15 Dec 2016
1 Oct 2016 – 31 Dec 2016	81,090,000.00	0.4505	28 Feb 2017	15 Mar 2017
1 Jan 2017 – 31 Mar 2017	82,764,000.00	0.4598	30 May 2017	13 Jun 2017
1 Apr 2017 – 30 Jun 2017	78,840,000.00	0.4380	31 Aug 2017	14 Sep 2017
1 Jul 2017 – 20 Sep 2017	59,850,000.00	0.3325	30 Nov 2017	15 Dec 2017
1 Oct 2017 – 31 Dec 2017	70,740,000.00	0.3930	28 Feb 2018	15 Mar 2018
1 Jan 2018 – 31 Mar 2018	70,812,000.00	0.3934	31 May 2018	15 Jun 2018
1 Apr 2018 – 30 Jun 2018	73,530,000.00	0.4085	31 Aug 2018	14 Sep 2018
1 Jul 2018 – 30 Sep 2018	54,000,000.00	0.3000	30 Nov 2018	14 Dec 2018
1 Oct 2018 – 31 Dec 2018	70,200,000.00	0.3900	1 Mar 2019	15 Mar 2019
1 Jan 2019 – 31 Mar 2019	75,960,000.00	0.4220	31 May 2019	14 Jun 2019
1 Apr 2019 – 30 Jun 2019	74,160,000.00	0.4120	29 Aug 2019	16 Sep 2019
1 Jul 2019 – 30 Sep 2019	77,580,000.00	0.4310	2 Dec 2019	19 Dec 2019
1 Oct 2019 – 31 Dec 2019	72,000,000.00	0.4000	2 Mar 2020	16 Mar 2020

#### Capital reduction history

No.	Registered capital before reduction		Amount reduced from registered capital		Registered capital after reduction		Book closing date	Payment date of the amount reduced from the registered capital
	Amount	Per Unit	Amount	Per Unit	Amount	Per Unit		
1	1,800,000,000.00	10	18,000,000.00	0.10	1,782,000,000.00	9.90	7 Jan 2011	19 Jan 2011

Fund management fee, Trustee fee, all fees and expenses of the Fund for the past fiscal year

For the period ending 31 December 2019

Expenses charged to the Fund	Amount (000 Baht)
Management fee	4,512
Trustee fee	451
Registrar fee	1,354
Auditor fee	1,756
Property management fee	147,835
Operating expenses	97,477
Other expenses	703
<b>Total</b>	<b>254,088</b>

#### 2) **Material risk of investment in the units**

Factor that may significantly incur risk to the investment (interested investors should also study all relevant risk factors in the Fund's prospectus)

##### 1. **Risk incurred from the sub-tenant's ability to pay rent**

The rent that the Fund shall receive from the sub-tenants in accordance with the sub-letting contracts shall be the only main source of income of the Fund. While the property shall have many sub-tenants, if such sub-tenants have financial problems affecting their ability to pay for the sub-letting fees, such tenants do not pay sub-letting fees or prematurely terminate the sub-letting contracts and the Fund cannot find new sub-tenants to replace such sub-tenants, this may directly affect the

income of the Fund. This is still the case even though the Fund does have the right to demand compensations and withhold deposit from the sub-tenants.

**2. Risk of investing in the rental right of property whose value may decrease in accordance with the remaining period of rent**

The Fund invest in the rental right of property whose value may decrease in accordance with the remaining period of the rent as a result of leasehold right appraisal, change in the occupancy rate and or rental rate or any other reasons beyond the Fund's control. Such change in the value of the rental right may significantly affect the value of the assets and the Fund's net assets.

**3. Risk from higher competition**

The Fund's performance may be affected by the market conditions of the property, the increase numbers of market operators, the increase or decrease of rental demand. Higher numbers of markets shall increase the supply of markets, resulting in a higher competition to find tenants.

**4. Risk in finding a new Property Management since the performance of the Fund depends on the management of assets by the Property Manager**

As the Fund shall procure benefits from the assets by directly sub-letting them to thousands of sub-tenants, the Funds shall appoint Thai Agro Exchange Company Limited, who is the owner of the property and the manager of Talaad Thai since the establishment of Talaad Thai, as the Property Manager of the Fund. The Fund shall set them various duties relating to the management of property including involvement in the making of policy on benefit procurement from the property which shall have direct effect to the performance of the Fund. For this reason, if the Thai Agro Exchange Company Limited cannot perform their duties as the manager of the property for whatever reasons, the Fund may have to try to find other person who is able to manage the property as well as Thai Agro Exchange Company Limited. In such situation, there may be significant effect to the performance and financial status of the Fund.

## Part 2 Operation of the Fund

### 3) General information

#### 3.1 Name, Type, Capital, Fund's period

<b>Project's name (Thai)</b>	: กองทุนรวมสิทธิการเช่าอสังหาริมทรัพย์ตลาดไท
<b>Project's name (English)</b>	: Talaad Thai Leasehold Property Fund
<b>Abbreviation</b>	: TTLPF
<b>Project type</b>	: Close ended property Fund whose investment units are securities registered with the Stock Market of Thailand
<b>Project period</b>	: not specified
<b>Project type</b>	: specific
<b>Project's capital</b>	: 1,782,000,000 Baht (Originally 1,800,000,000 Baht)
<b>Offering price per unit</b>	: 10 Baht per unit
<b>Number of units</b>	: 180,000,000 Units
<b>Type of units</b>	: Unitholders' Name specified

#### 3.2 Name of Fund Manager /Trustee

**Management Company** : Krung Thai Assets Management Public Company Limited  
1 Empire Tower Building, 32 Floor,  
South Sathorn Road, Yannawa, Sathorn,  
Bangkok, 10120  
Tel. 02686-6100 Fax 02670-0430

**Trustee**: Citibank N.A. Bangkok branch  
399 Sukhumvit Road, Interchange Building 21,  
Klongteoy, Watthana, Bangkok 10110  
Tel. 02 788-2672



#### **4) Policy, overview of business operation and the procurement of benefit, general information**

##### **4.1 Objectives, target or strategy of the Fund operation**

###### **Project's objectives:**

are to raise fund from general investors; the money raised shall be used to buy and/or rent property and procure benefit from such property, including the improvement, change, development of potential and/or the distribution of various assets that the Fund invests in or has, be they by letting, sub-letting and/or selling or any other operations for the benefit of the assets, in order to create revenue and return to the Fund and the unitholders, including investment in other assets and/or securities and/or the procurement of other benefit by any other methods in accordance with securities law and/or any other relevant laws.

###### **Investment policy:**

The Fund has a policy to invest in the leasehold right of parts of the buildings within the Talaad Thai Project, with utilisable area totalling approximately 170,033.54 Square Metres, and registered leasehold rights of 20 years (contract ending 12 November 2030 – at present the remaining contractual period is 11 years 2 months 11 days at the date of assets appraisal). The assets are rented in order to procure benefit from them by sub-letting for the operation of a central market for agricultural products under the project name of “Talaad Thai”. The details of the project are as follows:

###### **General information and the location of Talaad Thai**

Talaad Thai is the largest central market for agricultural products in Thailand. It is the one stop centre for buying and selling agricultural products and agricultural industry. Talaad Thai has been designed to be spacious and convenient, completely different from traditional central markets, through the division of the market into sections, depending on the types of various products. This means Talaad Thai can handle product volume of more than 15,000 tonnes per day and the cash flow amounts to hundreds of millions of Baht per day. Additionally, Talaad Thai opens for service 365 days a year and 24 hours a day.

Talaad Thai is situated in the area size approximately 450 Rai, on Phaholyothin Road Kor Mor 42 (diagonally from Thammasart University, Rangsit Campus). The area continues in 2 tambons which are Tambon Klong Nueng and Tambon Klong Song, Amphur Klong Luang, Pathumthani. It is the biggest central market for agricultural products in Thailand and is deemed the one-stop centre for buying and selling agricultural products and agricultural industry. In order to facilitate the buyers, sellers and farmers who want to buy and sell agricultural products domestically and abroad, the market opens for service 365 days a year, 24 hours a day. The Fund's income source derives from the letting of the areas within the Talaad Thai Project which can be divided into 4 areas as follows:

1. Indoors market buildings such as orange market, assorted fruit market, vegetable market, fresh market, rice market, watermelon market, snack market, dried and processed food market, flower market, pet market, general goods market, car accessories market, Thai Square market and IT centre.
2. Opened-plan market grounds such as vegetable ground, seasonal fruit ground, field crop ground, fish market, freshwater fish and seafood market and plant market
3. Apartment buildings and commercial buildings consisting of two five-storey apartments and seven sets of three-point-five-storey commercial buildings
4. Market supporting facilities projects such as cold storage, distribution centre, Perishable One Stop Service Export Centre (POSSEC), contaminant testing lab, beverage stalls, food courts, showers and lavatories

###### **Fund's operational strategy**

The Talaad Thai Project is operated and managed by the Thai Agro Exchange Company Limited who is appointed by the Fund as the Property Manager and is the owner of property rights in the buildings, constructions and land where such buildings and constructions are situated, including the land connecting to them in Talaad Thai. The company has experience in managing Talaad Thai since 1997.

**Commercial activities in Talaad Thai can be divided into 3 categories. These are:**

1. **Wholesale:** This is a type of commerce where each buying and selling of agricultural products is done in bulk. For this category, agricultural products shall be distributed to Bangkok, the suburb and various provinces in all parts of the country, as well as abroad. The types of products bought and sold are both domestically and foreign produced. In the future, Talaad Thai plans to further expand import and export type of commercial activities.
2. **Semi-retail:** This is a type of commerce with institutional clients such as restaurants, hotels, hospitals, shopping centres, state organizations and food processing factories who buy regularly agricultural products for further processing or reselling.
3. **Retail:** This is a type of commerce that provides service for the consumers within nearby communities and beyond who come to buy fresh, newly picked agricultural product at a fair price.

**Groups of sellers in Talaad Thai can be divided into 3 main groups. These are:**

1. Farmers who sell their own agricultural products;
2. Product aggregators such as co-operatives, farmer groups or persons who collectively gather products for sale;
3. Entrepreneur and middleman.

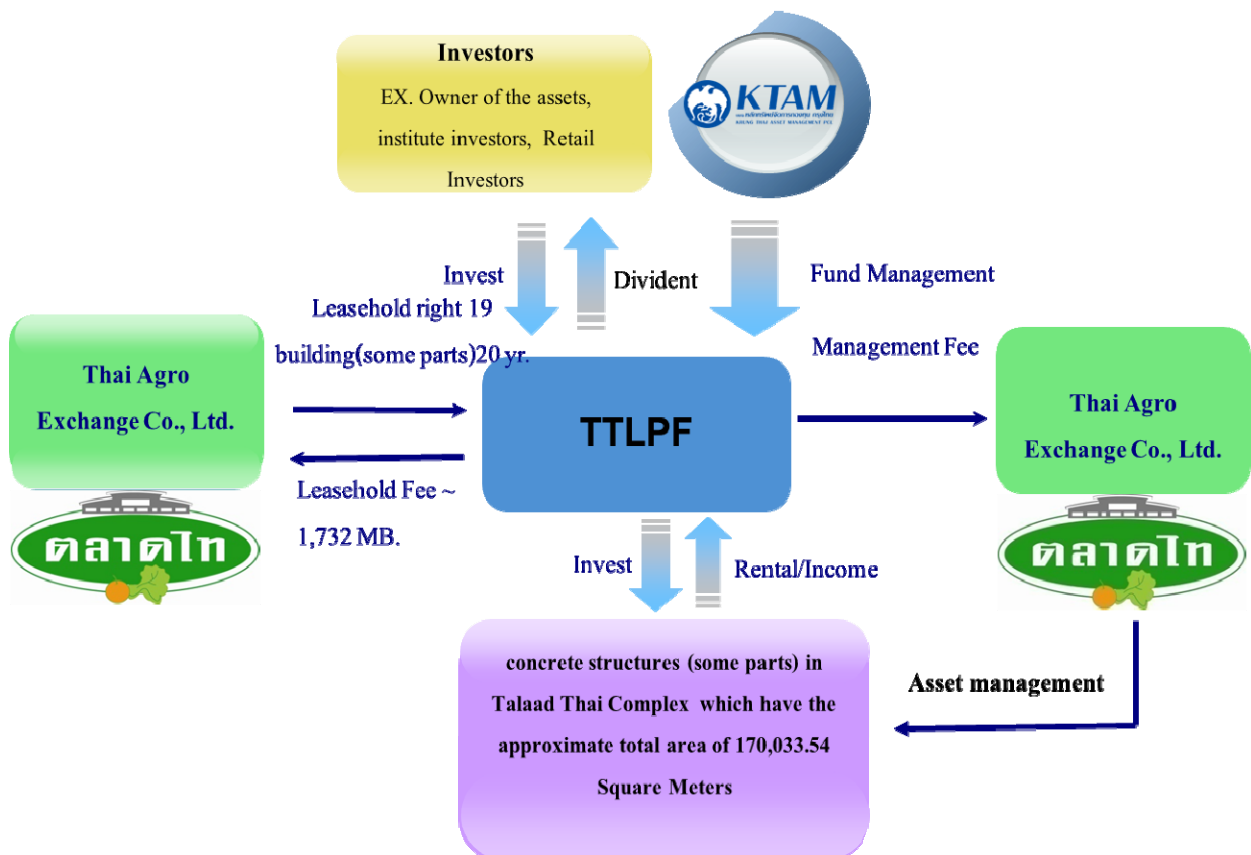
**There are 3 types of area rental. These are:**

1. Rental of area in buildings and opened ground is usually done by sellers who have products to sell all year round or throughout the season, depending on the length of the contract. These sellers have physical shops and shop names of their own. These also include tenants who conduct business in other areas of service.
2. Temporary rental of selling area is where Talaad Thai charges an entrance fee and provides a selling area for the tenant. This type for area rental is suitable for groups of farmers or product aggregators who have seasonal products or would like to sell current or quick products for only a short period of time.
3. A rent-to-build is where the tenant invests in the construction fees and obtains the permission for the construction himself.

#### **4.2 Important changes and developments**

**-none-**

#### 4.3 Structure of the management of the Fund



#### 4.4 Information on assets of the Fund

##### 4.4.1 Details of assets by categories

##### List of assets by investment categories On 31 December 2019

Assets	Fair Value (Baht)	Percentage of net assets value
<b>1.Cash and Cash at Bank</b>	180,369,218	8.34%
<b>2.Investment in promissory note and debenture</b>		
- financial institutions' promissory note	-	0%
- bill of exchange and promissory note guaranteed or aval by a financial institution	-	0%
- bond	339,219,095	15.68%
- treasury bill	-	0.00%
<b>Total</b>	339,219,095	15.68%
<b>3.Investment in equity instruments</b>		
- registered securities	-	0.00%
<b>Total</b>	-	0.00%
<b>4.Investment in property type assets</b>		
- investment in property type assets	1,803,000,000	83.32%
<b>Total</b>	1,803,000,000	83.32%
<b>5.Other assets</b>		
- accrued interest receivable	-	0.00%
- account receivable from the sales of assets	-	0.00%
- accrued rental receivable – net	8,598,274	0.40%
- other receivables	6,032,178	0.28%
- other assets	460,447	0.02%
<b>Total</b>	15,090,899	0.71%
<b>Total asset value</b>	2,337,679,212	108.03%
<b>6.Other debts</b>		
- Other account payables	(3,816,313)	-0.18%
- accrued fees and expenses	(26,129,161)	-1.21%
- advance rental fees	(64,392,257)	-2.98%
- property rental deposit	(73,788,903)	-3.41%
- other debts	(5,595,469)	-0.27%
<b>Total debt value</b>	(173,722,103)	-8.03%
<b>Net assets value of the Fund</b>	2,163,957,109	100.00%
Number of investment units	180,000,000.00	Units
<b>Net assets value per investment unit</b>	<b>12.0219</b>	<b>Baht</b>

## Talaad Thai Leasehold Property Fund

### Basic Information on the investment of the Property Fund

**On 31 December 2019**

Type of investment	Location	Size (Rai, Ngarn, Square wa)			Fair Price
<b><u>Investment in property</u></b>  Leasehold right in the project  Buildings (21 buildings)          <b>Appraisal price on 1 September 2019</b>	31 Moo 9, Phahoyothin Road, Kor Mor 42, Tambon Klong Nueng, Amphur Klong Luang, Pathumtanee	0	0	170,033.54 Square Metres*	1,803,000,000
					1,803,000,000
					<b>1,803,000,000</b>

NB:

\*Utilisable area approximately 170,033.54 Square Metres located at 31/32, 31/1-3, 32/369 – 32/387, 32/9, 32/1034-5, 32/128, 32/6, 32/475 Moo 9 Tambon Klong Nueng, Amphur Klong Luang, Pathumtanee (consisting of rental area and the Fund with registered leasehold right of 84,407.50 Square Metre and the relevant areas of the rented assets of 85,626.04 square metres including facilities, infrastructure and various supporting facilities)

#### 4.4.2 Details of all investment property by assets types

<b>Assets name:</b>	Talaad Thai project
<b>Location:</b>	Situated on Phaholyothin Road Kor Mor 42 (diagonally from Thammasart University, Rangsit campus). The area continues in 2 tambons which are Tambon Klong Nueng and Tambon Klong Song.
<b>Category of use:</b>	For tenant to procure benefit from rental assets by sub-letting it out as a central market for agricultural products under the name of “Talaad Thai”.
<b>Area size:</b>	Building size totalling approximately 84,407.50 square metre, and adjoining areas to the rental assets totalling approximately

85,626.04 square metre (total utilisable area approximately 170,033.54)

**Rental period:** 20 years from 13 November 2010 until 12 November 2030

**Number of parking area:** Areas all around Talaad Thai Project

**Date of entry:** The Fund invested in the leasehold rights of buildings (in parts) within the Talaad Thai project by entering into a contract on 12 November 2010.

**Investment value at the date of entry:** 1,732,000,000 Baht

**Age of buildings:**

No.	Names	Approximate age (years)
1	flower market building	10
2	Lavatory building 1	9
3	orange market building	22
4	mixed fruit market building	22
5	vegetable market building	22
6	consumer goods building 1	11
7	consumer goods building 1	11
8	Lavatory building 2	5
9	Lavatory building 3	5
10	freshwater fish market building	14
11	Lavatory building 4	10
12	fresh market building	22
13	dried food market building	16

14	food court building	16
15	new snack market building	11
16	Lavatory building 5	10
17	building covering vegetable ground	10
18	multi-purpose building	15
19	showroom (China Motor)	8
20	seafood building	14
21	roofed open area building 1	10
22	roofed open area building 2	10
23	roofed open area building 3	10
24	roofed open area building 4	5
25	roofed open area building 5	5
26	roofed open area building 6	5
27	roofed open area building 7	5

**Income from the procurement of benefit upon the invested assets for the accounting period of 1 January to 31 December 2019: 579,979,140 Baht**

**Obligations: None**

**4.4.3** Details of investment for each property or the property's leasehold right during the accounting period (if any)

-none-

**4.4.4** Details of distribution for each property or the property's leasehold right during the accounting period (if any)

#### 4.5 Procurement of benefit from the property

##### 4.5.1 Explanation of the procurement of benefit from the property

For the procurement of benefit, the Fund shall let the rental areas of the group of buildings (in part) under the Talaad Thai Project, operating as the central market of agricultural products, to minor tenants in order to procure benefit from the rental assets. According to the rental contract, the group of buildings, totalling 19 buildings including the utility infrastructures and various facilities, the building areas amount to 84,407.50 square metres (according to the rental contract entered into on 12 November 2010). The Fund appointed Thai Agro Exchange Company Limited as the Property Manager and procured benefit from letting out the areas as the following details:

##### Procurement of benefit by rental areas

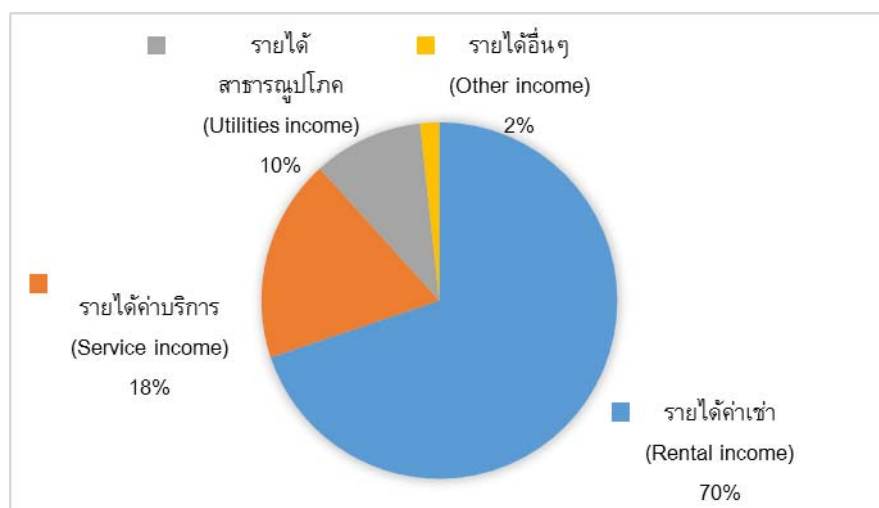
Information on 31 December 2019

No.	Procurement of benefit by market type	(Net Rentable Area, Sqm.)	%
1	Orange Market	8,658.80	16.12%
2	Mixed Fruit Market	8,307.75	15.47%
3	Vegetable Ground	7,673.98	14.29%
4	Vegetable Building	6,577.75	12.25%
5	Flower Market	3,982.00	7.41%
6	Fresh Market#1	2,814.16	5.24%
7	Thai Plaza Market	2,625.95	4.89%
8	Day Fish Market	2,592.00	4.83%
9	Retailed Vegetable	2,143.40	3.99%
10	Dried Food Market	1,296.00	2.41%
11	VIP Parking - Area A	1,190.00	2.22%
12	VIP Parking - Area D	1,120.00	2.09%
13	Protein Shops	969.76	1.81%
14	Show room	952.00	1.77%
15	Mixed Fruit - 20 Shops	672.00	1.25%
16	Bank Branch-TTLPF	630.00	1.17%
17	Drink Kiosks-TTLPF	432.50	0.81%
18	Seafoods Market	324.00	0.60%
19	Food Court #1	228.00	0.42%
20	Store-TTLPF	187.39	0.35%
21	Toilet by Tenant @ Orange Market	60.00	0.11%
22	North Food Kiosks TTPF	52.90	0.10%



No.	Procurement of benefit by market type	(Net Rentable Area, Sqm.)	%
23	South Food Kiosks TTPF	52.90	0.10%
24	7-11 @ Veg Building	50.00	0.09%
25	Toilet by Tenant @ Veg Ground	50.00	0.09%
26	Special Kiosks TTLPF	39.78	0.07%
27	ATM-TTLPF	29.70	0.06%
28	Mobile Topup	3.25	0.01%
<b>Total</b>		<b>53,715.97</b>	<b>100.00%</b>

#### Procurement of benefit by income types



#### Information on 31 December 2019

Types of income	Amount (Baht)	%
Rental income	404,448,449.56	70%
Service income	110,545,756.43	19%
Utilities income	57,452,159.12	10%
Other income	7,532,775.43	1%
<b>Total</b>	<b>579,979,140.54</b>	<b>100.0%</b>

**4.5.2 Where the whole property is let to one single tenant or there is a significant grouping of tenants**

-none-

**4.5.3 Where the major tenant is a group of persons relating to the Management Company**

-none-

**4.5.4 Where Property Manager is hired**

“Talaad Thai Project” has been developed as a central market for agricultural products to provide buying and selling areas for quality agricultural goods. Trading started in 1995 and it was officially opened in 1997. The Fund hired Thai Agro Exchange Company Limited as the Property Manager with the following details:

**Property Manager fee**

Thai Agro Exchange Company Limited is appointed as the manager of the property of the Fund. It has direct experience in managing wholesale business of agricultural products. The remuneration for their managerial duties for the Fund, according to the contract between the Fund and the Property Manager, may be summarized as follows:

1. Fee for rent collection in the name of the Fund at a rate not exceeding 3.50 per cent of the net rental income of the Fund

Net rental income means all income before expenses that the Fund receives under the rental and service agreement and the income or any other benefits relating to the property that the Fund invests in Talaad Thai, minus discount rate for the rent. This does not include compensation, or advanced payment such as portional average of house and land tax.

2. Commission from finding tenants for the Fund in Talaad Thai at the rate not exceeding 6.00 per cent of the net rental income of the Fund

3. Extra fee at the rate not exceeding 7.00 per cent of the net property income

Net Property Income means all of the income that the Fund receives from letting or providing services relating to the property, minus cost and all expenses deriving from the procurement of benefit of the property. Such expenses do not include the Fund’s remuneration and expenses relating to the remuneration of the Property Manager under 1, 2 and 4.

Fees charged under 1 to 3 above depend on the performance of the property that the Fund invests in and the Property Manager’s ability to manage the property.

4. Property Management fee at a rate not exceeding 60 million Baht per year for the first year – this shall be increased from the rate that the Property Manager is entitled to receive before each increase at a rate not exceeding 5 per cent every 3 years.

The Property Manager fees under 1 to 4 above combined shall not exceed 30 per cent of the net rental income of the Fund.

The above fees do not include value added tax, specific business tax or any other similar taxes.

The remuneration of the Property Manager received from the Fund, for the accounting period from 1 January B.E. 2562 to 31 December B.E. 2562 amounts to 147,834,626 Baht.

**4.5.5 Where the Fund invests in the type of property that cannot operates the business itself and rents the whole property in the project out to entrepreneur**

-none-

**4.5.6 Where the property has income guarantee, the following minimum information must be provided:**

-none-

**4.6 Where the Fund has taken a loan, please specify the details of the loan.**

-none-

**5) Industrial situations’ overview for the procurement of benefit business from the investment property**

## 5.1 Industry's situation for the procurement of benefit from the investment property business

### Income Index, Price Index, and Agricultural Production Index for July 2019 and trends for August – September, 2019

#### 1. Farmer's income index

The overview of farmer's income measured by the farmer's income index in July 2019 is at 135.23 level, increasing by 1.96% from July 2018. This is a result of the agricultural product price index increasing by 1.76%. The main products that have increased in prices are rubber, durian, swine, and chicken. The production index increased by 0.20%. The main products that increased in the production were rubber, palm oil, rambutan, chicken, eggs, and Pacific white shrimps.

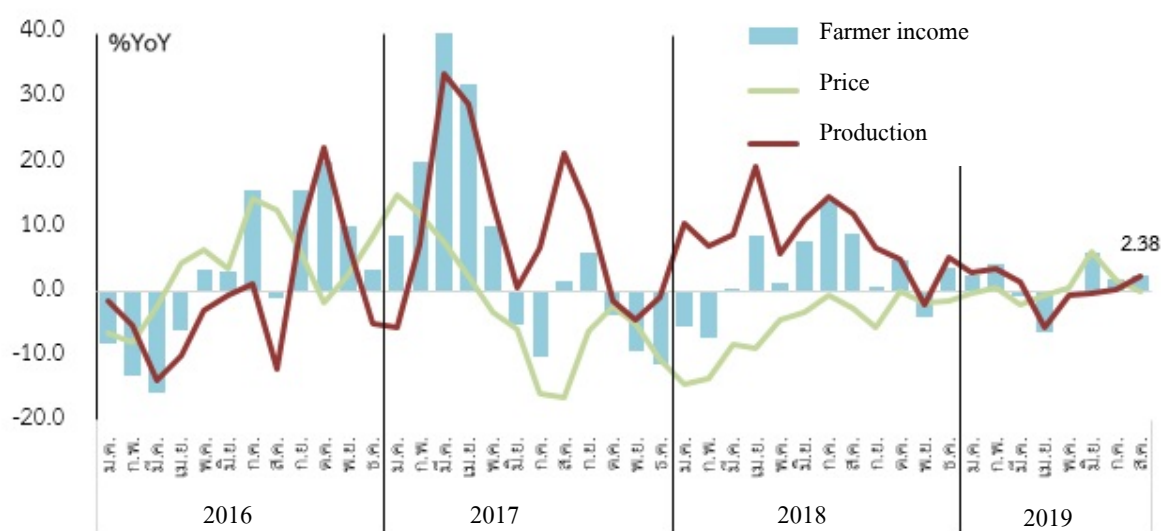
**Table 1 Changes in Agricultural Economic Index (% YoY)**

Items	2018	2018		2019			
		First half of the year	Second half of the year	1 <sup>st</sup> quarter	2 <sup>nd</sup> quarter	July	August (p)
Farmer's income	1.19	0.52	2.66	1.99	-0.38	1.96	2.38
Agricultural products	7.26	10.34	4.84	2.65	-2.42	0.20	2.25
Agricultural product prices	-5.66	-8.90	-2.08	-0.64	2.09	1.76	0.13

Remark: %YoY is compared to the previous year, p is preliminary (preliminary figures)

Source: Agricultural Economics Operation Center, Office of Agricultural Economics

**Figure 1 represents the Income Index, Price Index, and Agricultural Production Index**

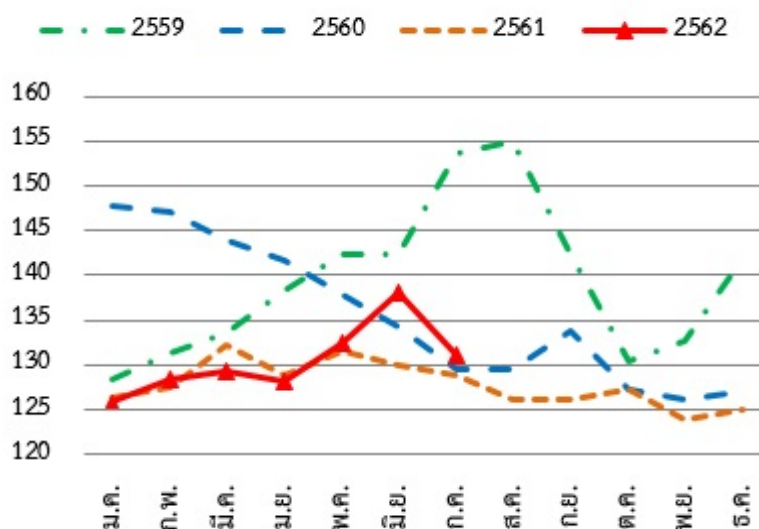


Source: Agricultural Economics Operation Center, Office of Agricultural Economics

#### 2. Agricultural product price index

**2.1 Overview of agricultural product prices:** Measured by the agricultural product price index that farmers can sell at the farm in July 2019, it was at 131.10, increasing by 1.76% from July, 2018. The increase was in many product groups. Compared to the previous June, the price index fell by 4.99%.

Figure 2 represents the monthly agricultural product price index<sup>1</sup> from 2016-2019 (B.E. 2559-2562)



Remark: Monthly Agricultural Product Price Index refers to the overall indicator of the monthly agricultural product price level.

Source: Agricultural Economics Operation Center, Office of Agricultural Economics

### Compared to the same month of last year

#### **Products with higher prices**

- Rubber prices increase due to the domestic increasing demands according to the government policy. In addition, the rubber market model has been modified in all areas as a central rubber market network.
- Durian prices increase due to insufficient output to meet demands as well as being the end of the season for eastern produce.
- Pig prices increase due to the insufficient output to meet demands and the outbreak of African swine fever (ASF) in neighboring countries has reduced the amount of pigs in the markets.
- Broiler prices increase due to the insufficient production to meet the demands of variable processing factory together with the European (EU) market increase of quota of chicken meat imports from Thailand.

#### **Products with lower prices**

- The oil palm prices decline due to the continuous supply to the market while the government has implemented measures to help by increasing the domestic consumption power of palm oil in order to absorb the output from the system such as using the palm oil to produce electric power and promote the use of B7, B10 and B20 high speed diesel fuel.
- The Pacific white shrimp prices decrease due to more production to the market coupled with price competition in other countries. The government has a project to increase production and marketing capabilities such as financial support for quality shrimp larvae, shrimp disease examination, and compensation for interest on loans to provide a place to collect and distribute products.

### Compared to the previous month

#### **Products with higher prices**

- Maize prices increase due to the less production to the market than the demand for continuous animal feed production
- Longan prices increase due to insufficient output to meet consumer demands.

#### **Products with lower prices**

- Mangosteen prices decrease due to the continuous high production in the market. Combined with rain, it causes mangosteen quality problems. However, there are 3 stages of quality management

since the pre-harvesting period, harvesting period, and post-harvesting period to solve the problems during the time that the products are released to the market, for example, promoting both domestic and international markets such as participating in product exhibitions abroad, selling together with partners abroad, and promoting the product processing.

**2.2 Classified by product group:** The Agricultural Product Price Index in July 2019 is compared to the same month of last year and last month.

**1) Grains and food crops**

- Compared to the same month of last year, the price index decreased by 2.78%. The main product with price decrease was cassava.
- Compared to the previous month, the price index decreased by 0.69%. The main product with price decrease was maize.

**2) Perennials**

- Compared to the same month of last year, the price index increased by 10.52%. The main product with price increase was rubber.
- Compared to the previous month, the price index decreased by 9.30%. The main product with price decrease was rubber.

**3) Fruit trees**

- Compared to the same month of last year, the price index increased by 1.77%. The main products with price decrease were wollongong and mangosteen.
- Compared to the previous month, the price index decreased by 16%. The main products with price decrease were durian, pineapple and mangosteen.

**4) Vegetable oil group**

- Compared to the same month of last year, the price index increased by 22.16%. The main product with price decrease was the oil palm.
- Compared to the previous month, the price index decreased by 10.66%. The main product with price decrease was the oil palm.

**5) Flower group**

- Compared to the same month of last year, the price index increased by 289.74%. Compared to the previous month, the price index decreased by 8.74%.

**6) Livestock group**

- Compared to the same month of last year, the price index increased by 12.52%. The main products with price decrease were pigs, broilers and eggs.
- Compared to the previous month, the price index decreased by 0.65%. The main products with price decrease were pigs and broilers.

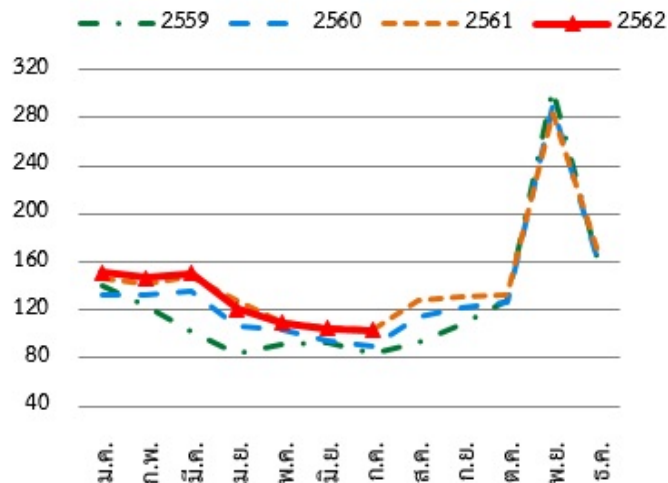
**7) Fishery group**

- Compared to the same month of last year, the price index decreased by 8.22%. Compared to the previous month, the price index increased by 2.58%.

**3. Agricultural Product Index**

The overview of agricultural production measured from agricultural product index in July 2019 is at 103.15, increasing by 0.20% from July, 2018. Compared to last June, the agricultural product index decreased by 1.10%.

**Figure 3 represents the monthly agricultural product index<sup>1</sup> from 2016-2019 (B.E.2559-2562)**



Remark: Monthly Agricultural Product Index refers to the overall indicator of the monthly agricultural product with 2005 as the base year.

Source: Agricultural Economics Operation Center, Office of Agricultural Economics

#### **Compared to the same month of last year**

**The major products with increasing production index** are rubber, oil palm, rambutan, chicken, eggs, and Pacific white shrimp.

**The major products with decreasing production index** are durian, pineapple, longan, mangosteen and pigs.

#### **Compared to the previous month**

**The major products with increasing production index** are rubber, maize, mangosteen and eggs.

**The major products with decreasing production index** are pineapples, oil palm, chicken, beef and Pacific white shrimp.

### **4. Trends of index of income, prices, and agricultural products in August – September, 2019**

#### **4.1 August, 2019**

The trend of farmer's income measured by the farmer's income index in August, 2019, is expected to increase by 2.38% from August 2018 as a result of the production index rose by 2.25%. The major products that are expected to increase include rubber, durian, pineapple, oil palm, and eggs. The agricultural product price index increased by 0.13%. The main products that are expected to increase are corn, swine and broilers. The important products which will be produced in a large amount to the market during this month includes mangosteen and longan.

#### **4.2 September, 2019**

It is expected that the farmer's income index will expand. The price index is likely to expand slightly and the produce index will be stable compared to the same period of last year.

From the above information, it can be seen that prices of agricultural products tend to increase compared to the previous year. The production also tends to increase. This reflects the growing market demands. Especially, finding the ways to export agricultural products to sell to foreign countries will be able to greatly increase the value of Thai agricultural products. It is important to control the quality of the produce to be equal or better than the competitors

From inquiries about the area for renting commercial stalls in nearby markets, it is found that the area around 4 - 36 square meters is offered for rent at 562 - 2,500.- baht / square meter / month depending on the location, size of the space in the rented stall, rental period, and rental conditions between the market and the operators. The rental prices in Talaad Thai are between 562 - 1,057.- baht / square meter / month. The market that is closest to Talaad Thai market is Iyara Fresh Market with the rental between 650 - 1,100.- baht / square meter / month. The Iyara Fresh Market has the

inferior location to Talaad Thai market because it is next to the secondary road not adjacent to Phahonyothin Road. However, Iyara Fresh Market has the better and new building condition and place. When considering the average rent that is stored in the currently assessed area of 623.33 baht / square meter / month, the appraiser has an opinion on the average rental fee of 625 baht / square meter / month.

Information from: TAP Valuation Company Limited

**6) Risk factors**

**(a) Risk factors directly affecting the Fund or the unitholders**

**1) General risks**

General economic and business conditions may have significantly negative effect to the performance of the Fund and the trading price of investment units in the Stock Market of Thailand, which may be higher or lower than the offering price. These conditions include inflation rates, interest rates, price of consumer goods, property price and the financial and fiscal policies of the government, the Bank of Thailand and other governmental agencies which have an influence on the performance, financial status and investment of the Fund and the general economic downturn as well as the decrease in consumer's demand.

Moreover, the price of the investment units traded in the Stock Market of Thailand may be affected by many outside factors which the Fund cannot control. Examples are movements or changes in foreign Stock Markets, domestic and foreign interest rates, exchange rates, policies or direct/indirect measures affecting the import or export of foreign currencies, the country's and global economic situations, risk factors in business and general operations, fluctuations of consumer goods market, regulations, rules, taxes and any other government policies. There is no guarantee that changes in such outside factors shall not significantly affect the price of the investment units, the return of the investment and the management of the Fund's project.

**2) Political risks**

Political uncertainty may affect Thailand's economic situation, including the Stock Market of Thailand, which may severely affect the financial status of the Fund. Thus, there is no guarantee that the present or future political situation in Thailand or changes in the government political policies shall not have a significant affect to the operation, financial status, performance and growth of the Fund.

**3) Risks arising from natural disaster, accidents and terrorism**

While the chance of natural disaster, accidents, terrorism and any other Force Majeure occurring is not high, if it happens in the area where the Fund's property is situated, the property of the Fund shall be damage and there shall also be invaluable loss of lives and possessions of the tenants and those using the service within the Fund's project. However, the Fund shall take out insurance that covers loss arising from natural disasters, accident and any other Force Majeure for the property of the Fund. This shall be in accordance with the conditions stipulated in general standard insurance policy used for such central market business providing rental area and services.

**4) Change in accounting standard or relevant laws**

Performance of the Fund may be affected by new accounting standard coming into force, or accounting standard being improved. These are the factors that the Fund cannot control or predict.

Changes in the law, announcement, ministerial regulations, regulations, rules, legislations, policy guidelines and/or order of governmental agencies or agencies authorized by law are also deemed unpredictable situations. Therefore, the Fund cannot give an analysis of the effect of such changes and cannot guarantee that such changes shall not affect the operation of the Fund.

**5) Price of investment units may change after they have been offered.**

After the registration of the Fund's investment units at the Stock Market of Thailand, there is no guarantee that the trading condition in the Stock Market of Thailand shall remain stable. The market price of the investment units may decrease after the registration of the investment units at the Stock Market of Thailand and this may not be in accordance with the net assets value per unit of the Fund. The price of an investment unit depends upon many factors such as the performance of the Fund, the fluctuation of stocks in the Stock Market of Thailand and the volume of trade of the investment units etc. Thus, investors may not be able to sell the investment units at the offering price or at the price of net assets value per unit of the Fund.

**6) The net assets value of the Fund may not be the true price that the Fund shall receive if all of the assets were to be distributed or at full closures of the Fund.**

The net assets value of the Fund stated here has been calculated using information from the invested assets appraisal report as basic information. Such value may not be the true value that the Fund shall receive if all of the assets were to be distributed or at full closures of the Fund.

**7) Risks arising from the lack of liquidity in the trading the investment unit in the market**

Because the Fund is a closed fund registered at the Stock Market of Thailand, the liquidity in trading of the investment units shall be assessed from the frequency and volume of trade of such investment units in the Stock Market of Thailand which is on the basis of the volume of demand by buyers and sellers (bid-offer). Such volume of demand by buyers and sellers (bid-offer) depends on many factors that the Fund cannot control, such as the volume of market demand. Thus, there is a risk that the investment unit shall lack liquidity in secondary market trade.

**8) Taxation risks**

In the future, buying, transferring or accepting the transfer of leasehold rights, or buying, transferring or accepting the transfer of property (in case where the Fund invests in property) may incur taxation and fees from the buying or selling or transferring ownership of the leasehold rights or the property which the Fund may have to be wholly or partly responsible for. The rate of such fees and taxes that the Fund has to settle may be different from the present fees.

**9) Investment risks in the leasehold rights of property whose value may decrease in accordance to the remaining rental period**

The Fund invests in the leasehold rights of property where the value of the Fund's rights may decrease in accordance with the remaining rental period as a result of the price appraisal of leasehold rights, change in the occupancy rate and/or the rental rate or as a result of any other reasons beyond the control of the Fund. Such changes in the value of the leasehold rights may significantly affect the value of the property and the net value of the Fund's assets.

**10) The risks of property fund compared to other types of funds**



Since a property fund must invest no less than 75 per cent of its net value of the fund's assets in property, investment therefore concentrates on property while other types of funds would have their policies to distribute their investment in various types of financial securities.

**11) The Fund's ability to pay dividend**

Payment of dividend by the Fund shall be considered from the performance of the Fund which depends on many factors. These are the economic conditions, both domestic and international, the ability of the managers in the management of the property, the cost of managing the property, the cost of various operations, competition, change in laws and regulations regarding assets, natural disaster and political situation. Thus, there is a risk that investors may not receive the estimated dividend in the year that the event occurs or the Fund may not be able to maintain the level of dividend payment or increase the dividend payment in the following years.

**12) Risks arising from using the net assets value (NAV) of the Fund to determine the trading price of the investment units**

The calculation of the net assets value (NAV) of the Fund announced by the Fund's management company is based upon the appraisal report or the most recent revaluation report in order to determine the value of the property. Such value may not be the real trading value of the property.

**(b) Risks relating to the ability to procure benefit from the property**

**1) Risks arising from the fluctuation of the economy which may affect the property**

There is a risk of the country's economic fluctuation on the property that the Fund invests in. The property may be affected where there is a change in the economic system as a whole.

Moreover, the property may be affected by changes from other macro factors such as town planning, effects from natural disaster, outbreak as well as domestic unrest which may affect purchasing power or the number of tenants.

**2) Risks from higher competition**

The performance of the Fund may be affected by the market condition of the property. The increase in number of market operators, the increase or decrease of rental demand and increase in number of markets shall have an effect on the supply of markets which increase competition in finding tenants.

**3) Risks from natural disaster, accident and terrorism**

While the chance of natural disaster, accident, terrorism and any other Force Majeure occurring is not high, if it happens in the area where the Fund's property is situated, the property of the Fund shall be damaged and there shall also be invaluable loss of lives and possessions of the tenants and those using the services within the Fund's project. However, the Fund shall take out insurance that cover loss arising from natural disaster, accident and any other Force Majeure for the property of the Fund. This shall be in accordance with conditions stipulated in general standard insurance policy.

**c) Operational risks of the Fund**

**1) Risks from the sub-tenant's ability to pay rent**

The rent that the Fund shall receive from the sub-tenant in accordance with sub-letting agreement shall be the only main source of income of the Fund. While the property shall have many sub-tenants, if such sub-tenants have financial problems affecting their ability to pay for the sub-letting fees, such tenants do not pay sub-

letting fees or prematurely terminate the sub-letting agreement and the Fund cannot find new sub-tenants to replace such sub-tenants, this may directly affect the income of the Fund. This is still the case even though the Fund does have the right to demand compensation and withhold deposit from the sub-tenants.

## **2) Contractual risks**

### **2.1) Risks from breach of rental contract**

The Fund's investment in the property is the type of investment that rent the property and sub-let such property out to minor sub-tenants in the Talaad Thai project in order to procure benefit. Therefore, even though the leasehold rights of the property have been registered with the relevant land registration officer for 20 years, there is still a risk that may arise from breach of contract if the tenant, which is the Thai Agro Exchange Company Limited, commits a breach of the terms and conditions of the rental contract that has been registered. Such incident shall affect the Fund, resulting in loss to the Fund, of sub-letting fees from letting out such property to the sub-tenant which shall affect the rate of returns being paid to the unitholders.

In order to prevent such risk and for the Fund to have a chance to compensation from damages which may occur to the Fund, the Fund has arranged to minimize such risks. This is done by specifying a condition in the rental of buildings with the Thai Agro Exchange Company Limited, as the owner of the right to the rented building, that in a case where there is a conditional breach by the landlord to the extent that the Fund cannot make use of the rented assets, resulting in the Fund having to use the right to terminate the rental contract of the construction, the landlord must return the remaining advanced rental fees as calculated by the remaining rental period using the straight-line method of calculation, as well as awarding monetary compensation or any other benefit that the landlord receives in the name of the Fund on behalf of the Fund, including the opportunity cost from the fact that the Fund cannot make use of the rented property in accordance with the remaining rental period as specified and agreed upon in the provisions of the rental contract.

### **2.2) Contention of rights under the rental contract**

It is a condition that the Fund shall proceed to invest in renting the building when the minor tenants, occupying no less than 95 per cent of the rented buildings, consent to sign new rental contracts, including any other documents or agreements relating to the Fund ("the consent"). The Fund shall initially enter into the investment within the period of time before the investment units are offered to the general public in accordance with the details specified in the project.

The investment in this case shall also cover the areas occupied by minor tenants who have not given consent. Such withholding of consent shall have effect to the Fund, resulting in the Fund having lesser rights than the minor tenants who have not yet given consent who are the tenants of part of the areas within the rented building before the Fund's date of investment. This may also mean the Fund cannot register the leasehold right in this part of the rented building.

In order to prevent against such risk, the Fund shall have separate rental contracts for the rented building where consent has been obtained and where it has not been obtained from the minor tenants. Thus, if there is a contention of right against the Fund by the minor tenants who have not consented, it shall not affect the leasehold right in the rented building of the Fund. Moreover, the Fund has assigned the Thai Agro Exchange Company Limited to take necessary steps to obtain consent from all of the minor tenants in the rented building within 3 years from the date that the Fund registered the

leasehold right with the Thai Agro Exchange Company Limited, except in cases where the existing rental contracts or contracts giving permission for the areas to be utilised that the minor tenants have with the Thai Agro Exchange Company Limited had expired before. In cases where the rental contracts that the Thai Agro Exchange Company Limited has with non-consensual minor tenants have expired and such minor tenants wish to continue renting the rented assets, the Thai Agro Exchange Company Limited shall not extend the rental period for the non-consensual minor tenants and shall take necessary steps for the non-consensual minor tenants to sign a new rental contract directly with the Fund. If this cannot be arranged, the Thai Agro Exchange Company Limited shall assist in finding new minor tenants to enter into such rental contract with the Fund.

During the period of time where consents have not been obtained from the above mentioned minor tenants, the Thai Agro Exchange Company Limited shall forward any benefit received from the non-consensual minor tenants to the Fund, starting from 8.00 o'clock on the day after the date that the Fund and the Thai Agro Exchange Company Limited, who is the owner of the right to the rented building, complete the registration of the leasehold right to the Fund, in accordance with the rental contract that the Fund has received consent from minor tenants, at the relevant land registration office.

#### 2.3) Termination of sub-letting contract

The sub-letting fees from the sub-tenants under the sub-letting contract shall be the main source of income to the Fund. If the sub-tenants of the assets prematurely terminate the contract in such a way as to constitute a breach of the sub-letting contract or in a case where a breach of contract occurs under the sub-letting contract, the Fund may need to terminate the sub-letting contract and may need time to find other persons to continue as new contractual parties to the sub-letting contract.

#### 2.4) Refusal of extension to the sub-letting contract

The Thai Agro Exchange Company Limited shall allow the Fund to rent parts of the buildings in the Talaad Thai project. The Fund shall then procure benefit from the rented assets by sub-letting it to minor tenants in the Talaad Thai project under the sub-letting contract. In a case where the sub-tenants do not extend the sub-letting contracts and the Fund cannot find new sub-tenants, the Fund may be affected from loss of income from the sub-letting fees from the property. This shall affect the rate of payment of returns to the unitholders.

### **3) Insurance risks**

Under the provisions of the rental contract, the landlord agrees to provide for an Industrial All Risk Insurance to protect against damages that may occur to the rented assets (including the rented building) with the value of the insurance no less than the evaluated price of the assets, using the replacement value, and shall specify the Fund as the beneficiary or a co-policy holder with the landlord, in proportion with the Fund's existing interests. Moreover, the Fund shall provide for a Business Interruption Insurance to protect against continuing resulting damage from the damage occurred to the rented assets, with the value of the insurance no less than the fixed expenses which need to be paid continuously while the interruption still exists, including the loss profit that the Fund expects to receive within the period of time that is estimated to construct or fix the rented assets and shall specify the Fund as the beneficiary in the policy. In addition, the Fund shall provide for a Public Liability Insurance to protect against injury or loss of lives and the damages that may occur to

outsider's possession resulting from negligence or the defect in the rented assets where compensation is specified by law, under the value of the policy, terms and conditions agreed upon by the Fund. The Fund may consider providing for additional insurance to protect leasehold rights. In case where the Fund loses the leasehold rights before the period of time specified in the rental contract, the amount of insurance money for the protection of leasehold rights shall depend upon the value of the leasehold rights which may change in accordance with the remaining rental period in the rental contract. The Fund shall be specified as the beneficiary in the policy.

If an event not covered by the protection of the insurance policy occurs, or the damages exceed the limit covered by the insurance policy, or the landlord or Fund cannot recover complete compensation under the policy, the financial status of the Fund may be affected which may result in the future income not being as expected.

#### **4) Licensing risks**

The Fund, as a sub-tenant, does not need a license to establish a market and other necessary license (if any) in this situation where the rented building has been procured for benefit by sub-letting it to minor tenants in order to utilize the area for the distribution of products. The license holder for the establishment of the market during the time that the Fund invests in the rented building still remains the Thai Agro Exchange Company Limited, as the owner of the right to the rented building. During the rental period under the rental contract, the Thai Agro Exchange Company Limited shall have the duty to provide various facilities as stipulated by the relevant law concerning market establishment license. In a situation where the market establishment license of the Thai Agro Exchange Company Limited for the Fund's rental area within the Talaad Thai project has been suspended or revoked, or where the Fund and/or the Thai Agro Exchange Company Limited, as the holder of the market establishment license have, together, with the best of their abilities, corrected or put right actions regarding the market establishment license as specified by the relevant law, but fail to do so, the resulting suspension or revocation of the license may lead to the Fund not being able to use the buildings in whole or in part. This may affect the performance of the Fund and the Management Company may decide upon the full closure of the Fund.

Where there is a full closure of the Fund as a result of the above situation, the investment that the unitholders shall receive shall be in accordance with the remaining amount after liquidation. Therefore, in this situation, there is a risk that the unitholders shall receive less investment than the specified value per unit (lower than 9.9 Baht).

#### **5) Risks of changes in utilizing the rented building**

Since the utilization of some parts of the building has been altered from car parking areas to commercial areas, the owner of the building may be ordered by relevant government agencies to correct such situation. This may result in the Fund not being able to make use of the building in whole or in part. In this case, it may affect the performance of the Fund.

#### **6) Risks of finding new Property Manager as the performance of the Fund depends upon the management of assets of the Property Manager**

Since the Fund shall procure benefit from the assets by sub-letting them directly to thousands of minor tenants, the Fund shall appoint the Thai Agro Exchange Company Limited, who is the owner of the property and the Talaad Thai manager since its establishment, as the Property Manager

of the Fund. The company shall be prescribed duties regarding the management of assets, including the creation of policies to procure benefit from the assets which shall directly affect the performance of the Fund.

With the above reasons, if the Thai Agro Exchange Company Limited cannot carry out its duties as the Property Manager for any reasons whatsoever, the Fund may make an effort to find another person who is able to manage the property as well as the Thai Agro Exchange Company Limited. This type of situation may significantly affect the performance and the financial status of the Fund.

#### **7) Risks from the Fund's management and the procurement of benefit**

The Fund's management and the procurement of benefit from its assets may be done both by directly sub-letting the assets out to minor tenants and/or by allowing an entrepreneur whose business is in sub-letting to rent the whole assets in order to further procure benefit from them himself.

In the situation where the Fund wholly sub-lets the assets under a contract, the Fund needs to obtain consent from the Thai Agro Exchange Company Limited who is the landlord to the Fund. While the returns that the Fund shall receive is the whole sub-letting fees in accordance with the rate agreed upon with the sub-tenant which means such returns are rather frequent, the sub-tenant's ability to pay rental fees of the whole property is still a significant risk that needs to be taken into consideration. This is because in the situation where the whole-asset sub-tenant has financial difficulties which affect their ability to pay, wholly or partly, for the sub-letting fees to the Fund and/or the sub-letting contract of the whole assets is prematurely terminated, such situation shall significantly affect the performance and the financial status of the Fund.

Alternatively, if the Fund sub-lets the assets directly to minor tenants, the Fund shall fully receive the return from the rental fees which may be more or less depending on the ability to manage the assets of the Fund and the Property Manager appointed by the Fund.

However, in directly sub-letting the assets, the Fund shall have to co-ordinate with thousands of minor tenants. Such management of high number of minor tenants for them to strictly follow the rental contract, rules and law shall have its limit and may be done with difficulty. For example, there may be cases where the sub-tenants bring illegal objects and or allow illegal workers to enter the Fund's property, and/or the sub-tenants may delay payment for or refrain from paying their sub-letting fees. These situations may directly affect the Fund's management and procurement of benefit and/or causing the Fund, in the capacity of the landlord sub-letting the assets, to be considered to be responsible for the wrongdoings or to be in the wrong as well. Nevertheless, in order to reduce such risk, the Fund shall appoint a Property Manager to co-ordinate with the minor tenants on behalf of the Fund and to ensure that the minor tenants follow the rental contract, the rules and the law.

#### **8) Risks from contractual parties not following the contract**

In the investment and management of the Fund's property, the Management Company shall enter into a contract with the owner of the property and/or shall enter into various contracts relating to the Fund's investment and management for the benefit of the Fund's procurement of benefit and to bind the contracting party to follow the provisions in the contract.

However, even though there are provisions in the contract, the contractual parties may be in breach of the contract or there may be an incident which may result in the contract being terminated or in breach. For example, in the rental contract there shall be a provision prohibiting the Thai Agro Exchange Company Limited from distributing, selling, transferring or creating any obligations on the rented assets without consent from the Fund but the Thai Agro Exchange Company Limited may sell, distribute, transfer the rented assets in breach of the contract. In such a case, while the Fund has the right to terminate the contract, demand compensation for damages as well as the opportunity cost and the rental fees paid, the incident that the contractual party is in breach of the contract may mean the Fund may not receive the benefit or may not be able to apply the provisions the contract. For example, it may not be able to enforce the Fund's right to buy the assets of the Thai Agro Exchange Company Limited in the Talaad Thai project as stipulated or the contractual party may not pay compensation as demanded by the Fund. Therefore, the Fund may have to bring such dispute to the justice system by bringing the claim to court. It is not possible for the Management Company to predict the length of the procedure and the amount of money that the Fund may be awarded and compensated on the various damages. Moreover, the results of the case depend upon the ruling of the court. Even if the court rules that the Fund shall win the case, the Fund may encounter difficulties in the enforcement of the ruling. Therefore, there is a risk that the unitholders shall not receive the returns in the expected amount or period of time.

**9) Risks from the Fund's inability to exercise their rights in accordance with the rental contract of the building**

In some situations, the Fund may not make use of the rented building whether in whole or in part as the rented building may be confiscated or forfeited by court order. The landlord may be given a temporary or a complete freezing order or a bankruptcy judgment by the court.

In such case, if the landlord cannot rectify the situation within the period of time specified in the rental contract, the Fund has the right to immediately terminate the contract and the landlord shall have to return to the Fund the remaining advanced payment by the remaining rental period, including any money or benefit that the landlord has received in the name of the Fund, as well as the opportunity cost that the Fund cannot make use of the rented assets for the remaining rental period as specified in the rental contract (please see the information in the summary of rental contract – causes of termination and the effects of the termination of the contract).

**10) Risks from loan**

In a situation where the Fund takes out a loan in accordance with the criteria specified in the project, there may be a risk to the Fund from such loan. This is because the change in economic conditions and interest rates may affect the operation of the Fund, resulting in the Fund not having enough liquidity. Also, there may be a risk that the Fund's ability to repay the loan and the interest may be lessened and this shall affect the ability to pay dividends to the unitholders. However, the Fund shall endeavour to reduce such risks such as by protecting against the risk from interest rate fluctuation or requesting an extension to debt repayment. Nevertheless, any actions that the Fund may take shall be done with the main consideration to the benefits of the unitholders.

**7) Legal disputes**

-none-

**8) other important information**

-none-

**Part 3 Operational management and control**

**9) Information on investment units, stocks and securities issued by the Fund**

**9.1 Information on investment units, stocks and securities issued by the Fund**

9.1.1 For information on investment unit, the details of the project capital, the par, numbers, types and price of the offered units, offering price on the first day, the amount of registered capital at present (if any), present value per unit

(1) Number of investment units	:	180,000,000.00 units
(2) Project capital	:	1,782,000,000.00 Baht
(3) Par	:	9.90 Baht
(4) Price of offered units	:	10.00 Baht
(5) Offering price on the first day	:	10.00 Baht
(6) Amount of registered capital at present:		1,782,000,000.00 Baht
(7) Present value per unit (on 31 December 2019):		12.0219 Baht

9.1.2 Information on the price of stocks such as closing price (at the end of the year or the beginning of the accounting period), highest price, lowest price, market capitalization, trade volume and the Fund's NAV on the first and the last days of the year

Closing price at end of year (2019)	:	21.70	Baht/unit
Highest price	:	22.40	Baht/unit
Lowest price	:	20.40	Baht/unit
Market capitalization	:	3,906,000,000 Baht	
Trade volume	:	124,254	Baht per working day
Fund's NAV on the first day of the year	:	11.8299	Baht/unit
Fund's NAV on the last day of the year	:	12.0219	Baht/unit

9.1.3 Where the Fund divides the investment units into different share classes, please specify the details on each share class with different rights and returns

-none-

9.1.4 Where the Fund has reduced its registered capital or the value of the investment unit, please specify the details for each registered capital reduction with the minimum information as follows:

- (a) Cause of reduction of the registered capital
  - In accordance with the unitholders' resolution no. 1/2553 dated 18 October 2010
- (b) The amount of registered capital and the registered capital per investment unit for each reduction
  - Registered capital : 1,800,000,000.00 Baht
  - Remaining registered capital : 1,782,000,000.00 Baht
  - Reduced registered capital per investment unit : 0.10 Baht/investment unit
  - Remaining registered capital per investment unit : 9.90 Baht/investment unit
- (c) Book closing date and the date of money redistribution to the unitholders
  - Book closing date : 7 January 2011
  - Date of money redistribution to unitholders: 19 January 2011

**9.2 In a case where the Fund issues stocks which are debt securities (such as debenture or REIT BOND), please specify the important characteristics of such stocks such as the types, value before redemption, maturity date, collateral and any other material conditions.**

-none-

### **9.3 The project's unitholders**

9.3.1 Please specify group of the first 10 highest unitholders, number of units and percentage held.

**List of names of the first 10 unitholders  
Talaad Thai Leasehold Property Fund  
28 December 2019**

No.	Names	Number of units	%
1	Thai Agro Exchange Company Limited	60,000,000	33.33
2	Mr. Praphan Phatraprasit	32,000,000	17.78
3	Mr. Prasong Phatraprasit	32,000,000	17.78
4	Mrs. Yupada Phatraprasit	12,049,450	6.69



No.	Names	Number of units	%
5	Mrs. Chananya Phatraprasit	12,049,450	6.69
6	Mr. Dithi Angkawattana	5,100,000	2.83
7	Miss Ornjira Angkawattana	5,100,000	2.83
8	Mr. Pichit Nimkul	2,016,000	1.12
9	Assets Max company limited	1,800,000	1.00
10	Mrs. Wipawan Techapalalert	1,140,100	0.63

9.3.2 Major unitholders (holding more than 10 per cent of investment units by grouping of the same persons)

- Thai Agro Exchange Company Limited
- Mr. Praphan Phatraprasit
- Mr. Prasong Phatraprasit

9.3.3 Group of major unitholders of the Fund whose behaviour significantly influences the management or operation policies of the Management Company, such as providing their personnel as Chief Executive Officer of the company

-none-

#### **9.4 Payment of returns of the Fund**

9.4.1 Please specify the policies for the returns of the Fund to be paid to the unitholders, both in the forms of dividend and capital reduction

##### **Dividend payment policy**

**The project's policy is to pay dividend to the unitholders at least twice a year.**

(1) In a case where the Fund has a net profit in an accounting period, the Management Company shall pay dividend to the unitholders no less than 90 per cent of the net profit, not including the unrealised profit from the appraisal or revaluation of the property or the leasehold right of the property in that accounting period.

(2) Where the Fund has accumulated profit in an accounting period, the Management Company may pay dividend to the unitholders from such accumulated profit.

The payment of dividend under (1) must not cause the Fund's accumulated loss to be increased during the accounting period that the dividend is paid.

For the payment of dividend under (1) and (2), the Management Company shall proceed with such payment of dividend to the unitholders within 90 days from the last day of the accounting period that the dividend is to be paid. Where the Management Company cannot pay dividend within such period of time, the Management Company shall notify the unitholders and the Securities and Exchange Commission in writing.

##### **Additional conditions:**

In considering the payment of dividend, if the dividend payment per investment unit to be announced during the fiscal year is equal to or lower than 0.10 Baht, the Management Company

reserves the right to not pay the dividend and shall carry over the dividend payment of that period to be paid at the same time as the end of the accounting year payment.

The Management Company shall proceed with the payment of dividend as stated in the dividend payment criteria, except where the Securities and Exchange Commission and/or any other agencies authorized by law has made amendment, added, announced, prescribed, ordered, authorized and/or made exception otherwise, then, the Management Company shall proceed accordingly.

**Methods and conditions for the payment of dividend to the unitholders**

(1) Where it has become factually apparent to the Management Company that there is an person or a group of the same persons holding more than a third of the Fund's issued units, the Management Company shall not pay the dividend which is in excess of the one third of the Fund's issued units to the person or group of the same persons.

In considering the dividend payment to any group of the same persons stated above, the Management Company shall calculate the number of investment units with the right to receive dividend for each of the unitholders in the group by using a pro rata basis as the base for calculation (the total investment units with the right to receive dividend of the group of the same persons shall not be more than a third of the issued units. The Management Company shall set aside the money which cannot be paid as dividend for such persons from the Fund's account. It shall not use such amount to calculate the value of the Fund's net assets. The Management Company shall proceed to leave the whole of such dividend to the state, unless the Securities and Exchange Commission and/or any other relevant agencies shall announce, order or make exception otherwise.

(2) Where the person or the group of the same persons holds more than a third of the issued units is the person specified in section 6 regarding the criteria and limitation to holding the investment units and sub section 6.1 (a) of the project, the Management Company shall not pay dividend to the person or group of the same persons in excess of the 50 per cent of the issued units.

In considering the dividend payment to any group of the same persons stated above, the Management Company shall calculate the number of investment units with the right to receive dividend for each of the unitholders in the group by using a pro rata basis as the base for calculation (the total investment unit with the right to receive dividend of the group of the same persons shall not exceed 50 per cent of the issued units) unless the Securities and Exchange Commission and/or any other relevant agencies shall announce, order or make exception otherwise.

(3) In a case where the person or the group of the same persons holds more than a third of the issued unit is the person specified in section 6 regarding the criteria and limitation to holding the investment units and sub section 6.1 (b) of the project, within the period of time that the persons hold such investment units in accordance with underwriting agreement but no more than one year from the date that the investment unit is accepted, the Management Company shall pay dividend to such person in accordance with the number of investment unit held.

(4) Where it has become factually apparent to the Management Company of the Fund that the person who was the owner or the transferor of the leasehold right in the property, the landlord or the person passing on the right in the property and the group of the same persons as the aforesaid persons collectively hold more than one third of the issued units, the company shall proceed in accordance with (1) as an exception.

(5) The Management Company shall announce the payment of dividend, the book closing date and the rate of dividend by:

1. making an announcement in at least one daily newspaper;

2. posting a notice in an open area at all of the offices of the management companies and shall provide for such notice at the premises of the selling agents;
3. sending written notification to the unitholders whose names appear in the unitholder registrations on the book closing date, as well as to the Trustee and the Stock Market.

(6) The Management Company shall pay the dividend by transferring the money into the saving account of the unitholders or by writing crossed cheques made in the name of the unitholders as appeared in the unitholder registrations.

(7) Where unitholders who previously did not exercise the right to demand any dividend within the limitation period exercise their right under the Civil and Commercial Code, the Management Company shall not use such amount of dividend on any other matters except for the benefit of the Fund.

9.4.2 History of dividend payment, capital repayment at the minimum of the past 5 years (if any)

#### History of dividend payment and capital reduction

No.	Performance period	Dividend (Baht)		History of dividend payment	
		Amount	Per unit	Book closing date	Dividend payment date
1	16 Aug 2010 – 31 Dec 2010	25,200,000.00	0.1400	15 Mar 2011	31 Mar 2011
2	1 Jan 2011 – 31 Mar 2011	63,000,000.00	0.3500	15 Jun 2011	30 Jun 2011
3	1 Apr 2011 – 30 Jun 2011	63,000,000.00	0.3500	31 Aug 2011	15 Sep 2011
4	1 Jul 2011 – 30 Sep 2011	63,000,000.00	0.3500	30 Nov 2011	15 Dec 2011
5	1 Oct 2011 – 31 Dec 2011	63,000,000.00	0.3500	29 Feb 2012	15 Mar 2012
6	1 Jan 2012 - 31 Mar 2012	68,400,000.00	0.3800	31 May 2012	15 Jun 2012
7	1 Apr 2012 - 30 Jun 2012	68,400,000.00	0.3800	5 Sep 2012	14 Sep 2012
8	1 Jul 2012-30 Sep 2012	68,400,000.00	0.3800	30 Nov 2012	14 Dec 2012
9	1 Oct 2012 - 31 Dec 2012	64,800,000.00	0.3600	1 Mar 2013	15 Mar 2013
10	1 Jan 2013 – 31 Mar 2013	64,800,000.00	0.3600	3 Jun 2013	14 Jun 2013
11	1 Apr 2013-30 Jun 2013	66,600,000.00	0.3700	30 Aug 2013	13 Sep 2013
12	1 Jul 2013 - 30 Sep 2013	59,400,000.00	0.3300	29 Nov 2013	18 Dec 2013
13	1 Oct 2013 - 31 Dec 2013	64,800,000.00	0.3600	3 Mar 2014	17 Mar 2014
14	1 Jan 2014 – 31 Mar 2014	66,600,000.00	0.3700	30 May 2014	16 Jun 2014
15	1 Apr 2014 – 30 Jun 2014	64,800,000.00	0.3600	29 Aug 2014	15 Sep 2014
16	1 Jul 2014 – 30 Sep 2014	59,400,000.00	0.3300	28 Nov 2014	17 Dec 2014
17	1 Oct 2014-31 Dec 2014	59,400,000.00	0.3300	27 Feb 2015	16 Mar 2015
18	1 Jan 2015-31 Mar 2015	74,358,000.00	0.4131	27 May 2015	15 Jun 2015
19	1 Apr 2015-30 Jun 2015	67,680,000.00	0.376	31 Aug 2015	14 Sep 2015
20	1 Jul 2015-30 Sep 2015	81,000,000.00	0.4500	30 Nov 2015	16 Dec 2015
21	1 Oct 2015-31 Dec 2015	73,800,000.00	0.4100	29 Feb 2016	14 Mar 2016
22	1 Jan 2016 - 31 Mar 2016	82,350,000.00	0.4575	31 May 2016	14 Jun 2016
23	1 Apr 2016 - 30 Jun 2016	77,490,000.00	0.4305	31 Aug 2016	15 Sep 2016

No.	Performance period	Dividend (Baht)		Book closing date	Dividend payment date
		Amount	Per unit		
24	1 Jul 2016 - 30 Sep 2016	81,090,000.00	0.4505	30 Nov 2016	15 Dec 2016
25	1 Oct 2016 - 31 Dec 2016	81,090,000.00	0.4505	28 Feb 2017	15 Mar 2017
26	1 Jan 2017 – 31 Mar 2017	82,764,000.00	0.4598	30 May 2017	13 Jun 2017
27	1 Apr 2017 - 30 Jun 2017	78,840,000.00	0.4380	31 Aug 2017	14 Sep 2017
28	1 Jul 2017 - 30 Sep 2017	59,850,000.00	0.3325	30 Nov 2017	15 Dec 2017
29	1 Oct 2017 - 31 Dec 2017	70,740,000.00	0.3930	28 Feb 2018	15 Mar 2018
30	1 Jan 2018 – 31 Mar 2018	70,812,000.00	0.3934	31 May 2018	15 Jun 2018
31	1 Apr 2018 - 30 Jun 2018	73,530,000.00	0.4085	31 Aug 2018	14 Sep 2018
32	1 Jul 2018 – 30 Sep 2018	54,000,000.00	0.3000	30 Nov 2018	14 Dec 2018
33	1 Oct 2018 - 31 Dec 2018	70,200,000.00	0.3900	1 Mar 2019	15 Mar 2019
34	1 Jan 2019 – 31 Mar 2019	75,960,000.00	0.4220	31 May 2019	14 Jun 2019
35	1 Apr 2019 - 30 Jun 2019	74,160,000.00	0.4120	29 Aug 2019	16 Sep 2019
36	1 Jul 2019 – 30 Sep 2019	77,580,000.00	0.4310	2 Dec 2019	19 Dec 2019
37	1 Oct 2019 - 31 Dec 2019	72,000,000.00	0.4000	2 Mar 2020	16 Mar 2020

#### History of capital reduction

No.	Amount of registered capital before reduction		Amount of reduced registered capital		Amount of registered capital after reduction		Book closing date	Reduced capital payment date
	Amount	Per unit	Amount	Per unit	Amount	Per unit		
1	1,800,000,000.00	10	18,000,000.00	0.10	1,782,000,000.00	9.90	7 Jan 2011	19 Jan 2011

#### Cause of the registered capital reduction

- unitholders' meeting resolution number 1/2010 dated 18 October 2010

#### History of increase of capital

-none-

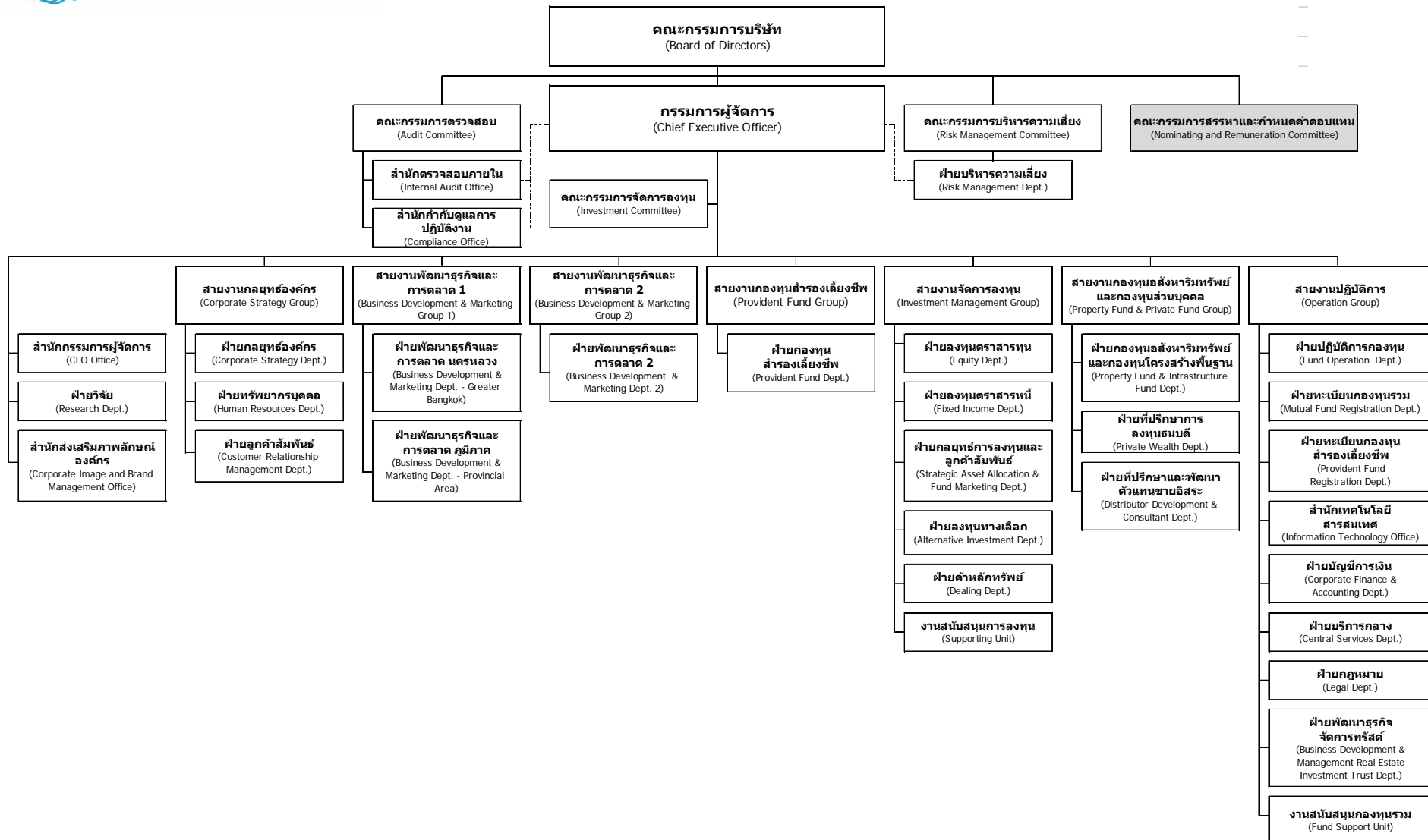
## 10) Managerial structure

**10.1 Management Company:** Krung Thai Assets Management Public Company Limited  
Registration number 010754000373  
1 Empire Tower Building, 32 Floor,  
South Sathorn Road, Yannawa, Sathorn,  
Bangkok, 10120  
Tel. 02686-6100 Fax 02670-0430

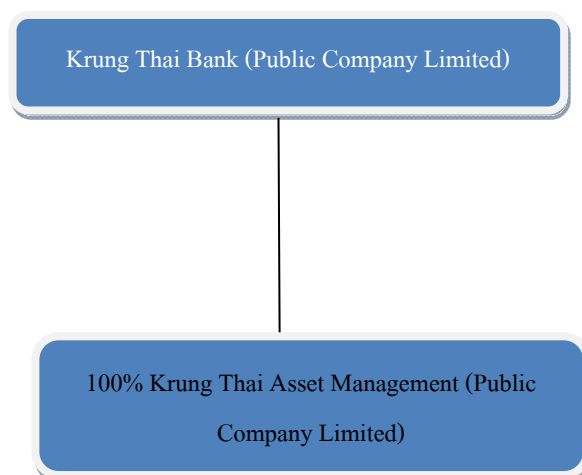
## Organization Chart / Management Structure



### โครงสร้างองค์กร



## Shareholding structure



### ◦ Board of Directors

- |    |                              |          |  |
|----|------------------------------|----------|--|
| 1. | Mr. Vachara Tuntariyanond    | Position | Chairman of the Board of Directors and Member of Risk Management Committee                         |
| 2. | Mr. Tawat Yooyod             | Position | Director and Member of Risk Management Committee   |
| 3. | Mr. Vichien Siriveshvaravudh | Position | Director and Member of Audit Committee   |
| 4. | Mr. Lavaron Sangsnit         | Position | Director (Representative of the Ministry of Finance) and Chairman of the Risk Management Committee |
| 5. | Mr. Surapol Opassatain       | Position | Director and Chairman of Audit Committee   |
| 6. | Mr. Thanathat Hongkou        | Position | Director   |
| 7. | Mr. Jaruvat Vaisaya          | Position | Director and of the Audit Committee  |
| 8. | Mrs. Chavinda Hanratanakool  | Position | Chief Executive Officer  |

### ◦ The Executives

- |    |                                 |          |   |
|----|---------------------------------|----------|---|
| 1. | Mrs. Chavinda Hanratanakool     | position | Chief Executive Officer   |
| 2. | Mr. Wirote Tangcharoen          | position | First Senior Executive Vice President, Business Development and Marketing Group I |
| 3. | Ms. Hasawara Sangruji           | position | Senior Executive Vice President, Provident Fund Management                        |
| 4. | Ms. Darabusp Pabhapote          | position | Senior Executive Vice President, Business Development and Marketing Group II      |
| 5. | Ms. Voravanee Tangsirikusolwong | position | Senior Executive Vice President, Chief Operating Officer                          |

◦ Property Fund Manager

• Chavinda Hanratanakool CFP

*Chief Executive Officer*

*Krung Thai Assets Management Public Company Limited*

*Nationality Thai*

**Number of years in this field / at this company** 31 years / 10 years

**Relevant license held** Thai Certified Financial Planner and Property Fund Manager

**Main qualifications** - make policies, control and be responsible for the operation of Property Fund and REIT Department, Infrastructure Fund and Private Fund Groups to be in accordance with the policies of Krung Thai Bank and the criteria of the Securities and Exchange Commission and the Stock Market of Thailand.

- Study the feasibility for the establishment of the Fund and create appropriate returns for the investors, and submit an application to establish the Fund to the Securities and Exchange Commission and the Stock Market of Thailand, as well as manage the Fund to be in accordance with the relevant announcement and regulations.

<b>Experience</b>	2014 – present	Chief Executive Officer, Krung Thai Assets Management Public Company Limited
	2010-2014	Deputy Chief Executive Officer, property fund and private fund, Krung Thai Assets Management
	2000-2009	Senior assistant Chief Executive Officer, private fund Department and property fund, ING Assets Management (Thailand) Limited
	1999-2000	Senior director, private fund, Merrill Lynch Patra Assets Management Limited
	1995-1999	Senior director, private fund, Krung Sri Ayutthaya Assets Management Limited
	1990-1995	Deputy director (manager of private Fund), Citibank N.A. Bangkok

<b>Education</b>	1986	Master's Degree: Business administration (major: economics), University of Missouri Columbia, USA
	1983	Bachelor Degree: Bachelor of Arts (psychology), Thammasart University

**Present position** Chief Executive Officer, property Fund and private Fund Manager, Krung Thai Assets Management

**Mr. Piraj Migasena**

*Executive Vice President*

Krung Thai Assets Management Limited (Plc)

*Nationality Thai*

**Number of years in this field / at this company** 22 years / 10 years

**Relevant license held** Property Fund Manager

**Main qualifications** - be responsible for the management of the property Fund as well as presenting the customers with guidelines to establish infrastructure Fund and REIT, study the feasibility for the establishment of the Fund and create appropriate returns for the investors, and submit an application to establish the Fund to the Securities and Exchange Commission and the Stock Market of Thailand, as well as manage the Fund to be in accordance with the project and the relevant announcement and regulations.

<b>Experience</b>	2014 – present	Assistant Chief Executive Officer, property fund and infrastructure fund Department, Krung Thai Assets Management
	2010 – 2015	Senior director, Fund Manager, property fund and infrastructure fund Department, Krung Thai Assets Management
	2004-2010	Assistant director, property fund, ING Assets Management
	2003 – 2004	Director of business development, Tanachart Bank Limited (Plc)
	1999 – 2003	Loan officer, Bangkok Bank Limited (Plc)

<b>Education</b>	1997	Master's degree: MS. Finance (Finance), University of Colorado at Denver,
	1996	Master's Degree: Business Administration (major: finance), University of Denver
	1993	Bachelor Degree: Business Administration (major: banking), Chulalongkorn University

<b>Present position</b>	Assistant Chief Executive Officer, Fund Manager, property fund and infrastructure fund Department, Krung Thai Assets Management Public Company Limited
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**Duties and responsibilities of the Management Company**

For the management of the Fund, the Management Company has duties and responsibilities to operate and manage the Fund to be in accordance with securities law, including the following duties and responsibilities:

(1) Fund Management

(a) Manage the Fund as specified in the project approved by the Securities and Exchange Commission and the commitment between the Management Company and the unitholders, including various contracts that the Fund is a party to, as well as strictly perform duties under the provision of section 125 of the Securities Act.



(b) Create commitments between the unitholders and Management Company, contracts appointing Trustee and prospectus with the same substantial details as the draft commitments, draft contract and draft prospectus that have been approved by the Securities and Exchange Commission.

(c) Send, distribute and create prospectus and the project's details in accordance with the following criteria and procedure:

Before the Fund's investment units are offered for sale, the Management Company shall send the prospectus to the Securities and Exchange Commission, no less than 1 working day prior to the sending or distribution of the prospectus to investors and shall send such documents via the Fund Report and Prospectus (MRAP) receiving and distribution system of the Securities and Exchange Commission.

- For the offering for sale of the investment units, the Management Company must send, or provide for the selling agent and sale support to send, the important summary part of the prospectus as well as the investment units' reservation form to those interested in investing and arrange for there to be the project information part of the prospectus at every offices of the Management Company, selling agent or sale support during the period of time that the investment units are on offered.

- From the time the investment unit sale offered period has ended until before the full closures of the Fund, the Management Company shall arrange for there to be the details of the Fund's management project at every offices of the Management Company so that the general public may examine it. Copies shall also be sent to the unitholders upon request. If there is an amendment to the project, the Management Company shall proceed to notify such amendment to the Stock Market and the unitholders without delays and no more than 15 days from the day after the date of receipt of the approval from the Securities and Exchange Commission for the amendment to the project, or on the date of the resolution to amend the project as the case may be.

(d) Where the Management Company appoints a third party distributor to be responsible for the distribution of the investment units of the Fund, the third party distributor must not be the same group of persons as the owner, the landlord, the leasehold right transferor and the person awarding the right in the investment property of the Fund.

(e) Invest the money of the Fund in property or leasehold right of property or any other assets including the procurement of benefit from property or leasehold right of property that the Fund invests in, by buying, renting, transferring, distributing, transferring of rights and changing as well as improving the assets that the Fund invests in or any other invested assets in accordance with the policies, objectives, criteria, condition and procedure specified in the project, under the rules and regulations of the

announcement by the Securities and Exchange Commission, the Securities and Exchange Commission Board, Capital Market Supervisory Board and the Stock Market.

(f) In a case where it becomes factually apparent to the Management Company that an person or a group of the same persons holds more than one third of the Fund issued units, the Management Company shall proceed in accordance with the announcement of the Securities and Exchange Commission.

(g) Increase or reduce the Fund's registered capital in accordance with the criteria and procedure specified in the project and/or proceed in accordance with the announcement by the Securities and Exchange Commission, the Securities and Exchange Commission Board or Capital Market Supervisory Board.

(h) Allocate the Fund's profit for the payment of dividend to the unitholders in accordance with the criteria and procedure specified in the project as prescribed by securities law;

(i) Provide for an appraisal of assets as prescribed by securities law;

(j) Provide for the Fund's insurance as prescribed by securities law;

(k) Provide for the inspection of the property conditions as prescribed by securities law;

(l) Send various relevant and necessary documents and information for the appraisal or revaluation of assets as requested by an Appraiser, as well as provide facilitation to the following persons:

- Asset Appraiser or a person assigned by the Appraiser for the evaluating inspection of property acquired by the Fund through its investment

- Trustee or a person assigned by the Trustee for the inspection of property acquired by the Fund through its investment as specified in the contract appointing the Trustee

(m) Hold unitholders meeting if the unitholders who collectively hold no less than 10 per cent of the issued units request for there to be a unitholders' meeting

(n) Change or amend the project or the management of the Fund in accordance with the provisions, conditions and criteria specified in the project

(o) Conduct any legal activities on behalf of the Fund which the Management Company is authorised to do so within the boundary of law;

(p) Take action or any other procedures for the achievement of the Fund's objectives and maintain the benefit of the unitholders within the duties and responsibilities of the Management Company while in accordance with the securities law and/or other relevant law;

(q) Proceed to full closures of the Fund as specified in the project.

(2) The Fund's receipt and payment of money

Arrange for there to be receipt and payment of various fees and expenses and or any other remunerations as specified in the project.

(3) Appoint the following related persons for the management of the Fund:

(a) the investment committee (if any);

(b) persons approved by the Securities and Exchange Committee to carry out responsibilities in accordance with the criteria announced by the Securities and Exchange Committee as follows:

- Property Fund Manager to make decision to invest in or distribute the property and the leasehold right of the property
- Fund Manager to make decision to invest in or distribute the assets under 6.2 for the management of the Fund's liquidity

The Management Company shall post a notice of the list of names of the company's property Fund Managers in an open area at the company's office.

(c) The Trustee of the Fund who has the qualifications in accordance with announcement of the Securities and Exchange Committee on the qualifications of property Fund Trustee, including the replacement of the Fund's Trustee and other Trustees in accordance with the criteria for the changing of the Trustee specified in the project as permitted by the Securities and Exchange Committee.

(d) Investment unit registrar, including the replacement of the Fund's investment unit registrar and other investment unit registrar who has the qualifications in accordance with the Securities and Exchange Committee's announcement and notify such appointment to the Securities and Exchange Committee

The investment unit registrar that the company shall appoint must be able to control the holding of investment units by foreign unitholders at any given time after the initial sale of the Fund's investment units, to be in accordance with the criteria prescribed by securities law.

(e) Appraiser– such Appraiser must be on the list of companies approved by the Securities and Exchange Committee

(f) Property Manager (if any) – such Property Manager must have the characteristics and none of the prohibited qualities as prescribed in the Securities and Exchange Committee’s announcement

(g) Consultant (if any) to be responsible as the Management Company’s and/or the Fund’s consultant

(h) The Fund’s auditor – such auditor must have the characteristics and none of the prohibited qualities as prescribed in Securities and Exchange Committee’s announcement regarding the criteria on the approval of the auditor, including the replacement of the Fund’s auditor and any other auditor who has all of the characteristics prescribed by the Securities and Exchange Committee and notify such replacement to the Securities and Exchange Committee.

(i) The Fund’s liquidator to be responsible for the collection and distribution of assets to the unitholders and to carry out any other responsibilities necessary for the liquidation process at full closures of the Fund.

(j) Any other persons to be responsible for various conducts relevant to the Fund such as the construction supervisors, various experts, estimators, building inspectors, cleaners and building contractors.

Any other actions:

(a) Submit an application for the registration of assets, which are income derived from the distribution of the project’s investment units, as Fund to the Securities and Exchange Committee within 15 working days from the closing date of the investment unit being offered for distribution.

(b) Submit an application to the Stock Market to consider accepting the investment units of the Fund as registered securities within 30 days from the date of registration of the Fund.

(c) Request for a replacement evidence of registration of the assets as Fund from the Securities and Exchange Committee for a fee at the rate prescribed by the Securities and Exchange Committee where such evidence has been lost or destroyed.

(d) Separate the assets of the Fund from those of the Management Company and entrust the assets of the Fund in the care of the Trustee and/or Thailand Securities Depository Co., Ltd, and/or other person as approved by the Securities and Exchange Committee, except where this cannot be done due to the condition or type of assets.

(e) Arrange for unitholder registrations in accordance with the criteria and procedure announced by the Securities and Exchange Committee, and hold them for safekeeping.

(f) Create an account showing the correct Fund’s investment and write investment reports of the Fund to be given to the Fund Trustee in accordance with the criteria and procedure announced by the Securities and Exchange Committee.

(g) Calculate the value of the assets, net assets value and the value of the investment units in the Fund to be in accordance with the criteria, conditions and procedure for the establishment and management of property Fund or the criteria and procedure prescribed by the Securities and Exchange Committee.

(h) Notify the unitholders of any event or change, which shall significantly affect the Fund, that occurs after the date of calculation of the asset value, net assets value and the investment unit value under (g) above.

(i) Provide the financial statement of the Fund to be in accordance with the standard of financial report, including the report of the Fund for the end of every fiscal year and send such report to the unitholders whose names are on the unitholder registrations and the Securities and Exchange Committee within 4 months from the date at the end of the fiscal year.

(j) Send a copy of the appraisal or revaluation report with copies of relevant documents to the Trustee without delays and to the Securities and Exchange Committee within 15 days from the date of receipt of such report.

(k) Send the following documents to the Trustee without delay when there is an investment in or distribution of property or the leasehold rights of property:

- Where property is purchased, the documents showing the ownership or possessory rights in the property and the sale agreement of the property
- Where property is distributed, the sale agreement of the property
- Where the property is let, sub-let or the leasehold right of the property is transferred (as the case may be), the rental contract, sub-letting contract or contract showing the transfer of the leasehold right.

The Management Company shall notify the possession of the property to the Trustee in writing within 5 working days from the date of possession of the assets invested by the Fund.

(l) Send a copy of the following contracts to the Trustee

- Contract appointing the Appraiser within 5 working days from the date of contract or from the date of appointment of the Trustee where the Appraiser is appointed prior to the appointment of the Trustee, as the case may be
- Contract appointing the Property Manager (if any) and contract appointing a consultant (if any) within 5 working days from the date of such contract

(m) Collect, follow, proceed, order those with various responsibilities in accordance with the appointment contract, such as Property Manager, consultant, construction supervisor, to prepare, send and write various reports and/or proceed in accordance with the appointment contracts and/or as requested by the unitholders and/or those authorised by law. The Management Company does not need to guarantee and/or be responsible for the accuracy of the information prepared by or for any actions carried out by such persons. However, where the Management Company knows or should know the mistakes in the report and/or the behaviour of such person, the company shall notify such person to correct the mistakes in the information or the action immediately.

(n) Send documents summarising the important information regarding the investment or the distribution of assets and leasehold right of the property invested by the Fund to the unitholders and the Securities and Exchange Committee within 15 days from the date of investment or distribution of the property and the leasehold right of the property, as well as provide for the important information to be available in an open area at every office or the company and the head office of the Trustee within 15 days from the date of investment or distribution of the property and the leasehold right of the property for the inspection of the investors. The summary documents shall have the important information as prescribed by the Securities and Exchange Committee.

When the investment units of the Fund have been approved as registered securities in the Stock Market, the Management Company shall send the documents summarising important information under paragraph one to the Stock Market, in place of the unitholders, within the working day after the date of purchasing, renting, distribution or transferring of the leasehold rights of the Fund or within any other period of time as prescribed by the Stock Market.

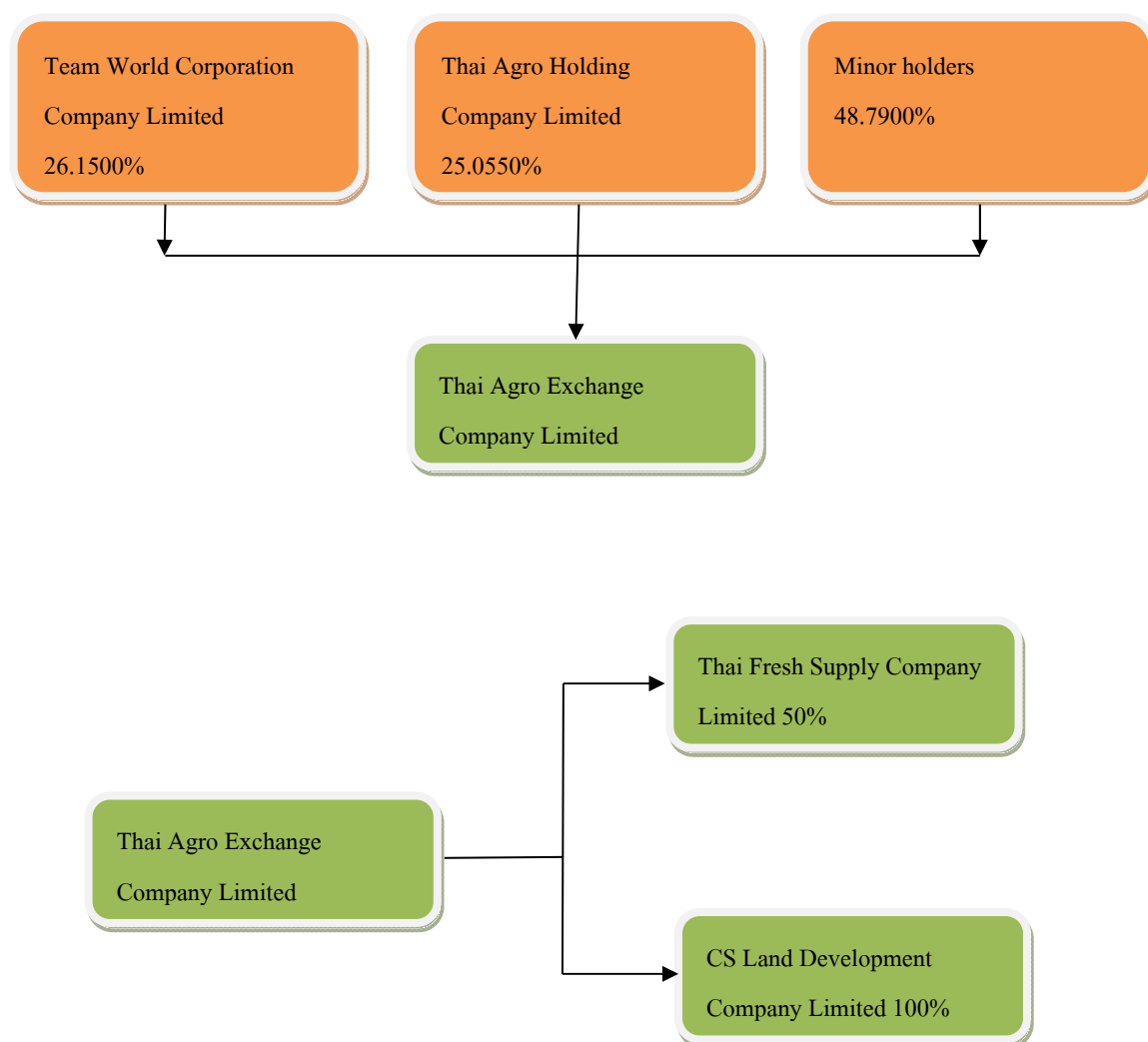
(o) Proceed, as appropriate, with the selling, distribution, disposal and transfer of the property and the leasehold right of the property or other assets wholly or partly invested by the Fund

(p) Carry out any other responsibilities as provided by securities law as the responsibilities of the Management Company

## **10.2 Property Manager**

10.2.1 Thai Agro Exchange Company Limited  
Registration number 0105537125845  
31, Moo 9, Phaholyothin Kor Mor 42  
Tambon Klong Nueng, Amphur Klong Luang  
Pathumtanee 12120

### 10.2.2 Shareholding structure



### 10.2.3 Duties and responsibilities of the Property Manager are as follows:

1. Receive remuneration for the responsibilities as the Property Manager from the Fund in accordance with the Property Manager appointment contract entered into between the Management Company and the Property Manager;
2. Maintain and manage the Fund's property to be in good conditions;
3. Procure benefit from the Fund's property such as finding tenants for the Fund;
4. Any other duties as specified in the Property Manager appointment contract and in accordance with the duties of the Property Manager prescribed by the Securities and Exchange Committee Board or the Securities and Exchange Committee;

Such Property Manager employment contract shall be for a period of 10 years and shall be automatically renewed for the further 10 years, unless the contracting parties prematurely terminate the contract or the parties of the Property Manager employment contract agreed otherwise.

### **10.3 Trustee:**

10.3.1 Citibank N.A. Bangkok branch,  
399 Sukhumvit Road, Interchange 21  
Kwang Khlong Toey, Khet Wattana, Bangkok 10110  
Tel: (02) 232-2484

10.3.2 Shareholder structure

-none-

10.3.3 Duties and responsibilities of the Trustee are as follows:

The Trustee shall have the rights, duties and responsibilities in the project as follows:

(1) Supervising the Management Company to strictly carry out their duties in accordance with the provision under section 125 and any other relevant rules in the Stock Market and Securities Act 1992 and the approved project's rules in the management of the Fund, including any commitment made with the unitholders. If the Management Company does not take appropriate action, the Trustee must notify the Management Company to comply without delay.

Where the Management Company acts in such a way that causes damages to the Fund or refrains from carrying out its duties under section 125 and other relevant rules in the Stock Market and Securities Act 1992, the Trustee shall report such incident in details and send it to the Securities and Exchange Committee within 5 days from the date that the Trustee knows or there is a cause that the Trustee ought to have known about such incident.

(2) Take legal action for the enforcement of judgment that the Management Company shall carry out its duties or for damages in compensation from the Management Company, for the benefit of all of the unitholders or as having been ordered by the Securities and Exchange Committee.

(3) Carry out the inspection of the property to be completed by the following time periods:

(a) Within 30 days from the date of receipt of notification for property possession from the Management Company

(b) Every one year from the date of the completion of the previous inspection by the Trustee – expenses arising from the inspection of property shall be deemed the Fund's expenses

(4) Complete the recording of the condition of the property that the Trustee inspected correctly, completely and truthfully, within 30 days from the date that such inspection begins.

(5) Notify the Management Company within 5 working days from the date that the Trustee finds that the Fund's property has any significant defect.

(6) Request the Management Company to reevaluate without delay when the Trustee is of the opinion that an event or change which significantly affects the value of the property has occurred.

(7) Ensure that the investment, purchase, rent, distribution or transfer of the invested assets are in accordance with the project and the criteria prescribed by the Securities and Exchange Committee.

(8) Consider granting the approval on the methods of distribution of assets or the methods of transfer of the leasehold right in the property in accordance with the securities law prescribing the Trustee to give such approval.

(9) Create an account and certify the accuracy of the invested assets deposited by the Fund, as well as create an account showing the disposal of the Fund's assets.

(10) Certify that the calculations of the assets value, the value of net assets and the value of the investment units of the Fund are correct and are in accordance with the criteria prescribed by the Securities and Exchange Committee. As a part of the calculations for the net assets value, the Trustee

may use the information received from the Management Company which may be the information from the report written and endorsed by the Management Company itself or the report that the Management Company receives from the Property Manager appointed by the Management Company and the Property Manager has signed his/her name to endorse the accuracy of such report.

(11) Proceed to receive and pay money from the account of the Fund within the period of time and in accordance with the order of the Management Company.

(12) Give opinion regarding the operation of the Fund in the Fund's report.

(13) Have other rights, duties and responsibilities as specified in the Trustee appointment contract.

(14) Keep the assets of the Fund separate from the Trustee's or those of others that the Trustee is caring for.

(15) Conduct other duties as the Securities and Exchange Committee Board or the Securities and Exchange Committee prescribed as the duties of the Trustee.

#### 10.3.4 Conditions in changing the Trustee

The Management Company may change the Trustee in the event of one of the following:

(1) When either the Management Company or the Trustee wishes to terminate the Trustee appointment contract, the contracting party wishing to terminate shall inform the other in writing no less than 90 days before the termination.

(2) Where either the Management Company or the Trustee does not carry out its duties or responsibilities as agreed, the Trustee or the Management Company may terminate the Trustee appointment contract by informing the other party in writing no less than 30 days before the termination.

(3) Where important conditions have been changed in the Fund's management project as a result of amendment in the securities law or any other reasons that shall result in the Management Company and the Trustee not being able to reach agreement to amend the Trustee appointment contract to be in accordance with such securities law, as such change shall mean more responsibilities and burden to the Trustee, and the Trustee does not wish to continue to take on such duties, the Trustee has the right to terminate the Trustee appointment contract by informing the Management Company in writing no less than 90 days before the termination.

(4) Where the unitholders, whose resolution possesses the majority votes, calculated from the number of investment units collectively more than half of the Fund's issued units, request for the Trustee to be changed.

(5) Where the Trustee lacks a qualification prescribed by the Securities and Exchange Committee's announcement regarding the qualification of property fund Trustee, the Management Company shall ensure the Trustee proceed with the correction within 15 days from the date that the Management Company itself found the defect or when it becomes apparent from the inspection of the Securities and Exchange Committee. The Management Company shall inform such correction to the Securities and Exchange Committee within 3 working days from the date the correction is completed.

Where the Trustee does not complete the correction within the specified time period, the Management Company shall proceed to submit a request for the permission to change the Trustee to the Securities and Exchange Committee within 15 days from the day after the date the time period has lapsed. When permission is granted from the Securities and Exchange Committee, the Management Company shall appoint a new Trustee without delay, except otherwise ordered by the Securities and Exchange Committee.

(6) If the Trustee unlawfully reveals relevant information on the management of the Fund or any other information relating to the management of the Fund, the Management Company may immediately terminate the Trustee appointment contract.



(7) When a person submits or presents a claim to court or relevant government authorities regarding the Trustee (a) to terminate the business operation or for a similar cause or (b) to restructure the business operation, compound or defer debt or debt repayment period, manage assets, liquidate or similar request under the present or future law or regulations.

(8) When a government agency or organization is of the opinion that the conduct of the Trustee is wrong or is grossly negligent and so inform the Management Company or make general announcement regarding the matter, and;

(9) Where the liquidator has registered the full closures of the Fund with the Securities and Exchange Committee.

In all cases, permission from the Securities and Exchange Committee needs to be obtained before the Trustee is changed. Since the securities law provides that a Fund must have a Trustee, thus, where the Trustee's duties end under clause 132, the condition for changing the Trustee, such Trustee must fully perform its duties as the Fund's Trustee until all of the assets and documents of the Fund are transferred to the new Trustee or by order of the Management Company or the Securities and Exchange Committee, including any other operations as necessary for the successful transfer of assets and documents to the new Trustee within the appropriate time period that work can continue without disruption.

#### **10.4 Investment Committee (if any)**

-none-

#### **10.5 Name, address and telephone number of the following persons:**

- **Auditor:**

Pricewaterhouse Coopers ABAS Limited  
179/74-80 Bangkok City Building, 15<sup>th</sup> Floor, South Sathorn Rd,  
Yannawa district, Sathorn sub-district, Bangkok 10120  
Tel. 02 844 1000

- **Investment Unit Registrar:**

Krung Thai Assets Management Company Limited (plc)  
1 Empire Tower Building, 32<sup>nd</sup> Floor, South Sathorn Road,  
Yannawa district, Sathorn sub-district, Bangkok 10120  
Tel. 02 686 6100

- **Each Appraiser:**

TPA Valuation Company Limited  
74 Soi Nak Nivat 6, Nak Nivat Road, Lad Prao, Lad Prao, Bangkok  
Tel. 0-2105-4781

- **Fund Consultant (if any)**

-none-

#### **11) Operational Control**

The Krung Thai Assets Management limited (plc) is under the control of the Securities and Exchange Committee under the Securities and Stock Market Act 1992. For the control of the company's operation, there are board of directors and sub-committees which are the auditing committee and risk management committee for the general control of the company's operation. The Fund also has a Trustee who controls the management of the Fund to be in accordance with its project. Moreover, the company also has a compliance office whose duties are to ensure lawful operations. Additionally, the company has appointed the PIF investment management committee whose duties are to consider the assumption of duties of the Fund Manager, the management of the Fund's assets as well as potential risk factors to the Fund.

##### **11.1 Fund's policy of operational control**

The company puts great emphasis on the operational control of the Fund. The Fund Manager shall operate under the operation handbook of the division, covering various issues prescribed by the law such as inspection of income, approval of expenses, dividend payment, the annual inspection of assets,

insurance, unitholders meetings. Fund Managers shall hold internal inspection within the division at one level and the compliance office may randomly inspect the operation at another. Moreover, the Fund Managers and the compliance office of the company may hold meetings to monitor important movements regarding the management of Fund, and update the rules and regulations in order for the management of the Fund to be strictly in accordance with the Fund's project. In addition, the management of the Fund shall be under the control of the investment committee of the company in general and if an operational defect has been found, the compliance office shall submit the matter to the inspection committee of the office for their consideration and corrective order.

## **11.2 Sub - committees**

PIF investment management committee whose duties are to consider the assumption of duties of the Fund Manager, the management of the Fund's assets as well as potential risk factors to the Fund.

## **11.3 Committee Meeting**

- none-

## **11.4 insider trading**

The company's board of directors laid down the policy to prevent insider trading by stating that the Chief Executive Officer, consultant, executives, as well as officers shall have the duty to strictly abide by such policy measure. At the same time, the company has also prescribed regulations preventing insider trading as follows:

- The company provides for a Chinese Wall system and the operation system to prevent leakage of internal information of the Fund in the operating area of an access person;
- Ensure that there is a registration system to monitor the entry and exit of the access control area and keep such information for at least 6 months for inspection purposes;
- The care and maintenance of the safety of the Fund's internal information on the central computer system shall be carried out in accordance with the information technology safety regulations;
- The company appoints officers in access person division to be responsible for the care and maintenance of the safety of the Fund's internal information which has been filed in printed version of the documents;
- The company provides for there to be a record and filing of the communications within the operation room of the access person;
- The monitoring inspection regarding compliance to policies, code of conduct and operational rules of officers as follows:

Internal audit office has the duty to inspect in order to ensure that officers comply with rules, code of conduct and preventative regulations regarding insider trading, including the inspection on the compliance of relevant regulations such as:

1. Information Technology safety regulations;
2. Regulations regarding entry and exit of the controlled area;
3. Regulations controlling the buying and selling of stocks by officers;
4. Moreover, it has a duty to inspect in order to find leakage of information to outsider such as:
  - 4.1 Randomly inspect communication information of access person group;
  - 4.2 Randomly inspect log file information;
  - 4.3 Randomly inspect the buying or selling of the Fund's securities in such a way that indicates churning or in the volume that is higher than the ratio prescribed by the Investment Committee;
  - 4.4 Randomly select the buying and selling of Fund that are unusual and put emphasis on the inspection of the lists of stocks buying and selling by officers or those relating to the officers;

4.5 If the internal audit finds certain behaviour to constitute internal trading, it shall report such finding to the Chief Executive Officer in order to establish a committee to further inspect such behaviour and find a conclusion. If it is concluded that officers are involved in insider trading, report shall be made to the Securities and Exchange Committee immediately and the evidentiary documents shall be filed for the Committee's inspection.

Compliance Office has the duties to revise, improve and evaluate the effectiveness of the Chinese wall system, the policies, code of conduct and the operational rules of the officers at least once a year. Report of any defects must be made for the inspection of the committee and for the information of the board of directors. Improvement and correction must also be appropriately made.

## **11.5 Consideration of investment decision and the management of the Fund**

- 11.5.1 Any additional investment must be in accordance with the objectives and criteria of investment as prescribed in the project and be in accordance with the criteria prescribed by the Securities and Exchange Committee;
- 11.5.2 The analysis and feasibility study of such investment must be useful and appropriate to the purchase or the rental of the property;
- 11.5.3 The management of the investment in securities, the liquidity of the Fund or other methods of seeking profits shall be in accordance with the investment criteria on the basis of the unitholders' maximum interest;
- 11.5.4 Property Manager shall be appointed from the pool of specialized experts in the management of rental areas and tenant acquisition for the general benefit of the Fund.

## **11.6 The selection of the Property Manager (policies, factors and selection procedure)**

The Fund has selected the Thai Agro Exchange Company Limited as the Property Manager as it has direct experience in and expertise regarding the management of rental areas for central market, agricultural product and one-stop agricultural industry. The Management Company is of the opinion that the Thai Agro Exchange Company Limited is suitable to be the Fund's Property Manager for the following reasons:

- 11.6.1 Thai Agro Exchange Company Limited is knowledgeable and possesses an expertise in the management of the "Talaad Thai Project" as well as understands measures for the management of the market while having good relationship and familiarity with the tenants and trade partners of the Fund;
- 11.6.2 Thai Agro Exchange Company Limited is a well-known company who can effectively manage property, with past performance results trending good growth;
- 11.6.3 Thai Agro Exchange Company Limited is a major unitholder with the holding ratio of 33.33 per cent of the issued units. Thus, its operation of duties as the Fund's Property Manager shall give unitholders confident that the management of the Fund's assets shall be for the general benefit of the Fund.

## **11.7 Monitoring Property/Assets Manager's operation**

The Property Manager's operation is monitored by the Management Company. Each year, the Management Company shall consider giving approval to the budget and plan submitted by the Property Manager and the Fund Manager shall control and monitor the operation of the Property Manager to be in accordance with such plan that has been approved by the Fund. A meeting shall be called upon for the presentation of the results of the operation and measures to solve problems that may arise. The Property Manager must proceed to do the following:

- Write the annual budget and submit it to the Fund Manager for approval / consent for the creation of such budget from the Fund;
- The Property Manager must give monthly report of the operation result to the Fund Manager at their monthly meeting;

- Ensure that the contract appointing the Property Manager between the Fund and the Thai Agro Exchange Company Limited dated 11 November 2010 and any relevant additional memorandum or contract are abided by.

#### **11.8 Monitoring the Fund's benefit**

- Check the income to be in accordance with the contract from the information on the Rent Roll;
- Control expenses to be in accordance with the project on the management of Talaad Thai Leasehold Property Fund;
- The operations shall be conducted under the annual budget approved/agreed upon by the Fund;
- Check the Fund's assets regularly every year and conduct a surprise check at least once a year.

#### **11.9 Management Company remuneration**

- Management fee at a rate of no more than 2.00 per cent of the net value of the Fund's assets per year but no less than 2,000,000 Baht per year

For the accounting period from 1 January 2019 to 31 December 2019, the management fee was 4,512,048 Baht.

- The investment unit registrar fee at a rate of no more than 0.10 per cent of the value of the Fund's assets per year but no less than 180,000 Baht per year

For the accounting period from 1 January 2019 to 31 December 2019, the registrar fee was 1,353,614 Baht.

#### **11.10 Information disclosure/communication to the unitholders**

The company emphasises the importance of information disclosure/communication to the unitholders and provides measures on the disclosure of information, both financial and non-financial to be in accordance with the law. Internal auditing process must be followed before information can be disclosed. The disclosure process must be done through the SET Community Portal system of the Stock Market and the company's website.

#### **11.11 Unitholders meeting**

##### **Time period and procedure for the arrangement of unitholders meeting**

(a) The company shall arrange the annual unitholders meeting within 4 months from the final date of the accounting period in order to report to the unitholders meeting the minimum of the following information:

- (1) Important information regarding the management of the Fund and measures to be applied for the future management of the Fund;
- (2) Financial status and the performance of the Fund in the previous fiscal year where, at the minimum, the financial statement which has been inspected and given opinion on by the Auditor is presented;
- (3) The appointment of the Fund's Auditor and the auditing expenses.

(b) Extraordinary meeting shall be arranged in case of any of the following events:

- (1) When the Management Company sees fit to call a meeting of the unitholders for the benefit of the Fund management;
- (2) When the unitholders, who collectively hold the investment units of no less than 10 per cent of the Fund's issued units, have together submitted a written request for the Management Company to call a unitholders meeting where the reasons for such request are clearly written. In such case, the Management Company shall call the unitholders meeting within 45 days from the date that the unitholders' request is received.

**Unitholders rights (particularly regarding the holding of a meeting to consider important matters which requires special resolution from the unitholders)**

(a) The increase of registered capital of the Fund in order to improve the property acquired by the Fund's investment to be in good conditions and ready to be used for the procurement of benefit

For the increase of the Fund's registered capital, the Management Company shall take the following actions:

1. Obtain resolution from the unitholders concerning the objectives for the increase of the Fund's registered capital, the number of investment units and the additional amount of the registered capital, the pricing process of the investment units on offer and the method of the offer for the sales of the investment unit. The resolution must receive votes in accordance with the following criteria:

1.1 Where the resolution is requested by sending a request of resolution in writing to the unitholders, the votes in favour must be obtained from more than half of all of the issued units which have voting rights in the Fund;

1.2 Where the resolution is requested by calling a meeting of the unitholders, the votes in favour must be obtained from no less than three quarters of the investment units of the unitholders with voting rights who attend the meeting. At such meeting for the resolution, no less than 25 of the unitholders or no less than half of all of the unitholders must attend the meeting. The number of unitholders who attend such meeting must have investment units, collectively, of no less than a third of the issued units for there to be a quorum.

(b) For transactions with the Management Company, related persons to the Management Company and related person, the Management Company shall take the following actions:

1. For the investment in or the distribution of property or the leasehold right of property of the Fund and the related person after the initial investment, if the total value of such transaction that the Fund shall conduct with the related persons who are a group of the same person within the period of 6 months exceeds 100 million Baht or from 3 per cent of the net assets value of the Fund, whichever is lower, the Management Company must obtain the unitholders' resolution in accordance with the following criteria before such transaction:

1.1 Where the resolution is requested by sending a request of resolution in writing to the unitholders, the votes in favour must be obtained from more than half of all of the issued units which have voting rights in the Fund;

1.2 Where the resolution is requested by calling a meeting of the unitholders, the votes in favour must be obtained from no less than three quarters of the investment units of the unitholders with voting rights who attend the meeting. At such meeting for the resolution, no less than 25 of the unitholders or no less than half of all of the unitholders must attend the meeting. The number of unitholders who attend such meeting must have investment units, collectively, of no less than a third of the issued units for there to be a quorum.

- quorum

At the unitholders meeting, there must be no less than 25 unitholders attending the meeting themselves or by proxy. The number of unitholders attending such meeting must be no less than a quarter of the issued units in total, except otherwise stated in the project.

- Voting

At the unitholders meeting, whether the unitholders attend the meeting themselves or by proxy or whether the resolution is requested in a written communication, the unitholders shall possess one vote per one investment unit and shall not be able to separate the investment units for voting purposes, unless otherwise provided by law.

- Resolutions

The resolution on any matter at the unitholders meeting must receive the majority of votes which is no less than half of the investment units with voting rights attending the meeting. In case where the resolution is requested by written communication, the resolution must receive the majority of votes which is no less than half of the issued unit. These are except otherwise stated in the project.

**11.12 Selection and appointment of the board and the executives**

-none-

### **11.13 Auditor fee**

#### **(1) Audit fee**

For the accounting period from 1 January 2019 ending on 31 December 2019, the auditor fee was 1,329,050.00 Baht

#### **(2) Non-audit fee**

-none-

### **11.14 Other implementation of best practice in other matters (if any)**

-none-

## **12) Social responsibility**

12.1 Overview of the policy: the Talaad Thai Leasehold Property Fund conducts various forms of activities benefiting society by the Thai Agro Exchange Company Limited (Talaad Thai) in 2019 as follows:

From the past operations, it was found that the amount of agricultural products sold by farmers under the program was insufficient for consumer demands. Therefore, it originated the idea in establishing the memorandum of cooperation between the Ministry of Agriculture and Talaad Thai. The mission was to promote farmers to produce agricultural products of standard quality and expand the development of agricultural product marketing channels. This aimed at integrating and supporting the project to achieve the set target. More and clear collaboration was needed at all levels both central and regional. The Department of Agriculture will play an important role in supporting the production inspection, educating farmers who participate in the project, and performing the traceability. The Department of Agricultural Extension, Department of Cooperative Promotion, Office of Agricultural Land Reform will play an important role in selecting, promoting, and developing the farmers, farmer groups, community enterprises, and cooperatives according to the scope of responsibility of each department connected to the marketing of Talaad Thai. In 2020, the Ministry of Agriculture and Talaad Thai prepare to expand the results to the project of “Safe fruit in unity”. There is also the project of safe processed vegetables and fruits in unity.

The Memorandum of Cooperation in safe food promotion and marketing to the production established this time has the purposes in promoting and building trust among farmers and consumers towards the Thai agricultural product standardization system, supporting the development of system for certification of agricultural production standards of Thailand to be more efficient by raising the competitiveness to farmers who produce agricultural products that have been certified and a group of small entrepreneurs. This includes developing the potential of farmers to have knowledge, understanding of production planning and marketing planning in accordance with the policy of “marketing leading the production” of the Ministry of Agriculture and Cooperatives in order to drive the mentioned policy to have concrete results. After signing the Memorandum of Cooperation, all 5 agencies will join to integrate the cooperation and support in personnel, modern science, exchange of knowledge, experiences, and academic information among one another to drive the operations to achieve the set objectives.

## 12.2 Additional Guidelines regarding the prevention against involvement in corruption

-none-

### 13) Internal control and risk management

#### 13.1 Process of internal control relevant to the Fund management

The Management Company has internal control process relating to the management of investment for the property fund whether at the internal division level, inter-divisional level and inspection from various committees with the following details:

(1) In the property fund division and the basic infrastructure division, there shall be a separation of duties between the Fund Manager, whose responsibility shall be to manage the Fund, and the Fund's assistant manager whose main duties are in operations. The assistant manager shall be inspected by the manager and the manager must receive approval or agreement from another level of supervisor;

(2) Moreover, the management of the Fund, in the property fund division and the basic infrastructure division, shall be inspected by the compliance office and internal audit office which shall be in accordance with the annual work plan. Management issues covered are such as the inspection of assets, the appraisal of assets, income collection, payment of expenses, insurance, report. The compliance office and the audit office shall report their findings/observations to the inspection committee for further consideration;

(3) Further, for the management of the property fund to be carried out with care, strictness and effectiveness, the Management Company appoints PIF investment management committee whose duties are to consider the Fund Manager's assumption of duties and the decision to invest in the project's assets, the management of the Fund such as loan, dividend payment, assets purchase and distribution etc.

### 14) Prevention of conflict of interests

#### 14.1 Transactions between the Fund and Management Company and persons relevant/relating to the Management Company

(1) A related person or enterprise to the Fund means a person or an enterprise who/which has power of control over the Fund or is controlled by the Fund, whether directly or indirectly, or under the same control of the Fund including enterprise whose duties are to hold units, small sub-enterprise and enterprises which are sub-enterprises under the same group. Additionally, a related person or enterprise also means co-enterprise and persons holding investment units with voting rights, whether directly or indirectly and who have significant influence over the Fund, executives, board of directors or officers of the Fund, including family members with close relations to such person and enterprise relating to such persons.

The significant relationship between relating companies may be summarized as follows:

- Thai Agro Exchange Company Limited as the Property Manager of the Fund and a major unitholder of the Fund;
- Krung Thai Assets Management Company Limited (plc) as the Fund Manager hereinafter called the "Management Company".

#### **Transactions with group of the same persons are as follows:**

1. The Fund shall invest in the rented buildings which the Thai Agro Exchange Company Limited has the ownership of right as landlord prior to the date of investment by the Fund. The property to be invested in is part of the property owned by Thai Agro Exchange Company Limited.

2. The Thai Agro Exchange Company Limited and/or a group of the same persons as the Thai Agro Exchange Company Limited has the right to invest in the Fund's units, collectively, no more than one third of the issued units.

3. The Fund shall appoint Thai Agro Exchange Company Limited as the Property Manager of the Fund for the property to be invested in by the Fund.

**Necessity and reasonableness of transactions with related persons**

The Thai Agro Exchange Company Limited, as the landlord, has the right of ownership prior to the date of investment by the Fund. The Fund invests in the leasehold right of the building (in part) within the Talaad Thai Project from the Thai Agro Exchange Company Limited and registers the leasehold right for 20 years (contract ending 11 November 2030). At present, the Thai Agro Exchange Company Limited is a unitholder in the Fund. The Management Company has ensured that such holding is in accordance with the criteria prescribed by the Securities and Exchange Committee or any other agencies. Moreover, the Thai Agro Exchange Company Limited is appointed, by the Fund, as the Property Manager of the Fund with the duties, responsibilities and rights to receive remunerations stated in the Property Manager appointment contract and as specified in the project.

**For policies regarding transactions with the Management Company, related person to the Management Company and related person,** the Management Company's guidelines are as follows:

(1) For the initial investment, if the investment is in the leasehold right of property belonging to the Management Company or related person to the Management Company, the Management Company must submit a statement regarding the person to be appointed as Trustee to the Fund to the Securities and Exchange Committee. The statement must certify that the Trustee has received the appraisal report from the evaluating company and report concerning the investment decision of the Management Company; that the inspection of investment has been carried out under the project and that the transaction is deemed, from its characteristics, ordinary trade transaction such as at arm's length transaction. Once the Management Company receives an approval from the Securities and Exchange Committee to establish and manage the Fund, the Management Company shall appoint the person with such certification as the Trustee of the Fund, except for where there are necessary and appropriate reasons which have been approved by the Securities and Exchange Committee.

(2) In the investment in or distribution of the leasehold right of the property after the initial investment, if there is a transaction with the related person, the Management Company shall follow the criteria prescribed in the announcement of the Securities and Exchange Committee Office No. Sor Tor 14/2558 on the regulations in the details regarding the prevention and management of conflict of interest. Namely, if in the future the Fund has a transaction with a related person regarding the acquisition or distribution of assets or monetary securities, the management shall conduct the transaction in accordance with the value in the secondary market which is opened to the public. Where the company has an investment with or use services from the related persons, the company shall only conduct the transaction only where the returns or service fees are at the rates that can be referred from or are in accordance with trade practice for the transaction. Where a transaction with the related person has no value in the secondary market opened to the public or the cost, returns or services fees cannot be referred from or are not in accordance with trade practice for the transaction, the company shall only conduct the transaction with the related person when the Fund's Trustee gives a written approval prior to each transaction. Where a transaction with the related person concerns the acquisition or distribution of property of leasehold right or in a case where the transaction's value exceeds one hundred million baht, or from three per cent of the Fund's net value, the company can only conduct such transaction when the resolution of the unitholders is obtained and the a written certification is given from the Fund's Trustee that such transaction is of the ordinary characteristics as an "at arm's length transaction".

(2) Lists of related persons

**Report on list of related persons of the Krung Thai Assets Management Company Limited (Plc),**

**Talaad Thai Leasehold Property Fund (ending 31 December 2019)**



No.	Name list of the related parties	No.	Name list of the related parties
1	Financial Institutions Development Fund	40	Mr. Natthaphawin Mapaisalsin
2	Krung Thai Bank Public Company Limited	41	Mr. Terdsak Saengvimol
3	Krungthai Computer Services Co., Ltd.	42	Mr. Somkiat Rueangudom
4	KTB Law Co., Ltd.	43	Mr. Montri Thaveevitthayakul
5	KTB General Services Co., Ltd.	44	Mr. Chatchapol Sivaleephan
6	Krungthai Asset Management Pcl.	45	Mr. Kittisak Boonrasri
7	KTB Leasing Co., Ltd.	46	Mr. Sorarit Triemvorakul
8	KTB Advisory Co., Ltd.	47	Mrs. Pornpim Chokeriensukchai
9	Mr. Vachara Tuntariyanond	48	Mr. Saravutthi Iranoppaiboon
10	Mr. Tawat Yooyod	49	Mr. Nutta Mahatana
11	Mr. Vichien Siriveshvaravudh	50	Ms. Asara Chalermmook
12	Mr. Lavaron Sangsnit	51	Mrs. Juthamas Nutchprayoon
13	Mr. Surapol Opassatain	52	Ms. Sivaporn Vudanuphan
14	Mr. Thanathat Hongkou	53	Ms. Anuttama Bamrungsiri
15	Mr. Jaruvat Vaisaya	54	Mrs. Suphakorn Sujirattanamol
16	Mrs. Chavinda Hanratanakool	55	Mr. Kittichate Surachatepanitch
17	Mr. Wirote Tangcharoen	56	Ms. Nisawas Kritpraipha
18	Ms. Darabusp Pabhapote	57	Ms. Vilasinee Ussavangkoon
19	Ms. Hasawara Sangruji	58	Ms. Chanida Ophanurak
20	Ms. Voravannee Tangsirikusolwong	59	Ms. Maneeporn Duangmanee
21	Mrs. Saengchan Lee	60	Mr. Sakchai Vimolchaiyakit
22	Mr. Kris Na-Songkhla	61	Ms. Chanpen Malayasuwan
23	Mrs. Pilaiwan Ongthammakul	62	Mr. Vischupong Charoeniam
24	Mr. Piraj Migasena	63	Ms. Orawan Kiatphisansakun
25	Mr. Somchai Amornthum	64	Ms. Apinya Thienchairoj
26	Ms. Asama Lerldadasak	65	Mrs. Nutthachanan Wangthanakorn
27	Mr. Chalerm Lokitsaengthong	66	Mr. Peerapong Kijjakarn
28	Mrs. Rungtawan Issaraphan	67	Ms. Koonnatta Aphihalikitthchai
29	Ms. Prapai Kaveevongprasert	68	Mr. Ekkarin Plonguan
30	Mr. Terdyod Phajongsilpivat	69	Mr. Chanawit Lerdlamumpai
31	Mr. Seree Rabilthodsaporn	70	Mrs. Buathip Chantharakan
32	Mr. Kan Lachitakul	71	Ms. Peerapa Sukrojrat

No.	Name list of the related parties	No.	Name list of the related parties
33	Mr. Yuenyong Thepjamnong	72	Mr. Rittisak Kangkaya
34	Mr. Sompob Prakairungthong	73	Ms. Nongnuch Thongsin
35	Mr. Amornsak Vongseng	74	Ms. Atijit Manouchai
36	Mr. Somkhid Likhitparinya	75	Ms. Pimsupa Wongmuangkan
37	Ms. Suwanna Tatthayathikhom	76	Thai Agro Exchange Company Limited
38	Mr. Ekkamol Na Ranong	77	Citi Bank NA Bangkok Branch
39	Mrs. Sunee Naewpanitch		

**Report on list of related persons of the Krung Thai Assets Management Company Limited (Plc),**

**Talaad Thai Leasehold Property Fund**

**Only for the transactions concerning property or leasehold right in property**

**ending 31 December 2019**

No.	list of related persons
1	Citi Bank NA Bangkok Branch
2	Thai Agro Exchange Company Limited

**NB:** investors may directly check the details on transactions with related persons to the Fund at the Management Company.

**14.2 Transaction details between Funds and the Trustee and relevant/related persons to the Trustee, interests or other persons who may have conflict of interests**

Only transaction details between Funds where the remuneration of Trustee fee must be in accordance with the rates and criteria on the details of the project

**14.3 Information on the returns of benefit from the Fund's usage of another person's service (Soft/Hard dollar)**

**Conditions and criteria for the receipt of returns of benefit**

The company may receive returns of benefit for the Fund from a person who is a service provider in exchange for such person's usage of service in the management of the Fund (soft/hard dollar).

The criteria below must be followed:

(1) The return of benefits received must be in the form of assets with economic values and must be relevant to the direct role of the Fund in accordance with the securities and Stock Market law and;

( 2) There must not be any indications showing that the company uses the person too frequently beyond necessity in order for the Fund to receive benefits from such person (Churning).

In the distribution of such benefits to the Fund under the management of the company, the company must act in good faith with consideration to the characteristics and types of securities that the Fund may have.

(3) There shall be no conflict of interest with the Fund;

(4) There shall be no conflict with other criteria as prescribed by the Office at present or any additional amendment in the future.

Moreover, the company cannot receive Soft/hard dollar for the company's own benefit since it is prohibited by law and is specified by the code of conduct as inappropriate, except where the receipt of benefit is provided to the company or officers of the company by the service provider as is the tradition and guidelines announced within the company. The clients may request such guidelines from the company's website.

#### **Details of receipts of benefit**

<b>No.</b>	<b>Companies granting the benefit</b>	<b>Benefit received</b>	<b>Reason for receiving the benefit</b>
1	Bangkok Bank (plc)	Information, news, analysis and informative seminars	For the benefit of the investment of the Fund
2	Krung Thai Bank (plc)	Information, news, analysis and informative seminars	For the benefit of the investment of the Fund
3	Bank of Ayudhya (plc)	Information, news, analysis and informative seminars	For the benefit of the investment of the Fund
4	Kasikorn Bank (plc)	Information, news, analysis and informative seminars	For the benefit of the investment of the Fund
5	Kiatnakin Bank (plc)	Information, news, analysis and informative seminars	For the benefit of the investment of the Fund
6	J.P. Morgan Chase Bank (plc)	Information, news, analysis and informative seminars	For the benefit of the investment of the Fund
7	Citibank	Information, news, analysis and informative seminars	For the benefit of the investment of the Fund
8	CIMB Thai Bank (plc)	Information, news, analysis and informative seminars	For the benefit of the investment of the Fund
9	Deutsche Bank AG	Information, news, analysis and informative seminars	For the benefit of the investment of the Fund
10	The Royal Bank of Scotland NV	Information, news, analysis and informative seminars	For the benefit of the investment of the Fund
11	TMB Bank (plc)	Information, news, analysis and informative seminars	For the benefit of the investment of the Fund
12	Tisco Bank (plc)	Information, news, analysis and informative seminars	For the benefit of the investment of the Fund

No.	Companies granting the benefit	Benefit received	Reason for receiving the benefit
13	Siam Commercial Bank (plc)	Information, news, analysis and informative seminars	For the benefit of the investment of the Fund
14	Thanachart Bank (plc)	Information, news, analysis and informative seminars	For the benefit of the investment of the Fund
15	BNP Paribas Bank	Information, news, analysis and informative seminars	For the benefit of the investment of the Fund
16	UOB Bank (plc)	Information, news, analysis and informative seminars	For the benefit of the investment of the Fund
17	Standard Chartered Bank of Thailand (plc)	Information, news, analysis and informative seminars	For the benefit of the investment of the Fund
18	The Hong Kong Shanghai Banking Corporation Limited	Information, news, analysis and informative seminars	For the benefit of the investment of the Fund
19	Bank of America National Associations	Information, news, analysis and informative seminars	For the benefit of the investment of the Fund
20	Government Savings Bank	Information, news, analysis and informative seminars	For the benefit of the investment of the Fund
21	VTB Capital plc.	Information, news, analysis and informative seminars	For the benefit of the investment of the Fund
22	Credit Suisse International	Information, news, analysis and informative seminars	For the benefit of the investment of the Fund
23	KGI Securities (Thailand) Plc	Information, news, analysis and informative seminars	For the benefit of the investment of the Fund
24	Asia Plus Securities (Plc)	Information, news, analysis and informative seminars	For the benefit of the investment of the Fund
25	Capital Nomura Securities (Plc)	Information, news, analysis and informative seminars	For the benefit of the investment of the Fund

## Part 4 Financial Status and performance

### 15. Important financial information

#### 15.1 Financial Statement

Talaad Thai Leasehold Property Fund						
Balance Sheets						
	Baht			Baht		
	December 2019	December 2018	(+/-) %	December 2018	December 2017	(+/-) %
<b>Assets</b>						
Investments at fair value						
(at cost, 2019: Baht 2,124,402,723						
2018: Baht 2,121,789,202)	2,142,219,095	2,139,328,211	0.1%	2,139,328,211	2,106,772,377	1.5%
Cash and cash equivalents	180,369,218	153,013,671	17.9%	153,013,671	90,557,855	69.0%
Rental and service receivables	8,598,274	7,569,267	13.6%	7,569,267	11,916,773	(36.5%)
Prepayments	6,032,178	4,646,544	29.8%	4,646,544	5,354,293	(13.2%)
Other assets	460,447	146,532	214.2%	146,532	141,667	3.4%
<b>Total assets</b>	<b>2,337,679,212</b>	<b>2,304,704,225</b>	<b>1.43%</b>	<b>2,304,704,225</b>	<b>2,214,742,965</b>	<b>4.06%</b>
<b>Liabilities</b>						
Other account payables	3,816,313	3,835,299	(0.5%)	3,835,299	5,427,840	(29.3%)
Unearned rental and service income	64,392,257	66,600,507	(3.3%)	66,600,507	9,150,309	627.8%
Deposits received from customers	73,788,903	73,247,584	0.7%	73,247,584	71,902,633	1.9%
Accrued expenses	26,129,161	27,605,468	(5.3%)	27,605,468	22,064,524	25.1%
Other liabilities	5,595,469	4,023,028	39.1%	4,023,028	4,348,514	(7.5%)
<b>Total liabilities</b>	<b>173,722,103</b>	<b>175,311,886</b>	<b>(0.91%)</b>	<b>175,311,886</b>	<b>112,893,820</b>	<b>55.29%</b>
<b>Net assets</b>	<b>2,163,957,109</b>	<b>2,129,392,339</b>	<b>1.62%</b>	<b>2,129,392,339</b>	<b>2,101,849,145</b>	<b>1.31%</b>
Capital received from unitholders	1,782,000,000	1,782,000,000	0.00%	1,782,000,000	1,782,000,000	0.00%
Retained earnings	381,957,109	347,392,339	9.95%	347,392,339	319,849,145	8.61%
<b>Net assets</b>	<b>2,163,957,109</b>	<b>2,129,392,339</b>	<b>1.62%</b>	<b>2,129,392,339</b>	<b>2,101,849,145</b>	<b>1.31%</b>
<b>Net assets value per unit (Baht per unit)</b>	<b>12.0219</b>	<b>11.8299</b>		<b>11.8299</b>	<b>11.6769</b>	
Number of units outstanding at the end of the year (units)	<b>180,000,000</b>	<b>180,000,000</b>		<b>180,000,000</b>	<b>180,000,000</b>	

**Talaad Thai Leasehold Property Fund**  
**Statement of Income**

	Baht			Baht		
	December	December	(+/-)	December	December	(+/-)
	2019	2018	%	2018	2017	%
<b>Investment income</b>						
Rental and service income	572,446,365	562,295,821	1.81%	562,295,821	576,699,100	(2.50%)
Interest income	6,230,056	4,783,023	30.25%	4,783,023	3,614,642	32.32%
Other income	7,532,775	9,345,500	(19.40%)	9,345,500	7,216,867	29.50%
<b>Total income</b>	<b>586,209,196</b>	<b>576,424,344</b>	<b>1.70%</b>	<b>576,424,344</b>	<b>587,530,609</b>	<b>(1.89%)</b>
<b>Expenses</b>						
Management fee	4,512,048	4,418,680	2.11%	4,418,680	4,389,501	0.66%
Trustee fee	451,205	441,868	2.11%	441,868	438,950	0.66%
Registrar fee	1,353,614	1,325,604	2.11%	1,325,604	1,316,851	0.66%
Property management fee	147,834,626	151,551,171	(2.45%)	151,551,171	144,921,497	4.57%
Professional fee	1,755,666	950,200	84.77%	950,200	721,000	31.79%
Operating expenses	97,477,602	103,601,497	(5.91%)	103,601,497	95,440,471	8.55%
Other expenses	703,476	490,985	43.28%	490,985	564,578	(13.04%)
<b>Total expenses</b>	<b>254,088,237</b>	<b>262,780,005</b>	<b>(3.31%)</b>	<b>262,780,005</b>	<b>247,792,848</b>	<b>6.05%</b>
<b>Net investment income</b>	<b>332,120,959</b>	<b>313,644,339</b>	<b>5.89%</b>	<b>313,644,339</b>	<b>339,737,761</b>	<b>(7.68%)</b>
<b>Net gains (losses) from investments</b>						
Net unrealised (gains/losses) from investment valuation	343,811	(17,019,145)	(102.02%)	(17,019,145)	(15,547,067)	9.47%
<b>Total net (gains/losses) from investments</b>	<b>343,811</b>	<b>(17,019,145)</b>	<b>(102.02%)</b>	<b>(17,019,145)</b>	<b>(15,547,067)</b>	<b>9.47%</b>
<b>Increase in net assets from operations</b>	<b>332,464,770</b>	<b>296,625,194</b>	<b>12.08%</b>	<b>296,625,194</b>	<b>324,190,694</b>	<b>(8.50%)</b>

**Talaad Thai Leasehold Property Fund**  
**Statement of Changes in Net Assets**

	Baht			Baht		
	December	December	(+/-)	December	December	(+/-)
	2019	2018	%	2018	2017	%
<b>Increase in net assets from operations during the year</b>						
Net investment income	332,120,959	313,644,339	5.89%	313,644,339	339,737,761	(7.68%)
Net unrealised (gains/losses) from investment valuation	343,811	(17,019,145)	(102.02%)	(17,019,145)	(15,547,067)	9.47%
<b>Net increase in net assets from operations</b>	<b>332,464,770</b>	<b>296,625,194</b>	<b>12.08%</b>	<b>296,625,194</b>	<b>324,190,694</b>	<b>(8.50%)</b>
Dividend payments	(297,900,000)	(269,082,000)	10.71%	(269,082,000)	(302,544,000)	(11.06%)
<b>Increase/Decrease in net assets during the year</b>	<b>34,564,770</b>	<b>27,543,194</b>	<b>25.49%</b>	<b>27,543,194</b>	<b>21,646,694</b>	<b>27.24%</b>
Net assets at the beginning of the year	2,129,392,339	2,101,849,145	1.31%	2,101,849,145	2,080,202,451	1.04%
<b>Net assets at the end of the year</b>	<b>2,163,957,109</b>	<b>2,129,392,339</b>	<b>1.62%</b>	<b>2,129,392,339</b>	<b>2,101,849,145</b>	<b>1.31%</b>

**Talaad Thai Leasehold Property Fund**  
**Statement of Cash Flows**

	December 2019	Baht December 2018	(+/-) %	December 2018	Baht December 2017	(+/-) %
<b>Cash flows from operating activities</b>						
Increase in net assets from operations during the year	332,464,770	296,625,194	12.08%	296,625,194	324,190,694	(8.50%)
Adjustments to reconcile net increase (decrease) in net assets from operations to net cash provided by (used in) operating activities:						
Interest income	(6,230,056)	(4,787,474)	30.13%	(4,787,474)	(3,614,642)	32.45%
Bad debt expense	4,465,011	130,193	3,329.53%	130,193	-	
Allowance for doubtful accounts	(5,005,642)	5,421,706	(192.33%)	5,421,706	-	100.00%
Purchases of investment in leasehold properties	(2,697,201)					
Purchases of investment in securities	(1,354,439,083)	(1,345,370,988)	0.67%	(1,345,370,988)	(1,086,608,835)	23.81%
Disposal of investment in securities	1,360,000,000	1,300,000,000	4.62%	1,300,000,000	900,000,000	44.44%
Increase in rental and service receivables	(488,376)	(1,204,393)	(59.45%)	(1,204,393)	(3,322,272)	(63.75%)
Decrease in prepayments	(1,385,634)	707,749	(295.78%)	707,749	33,248	2,028.70%
Decrease in other assets	(257,962)	1,235	(20,987.61%)	1,235	226,107	(99.45%)
(Decrease) increase in other account payables	(18,986)	(1,592,541)	(98.81%)	(1,592,541)	3,018,684	(152.76%)
Increase (decrease) in unearned rental and service income	(2,208,250)	57,450,198	(103.84%)	57,450,198	(53,575,701)	(207.23%)
Increase (decrease) in deposit received from customers	541,319	1,344,951	(59.75%)	1,344,951	(5,202,813)	(125.85%)
Increase in accrued expenses	(1,476,307)	5,540,944	(126.64%)	5,540,944	383,464	1,344.97%
Decrease in other liabilities	1,572,441	(325,486)	(583.11%)	(325,486)	(1,383,701)	(76.48%)
Net unrealised losses from investment valuation	(343,811)	17,023,596	(102.02%)	17,023,596	15,547,067	9.50%
Cash provided by operating activities before interest received	(7,972,537)	330,964,884	(102.41%)	330,964,884	89,691,300	269.00%
Interest received		572,932	(100.00%)	572,932	951,127	(39.76%)
Net cash provided by operating activities	<b>(7,972,537)</b>	<b>331,537,816</b>	<b>(102.40%)</b>	<b>331,537,816</b>	<b>90,642,427</b>	<b>265.76%</b>
<b>Cash flows from financing activities</b>						
Dividend payments	(297,900,000)	(269,082,000)	10.71%	(269,082,000)	(302,544,000)	(11.06%)
Net cash used in financing activities	(297,900,000)	(269,082,000)	10.71%	(269,082,000)	(302,544,000)	(11.06%)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>27,355,547</b>	<b>62,455,816</b>	<b>(56.20%)</b>	<b>62,455,816</b>	<b>(211,901,573)</b>	<b>(129.47%)</b>
Cash and cash equivalents at the beginning of the year	153,013,671	90,557,855	68.97%	90,557,855	302,459,428	(70.06%)
<b>Cash and cash equivalents at the end of the year</b>	<b>180,369,218</b>	<b>153,013,671</b>	<b>17.88%</b>	<b>153,013,671</b>	<b>90,557,855</b>	<b>68.97%</b>



**Talaad Thai Leasehold Property Fund**  
**Significant Financial Information and Ratios**

	Since August 16, 2010 (Registration dated)									
	December 2019 Baht	December 2018 Baht	December 2017 Baht	December 2016 Baht	December 2015 Baht	December 2014 Baht	December 2013 Baht	December 2012 Baht	December 2011 Baht	December 2010 Baht
Information on operating results (per unit)										
Net assets value at the beginning of the year	11.8299	11.6769	11.5566	11.1645	10.8470	10.8830	10.7564	10.6831	10.1460	-
(Decreases/Increases capital (paid in/out) from Unitholders	-	-	-	-	-	-	-	-	(0.1000)	10.0000
Income from investing activities										
Net investment income	1.8451	1.7425	1.8875	1.9772	1.8287	1.6235	1.5720	1.5611	1.5070	0.1460
Net unrealised gains (losses) from investment valuation	0.0019	(0.0946)	(0.0864)	0.1634	0.0579	(0.2395)	(0.0254)	0.0022	0.3201	-
Total income from investing activities	1.8470	1.6479	1.8011	2.1406	1.8866	1.3840	1.5466	1.5633	1.8271	0.1460
Less Dividend payments	(1.6550)	(1.4949)	(1.6808)	(1.7485)	(1.5691)	(1.4200)	(1.4200)	(1.4900)	(1.1900)	-
Net assets value at the ending of the year	12.0219	11.8299	11.6769	11.5566	11.1645	10.8470	10.8830	10.7564	10.6831	10.1460
Ratio of net profit to average net assets during the year (%)	15.4446	14.0173	15.4849	18.8293	17.1166	12.6943	14.2557	14.5397	17.4990	1.4540
Significant financial ratios and additional significant information										
Net assets at the end of the year (Baht)	2,163,957,109	2,129,392,339	2,101,849,145	2,080,202,451	2,009,622,340	1,952,465,483	1,958,950,340	1,936,156,986	1,922,969,345	1,826,291,378
Ratio of total expenses to average net assets value during the year (%)	11.8036	12.4179	11.8358	13.0359	13.2363	13.3458	13.0469	12.0431	11.2388	2.4267
Ratio of investment income to average net assets value during the year (%)	27.2323	27.2397	27.9245	30.3601	29.7439	28.1341	27.4157	26.5628	25.6729	3.8813
Ratio of weighted average investment purchases and sales during the period to average net assets during the year (%)*	61.7551	63.4482	56.2608	25.9629	24.4199	54.7053	71.8274	119.7700	108.8800	397.1275
Weighted average net assets value during the year (Baht)	2,152,625,956	2,116,131,322	2,093,586,293	2,046,333,987	1,984,008,883	1,962,420,412	1,952,855,106	1,935,302,938	1,879,402,910	1,808,158,217

\* The value of investment purchases and sales during the year does not include cash at bank and is calculated by a weighted average basis over the accounting year.

## 15.2 Significant financial ratios

### Significant financial ratios of the Talaad Thai Leasehold Property Fund

#### Significant financial ratios of the Talaad Thai Leasehold Property Fund

	(per cent)		
Ratios	December 2019	December 2018	December 2017
<b>Overall performance</b>			
Ratio of increase net assets from the operation to average net assets value during the year	15.44%	14.02%	15.48%
Ratio of income investment to average net assets value during the year	27.23%	27.24%	27.92%
Ratio of total expenses to average net assets value during the year	11.80%	12.42%	11.84%
Ratio of weighted average of investment purchase and sales during the year to average net assets value during the year *	61.76%	63.45%	56.26%
<b>Liquidity Ratio</b>			
Liquidity ratio (times)	2.07	1.69	2.94
Quick liquidity ratio (times)	2.00	1.64	2.80
<b>Profitability Ratio</b>			
Gross Profit Margin rate	83.19%	81.88%	83.66%
Net Profit Margin rate	57.26%	54.87%	58.18%
Distribution yield rate (per Par @ 9.90 Baht)	16.82%	15.07%	16.40%
Distribution yield rate (per price at closing of market on the last working day of the year) **	0.00%	6.75%	5.95%
<b>Efficiency Ratio</b>			
Return on Asset rate	14.21%	13.61%	15.21%
Total Asset Turnover rate (times)	0.25	0.25	0.26
<b>Financial Policy Ratio</b>			
Ratio of debt to unitholders	0.10	0.10	0.06
Dividend payment rates ***	90.24%	90.53%	90.13%
Net assets value at end of year	12.0219	11.8299	11.6769

#### **NB**

\* The value of investment purchase and sales during the year does not include cash at bank and is calculated using the weighted average method according to the remaining period existing during the year.

\*\* The distribution yield rate (per price at closing of market on the last working day of the year) 2019 (21.70 Baht) 2018 (22.10 Baht), 2017 (27.30 Baht).

\*\*\* The consideration to pay the Fund's dividend does not include unrealized net profit from the measurement of the value of investment.

In 2019, the dividend payment rate was 90.24%, In 2018, the dividend payment rate was 90.53%. In 2017, the dividend payment rate was 90.13%.

## 16) Management Discussion and Analysis: MD&A

### 16.1 Analysis of past operations

	For the year ending on 31 <sup>st</sup> December 2019		For the year ending on 31 <sup>st</sup> December 2018		Increase/decrease	
	Baht	Percentage	Baht	Percentage	Baht	Percentage
<b>Investment income</b>						
Rental and service income	572,446,365	97.65%	562,295,821	97.55%	10,150,544	1.81%
Interest income	6,230,056	1.06%	4,783,023	0.83%	1,447,033	30.25%
Other income	7,532,775	1.28%	9,345,500	1.62%	(1,812,725)	-19.40%
<b>Total income</b>	586,209,196	100.00%	576,424,344	100.00%	9,784,852	1.70%
<b>Expenses</b>						
Management fee	4,512,048	0.77%	4,418,680	0.77%	93,368	2.11%
Trustee's fee	451,205	0.08%	441,868	0.08%	9,337	2.11%
Registrar fee	1,353,614	0.23%	1,325,604	0.23%	28,010	2.11%
Property management fee	147,834,626	25.22%	151,551,171	26.29%	(3,716,545)	-2.45%
Professional fees	1,755,666	0.30%	950,200	0.16%	805,466	84.77%
Administration expenses	97,477,602	16.63%	103,601,497	17.97%	(6,123,895)	-5.91%
Other expenses	703,476	0.12%	490,985	0.09%	212,491	43.28%
<b>Total expenses</b>	254,088,237	43.34%	262,780,005	45.59%	(8,691,768)	-3.31%
<b>Net investment income</b>	332,120,959	56.66%	313,644,339	54.41%	18,476,620	5.89%
<b>Realized and unrealized gains (losses) on Investments</b>						
Net realized gains on investments						
Unrealized gain (losses) on investments	343,811	0.06%	(17,019,145)	-2.95%	17,362,956	-102.02%
<b>Realized and unrealized gains (losses) on Investments</b>	343,811	0.06%	(17,019,145)	-2.95%	17,362,956	-102.02%
<b>Increase in net assets from operations</b>	332,464,770	56.71%	296,625,194	51.46%	35,839,576	12.08%

Regarding the operational performance of TTLPF for the year 2019 for the accounting period from 1<sup>st</sup> January, 2019, to 31<sup>st</sup> December, 2019, the fund has total revenue of 586.22 million baht, an increase of 9.78 million baht compared to the year 2019. This was because the Occupancy Rate) increased from the year 2019. The total income for the year 2019 consisted of rental and service income of 572.45 million baht or 97.65% of total income. The interest from the investments in fixed-income securities was in the amount of 6.23 million baht or 1.06% of total income. Other income was equivalent to 7.53 million baht or 1.28% of total income.

In the year 2019, the Fund had total expenses in the amount of 254.08 million baht or 43.34% of the total income, decreased compared to 2018. The Fund had total expenses in the amount of 262.78 million baht or 45.59% of the total income. Most of the expenses were property management fees in the amount of 147.83 million baht or 25.22% of the total income. The expense ratio compared to the total income of 2019 decreased. This resulted from the cost of the project implementation and the property management fee reduction.

In the year 2019, the Fund received net investment income in the amount of 332.12 million baht or 56.66% the total income, an increase of 18.47 million baht or 5.89% compared to 2018. The increase of income was mainly due to the higher occupancy rate and expense ratio compared to total income which decreased.

For the Occupancy Rate as of December 2019, the Fund has slightly increased the Occupancy Rate from 95.90% in 2018 to 96.57% in 2019 because property managers have managed the rental area efficiently. They were able to procure additional tenants for the Mixed Fruit Market and the income was increased from the Orange Market Auction which results in an increase in the overall Occupancy Rate of the Fund.

## Fund's financial status

	For the year ending on 31st December 2019		For the year ending on 31st December 2018		Increase/decrease Percentage	
	Baht	Percentage	Baht	Percentage		
<b>Assets</b>						
Investments following the fair value	2,142,219,095	91.6%	2,139,328,211	92.8%	2,890,884	0.1%
Cash and cash equivalents	180,369,218	7.7%	153,013,671	6.6%	27,355,547	17.9%
Receivables of rental and service fees	8,598,274	0.4%	7,569,267	0.3%	1,029,007	13.6%
Expenses paid in advance	6,032,178	0.3%	4,646,544	0.2%	1,385,634	29.8%
Other assets	460,447	0.0%	146,532	0.0%	313,915	214.2%
<b>Total assets</b>	<b>2,337,679,212</b>	<b>100.0%</b>	<b>2,304,704,225</b>	<b>100.0%</b>	<b>32,974,987</b>	<b>1.4%</b>
<b>Liabilities</b>						
Other payables	3,816,313	0.2%	3,835,299	0.2%	(18,986)	- 0.5%
Income from rental and service fees received in advance	64,392,257	2.8%	66,600,507	2.9%	(2,208,250)	-3.3%
Deposits received from customers	73,788,903	3.2%	73,247,584	3.2%	541,319	0.7%
Accrued expenses	26,129,161	1.1%	27,605,468	1.2%	(1,476,307)	-5.3%
Other liabilities	5,595,469	0.2%	4,023,028	0.2%	1,572,441	39.1%
<b>Total liabilities</b>	<b>173,722,103</b>	<b>7.4%</b>	<b>175,311,886</b>	<b>7.6%</b>	<b>(1,589,783)</b>	<b>-0.9%</b>
<b>Net assets</b>	<b>63,957,109</b>	<b>92.6%</b>	<b>2,129,392,339</b>	<b>92.4%</b>	<b>34,564,770</b>	<b>1.6%</b>
Net assets consist of						
Capital obtained from the Unitholder	1,782,000,000	76.2%	1,782,000,000	77.3%		
Retained earnings	381,957,109	16.3%	347,392,339	15.1%	34,564,770	9.9%
<b>Net assets</b>	<b>2,163,957,109</b>	<b>92.6%</b>	<b>2,129,392,339</b>	<b>92.4%</b>	<b>34,564,770</b>	<b>1.6%</b>
Net assets per unit (baht per unit)	12.2019		11.8299		0.1920	1.6%
Number of investment units totally paid on the ending date of the year	180,000,000		180,000,000			

As of 31<sup>st</sup> December, 2019, the Fund had total assets of 2,337.68 million baht, an increase of 32.97 million baht or 1.4% compared to as of 31<sup>st</sup> December, 2018, in which the fund had total assets of 2,304.70 million baht. The majority of the fund's assets are leasehold rights to certain buildings and structures in Talaad Thai Project which had the fair value in the amount of 2,142.22 million baht or 91.6% of total assets and cash and cash equivalents in the amount of 180.37 million baht or calculated as 7.7% of total assets.

As of 31<sup>st</sup> December, 2019, the Fund had total liabilities of 173.72 million baht, a decrease of 1.59 million baht compared to as of 31<sup>st</sup> December, 2018, in which the fund had total liabilities of 175.31 million baht. Most liabilities were deposits received from the customers in the amount of 73.79 million baht, representing 3.2%, advanced rental income and service fees received as rental guarantee in the amount of 64.39 million baht, equivalent to 2.8%.

As of 31<sup>st</sup> December, 2019, the Fund had the net assets in the amount of 2,163.96 million baht or represented the value of net assets per unit equaling to 12.0219 baht per unit increasing from 2018 by 1.6%. The Fund had the retained earnings in the amount of 381.96 million baht.

## **16.2 The Fund's ability and efficiency in profit making**

### **The profit-making ability and efficiency of the Fund in 2019**

#### **Gross Margin**

In 2019, the Gross Margin is 83.37 per cent, lower than that of the year 2018 equaling to 82.03 per cent. From such consideration, it can be shown that the property managers had the management of the rented area under the Talaad Thai Project enabling the Fund to improve reducing the expense for the project's operation. Thus, the gross margin decreases compared to 2018.

#### **Net Profit Margin**

In 2019, the Fund's Net Profit Margin is 56.66 per cent, a decrease from the previous year equaling to 54.41 per cent. Nevertheless, such profit margin still shows the operation efficiency that the Fund is able to manage the overall expenses of the Fund to be within the appropriate proportion which leads to the net profit margin, after all of the expenses are deducted, to still be high.

**Annualized Distribution Yield**

<b>Operational performance</b>		<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>January – March</b>	Q1	0.4220	0.3934	0.4598	0.4575	0.4131	0.3700
<b>April – June</b>	Q2	0.4120	0.4085	0.438	0.4305	0.3760	0.3600
<b>July – September</b>	Q3	0.4310	0.3000	0.3325	0.4505	0.4500	0.3300
<b>October - December</b>	Q4	0.4000	0.3900	0.393	0.4505	0.4100	0.3300
<b>Total</b>		<b>1.6650</b>	<b>1.4919</b>	<b>1.6233</b>	<b>1.7890</b>	<b>1.6491</b>	<b>1.3900</b>
<b>Distribution yield to unitholders</b>							
(Per Par @ 9.90 Baht)		16.82%	15.07%	16.40%	18.07%	16.66%	14.04%
(Per price at closing market on the last working day of the year)		7.64%	6.75%	5.95%	6.63%	8.33%	7.32%

In 2019, the Fund decided to pay dividend at 90.24 per cent of the net profit after the improvement or give the unitholders net payment equal to 1.6650 Baht/unit. The remaining amount of around 9.76% of the net profit after the improvement shall be reserved, by the Fund, for CAPEX and to be invested in the improvement of the rental areas of the Fund in order to create further returns to the Fund.

The distribution yield in 2019 is at 16.82 per cent, compared to Par at 9.90 Baht/unit or calculated 7.64 per cent compared to price at the closing of market at the end of 2018 (Closing price is at 21.70 Baht/unit).

**16.3 The Fund's ability and efficiency in its operations****The Fund's ability and efficiency in its operations for 2017 - 2019****Return on Assets**

In 2017 – 2019, the return on assets is 15.21 per cent, 13.61 per cent and 14.21 per cent, respectively. From considering such rate, it can be seen that even though in 2019 the return on assets increased from 13.61 to 14.21, when considering for the past 3 years, it can be seen that the Fund still has the ability to create return for the investment in the right to rent in the Talaad Thai project at appropriate level.

**Total Asset Turnover**

In 2017 – 2019, the total assets turnover rates are at 0.26 times, 0.25 times and 0.24 times, respectively. From these rates, it can be seen that the Fund has the ability to utilize all of the assets (right to rent part of the area in Talaad Thai project) to create income from rental and service fees at 0.24 times in 2019. This indicates that the Fund can effectively use the assets.

**16.4 Analysis of Fund's financial policies****The debt-to-equity ratio of the Fund in 2017-2019**

In 2017 – 2019, the debt-to-equity ratio (D/E ratio) is at the rates of 0.06 times, 0.082 times, and 0.080 times, respectively. It shows that the Fund has a lot less debt when compared to the ratio of equity. Most of the debt ratios are from the rent and service income paid in advance and the deposit from clients and not from loans. Thus, the ratio shows that the Fund's risk in the ability to repay its debt is at a very low level.

**The rate of the Fund's dividend payment in 2017 - 2019**

From the Fund's performance in the past 3 years (2017 – 2019), the Fund regularly distributes return in the form of dividend to the unitholders at the rates of 90.13 per cent, 90.53 per cent and 90.23 per cent of the net profit, respectively, after improvement.

**16.5 The analysis of the Fund's ability to manage assets**

The Fund's invested assets is "the leasehold right of part of the building and structure within Talaad Thai project" for the period of 20 years (remaining contracting period at present is 11 years 2 months 11 days on the date of assets appraisal). The rental of such assets is for the purpose of procurement of benefit from the assets by sub-letting it for the operation of a central market for agricultural products under the name of Talaad Thai Project.

#### **Details and value of assets for 2019**

Assets :	part of leasehold right under the Talaad Thai Project
Area :	101 Rai and 69.3 square wa
Appraisal price :	1,803 million Baht
Appraisal date :	1 <sup>st</sup> September 2019
Appraisal method :	Income approach
Appraisal basis :	Rentable area of 55,349.46 square metres occupancy rate of 93 per cent of the total area growth rate of 2.0 per cent per year discount rate of 15 per cent
Appraiser:	TAP Valuation Company Limited

#### **Asset Appraisal, Talaad Thai Project**

<b>Talaad Thai Projecy</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
<b>Appraisal Price</b>	1,803 million Baht	1,800 million Baht	1,817 million Baht	1,833 million Baht
<b>Appraisal Date</b>	1 September 2019	1 September 2018	1 September 2017	1 September 2016
<b>Appraiser</b>	TAP Valuation Company limited	True Valuation Company limited	15 Business Advisory Limited	True Valuation Company limited
<b>Discount Rate</b>	15%	15%	16%	15%

In 2019, the evaluated assets are valued at 1,803 million Baht, with the increase of 3 million Baht or 0.17 per cent reduction from 2018. The Appraiser uses the Income Approach which is a method of assets appraisal that considers the assets' ability to create income by calculating the present net value from estimating the expected cash current income receipt from such assets in the future. Most of the incomes are from the rental of market area and various concessions which are short-term rent (no more than 1 year). The rental rate is a fix rent and the estimated average occupancy rates are at 93% which is slightly lower than the average annual occupancy rate in the year 2019 equaling to 96.57%. Therefore, the appraisal of the independent appraiser is at an acceptable level.

The estimated discount rate used by the Appraiser in his calculation is 15 per cent which is referenced from the return rates of the 11-year government bond. It is considered as the Risk Free Rate at around 2 – 3 per cent combined with Risk Premium. When considering from the nature of assets, management, investment, business growth tendency, including the overall economic condition and other factors possibly affecting the business operation, the Appraiser views that the Risk Premium should be at 12.00%-13.00%. Thus, being combined with Risk Free Rate and Risk Premium, the discount rate is at 15 per cent approximately.

#### **16.6 Liquidity and sufficiency of the capital**

##### **Source of income acquisition and disposal**

In 2019, the net cash that the Fund acquires from operational activities amount to 332.46 million Baht, an increase of 12.08 per cent compared to the previous year. Most of the cash current acquired are

from the distribution of investment in securities and advance deposit. The disposed cash current of the Fund is mostly on the buying of investment in securities, the decrease of rental income and advance service fee. Moreover, the Fund also disposed cash current on the money distribution activity (payment of dividend) at 297.90 million Baht. After the cash current rate and the cash equivalent transactions are affected at the beginning of the year, the Fund has cash current and cash equivalent transaction of 180.37 million Baht at the end of the year.

### **Capital Expenditure (CAPEX)**

In 2019, the Fund put aside capital expenditure to be used for the improvement of the Fund's assets to be in ready-to-use condition and is able to create income for the Fund in the long-term. In 2019, the Fund spent the money on the improvement of the rental area within the project by taking out such investment budget in accordance with the work plan submitted to the Fund.

### **16.7 Factors that may affect the Fund in the future (Forward Looking)**

TTLPF has the policies to invest in the leasehold right of land and building (in part) in the Talaad Thai project which, at present, is the largest distribution centre for agricultural products in Thailand. The factors which may affect the Fund's procurement of benefit are as follows:

#### **Internal Factors:**

- 1) The management of parking areas in the Talaad Thai project at present is an open plan area with limited numbers of parking areas for the vehicles coming to use the service which may affect the number of people coming to use the service within the Talaad Thai project in the future.
- 2) The limitation in the capital for the development of the Talaad Thai Project – this is because the Fund cannot increase capital to spend on the development of property on the Fund's area at present. The source of capital, apart from the liquidity of the Fund, for capital acquisition remains only from loan which cannot be more than 10 per cent of the net value of the Fund. This leaves no flexibility in the operation for the development of the property project.

#### **External Factors:**

- 1) Competition condition at present – the Fund has new competitor who is a wholesale fruit market situated in the area near Talaad Thai project. This is a direct competitor which may decrease the Fund's tenants or service users.
- 2) Drought affecting the volume of agricultural products which are the main products of Talaad Thai Project – this may directly affect the price of agricultural crops in the future.
- 3) Concern over the country's general economic conditions affects the confidence and buying power of service users.



## **Independent Auditor's Report**

To the Unitholders of Talaad Thai Leasehold Property Fund

### **My opinion**

In my opinion, the financial statements of Talaad Thai Leasehold Property Fund ("the Fund") present fairly, in all material respects, the financial position and the details of investments of the Fund as at 31 December 2019, and its financial performance, changes in net assets, cash flows and significant financial information and ratios for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

### **What I have audited**

The Company's financial statements comprise:

- the balance sheet as at 31 December 2019;
- the details of investments as at 31 December 2019;
- the statement of income for the year then ended;
- the statement of changes in net assets for the year then ended;
- the statement of cash flows for the year then ended;
- the significant financial information and ratios for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

### **Basis for opinion**

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). 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 Fund in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. 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 judgment, were of most significance in my audit of the financial statements of the current year. I determine one key audit matter: valuation of investment in leasehold properties. The matter was addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on the matter.





Key audit matter	How my audit addressed the key audit matter
<b><i>Valuation of investment in leasehold properties</i></b>	
Refer to Note 4 to the financial statements for critical accounting estimates and judgements and Note 6 to the financial statements for investment in leasehold properties.	I held discussions with the Management Company and independent appraisers to understand the assumption used for measuring the valuation of investment in leasehold properties.
Investment in leasehold properties contributed to 77% of the Fund's total assets which estimated the fair value by using the income approach, in accordance with the accounting policy stated in Note 2.4.	I assessed on that basis and checked the validity of data used to evaluate the estimation of expected future cash flows received from leasehold properties as following:
I focused on this area because the valuation of investment in leasehold properties was necessary involved significant judgement and assumptions by Krung Thai Asset Management Public Company Limited ('the Management Company') about the fair value of investment in leasehold properties. The value is quantified by using the estimated future net cash flows adjusted by the growth rate, occupancy rate and discounted by the market rate. However, there is the uncertain estimation of cash flows received from leasehold properties throughout the leasehold period.	<ul style="list-style-type: none"> <li>• I evaluated the appropriateness of the estimated future cash flows received from independent appraisers. I inspected these inputs using supporting documentation: <ul style="list-style-type: none"> <li>• future net cash flows received from leasehold properties which were estimated from revenue, expenses and net income throughout the leasehold period</li> <li>• the growth rate, by agreeing the historical information and supporting documents with the recent renewals rate which was within an acceptable range</li> <li>• the occupancy rate by agreeing average occupancy rate from current information, which was within an acceptable range, and</li> <li>• the discount rate by benchmarking these against the same industries which was within an acceptable range.</li> </ul> </li> <li>• I recomputed the calculation of the valuation of investment in leasehold properties based on the expected future cash flows received from leasehold properties and discounted with the market rate to check the accuracy of data captured in the accounting records.</li> </ul>
	The above key factors regarding management's accounting estimates and judgements related to the valuation of investment in leasehold properties were acceptable in terms of industry practice.



#### **Other information**

The Management Company is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and my auditor's report thereon. The annual report 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 will 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 identified above when it becomes available 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, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the Management Company for correction of the misstatement.

#### **Responsibilities of the Management Company for the financial statements**

The Management Company is responsible for the preparation and fair presentation of the financial statements in accordance with TFRSs, and for such internal control as the Management Company determine 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 Management Company is responsible for assessing the Fund'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 Fund is being either liquidate or cease operations, or has no realistic alternative but to do so.

The Management Company is responsible for overseeing the Fund's financial reporting process.

#### **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 TSAs 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 TSAs, I exercise professional judgment and maintain professional scepticism 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Company.
- Conclude on the appropriateness of the Management Company 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 Fund'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 Fund 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 Management Company 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 Management Company 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 Management Company, I determine those matters that were of most significance in the audit of the financial statements of the current year 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.

PricewaterhouseCoopers ABAS Ltd.

**Sinsiri Thangsombat**  
Certified Public Accountant (Thailand) No. 7352  
Bangkok  
25 February 2020

**Talaad Thai Leasehold Property Fund**  
**Balance Sheets**  
**As at 31 December 2019**

	<b>Notes</b>	<b>2019 Baht</b>	<b>2018 Baht</b>
<b>Assets</b>			
Investments at fair value (at cost, 2019: Baht 2,124,402,723 2018: Baht 2,121,789,202)	13.2	2,142,219,095	2,139,328,211
Cash and cash equivalents	7	180,369,218	153,013,671
Rental and service receivables	8	8,598,274	7,569,267
Prepayments		6,032,178	4,646,544
Other assets		460,447	146,532
<b>Total assets</b>		<b>2,337,679,212</b>	<b>2,304,704,225</b>
<b>Liabilities</b>			
Other account payables		3,816,313	3,835,299
Unearned rental and service income		64,392,257	66,600,507
Deposits received from customers		73,788,903	73,247,584
Accrued expenses		26,129,161	27,605,468
Other liabilities		5,595,469	4,023,028
<b>Total liabilities</b>		<b>173,722,103</b>	<b>175,311,886</b>
<b>Net assets</b>		<b>2,163,957,109</b>	<b>2,129,392,339</b>
<b>Net assets represented by</b>			
Capital received from unitholders	9	1,782,000,000	1,782,000,000
Retained earnings	9	381,957,109	347,392,339
<b>Net assets</b>		<b>2,163,957,109</b>	<b>2,129,392,339</b>
Net assets value per unit (Baht per unit)		12.0219	11.8299
Number of units outstanding at the end of the year (units)		180,000,000	180,000,000

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

**Talaad Thai Leasehold Property Fund**  
**Details of Investments**  
**As at 31 December 2019**

Type of investments	Note	Cost		Fair value		Percentage of fair value	
		2019	2018	2019	2018	2019	2018
		Baht	Baht	Baht	Baht	%	%
<b>Investment in leasehold properties</b>	6						
Leasehold right in Talaad Thai project (Partial)							
Leasehold rights on building and construction 21 units							
Areas: 170,033.54 square metres*							
Location: 31/32, 31/1-3, 32/369-32/387, 32/6,							
32/9, 32/1034-5, 32/128, 32/475 Moo.9							
Phaholyothin Road K.M.42 Klongnueng,							
Klonglaung, Pathumthani Province							
Acquisition cost related to leasehold right		1,732,000,000	1,732,000,000	1,803,000,000	1,800,000,000	84.16	84.14
Building and construction improvements		19,722,220	19,722,220	-	-	-	-
		34,032,461	31,335,260	-	-	-	-
<b>Total investment in leasehold properties</b>		<b>1,785,754,681</b>	<b>1,783,057,480</b>	<b>1,803,000,000</b>	<b>1,800,000,000</b>	<b>84.16</b>	<b>84.14</b>
<b>Investment in securities</b>							
<b>The Bank of Thailand bonds</b>							
- CB20116B with maturity date on 16 January 2020		49,825,468	-	49,971,044	-	2.33	-
- CB20130B with maturity date on 30 January 2020		129,534,630	-	129,854,527	-	6.06	-
- CB20227B with maturity date on 27 February 2020		29,907,169	-	29,941,786	-	1.40	-
- CB20326B with maturity date on 26 March 2020		29,916,411	-	29,923,000	-	1.40	-
- CB20604A with maturity date on 04 June 2020		99,464,364	-	99,528,738	-	4.65	-
- CB19117B with maturity date on 17 January 2019		-	49,804,433	-	49,966,600	-	2.33
- CB19131B with maturity date on 31 January 2019		-	129,486,058	-	129,842,588	-	6.07
- CB19228B with maturity date on 28 February 2019		-	29,895,385	-	29,934,120	-	1.40
- CB19314C with maturity date on 14 March 2019		-	29,902,338	-	29,923,560	-	1.40
- CB19321B with maturity date on 21 March 2019		-	99,643,508	-	99,661,343	-	4.66
<b>Total investment in securities</b>		<b>338,648,042</b>	<b>338,731,722</b>	<b>339,219,095</b>	<b>339,328,211</b>	<b>15.84</b>	<b>15.86</b>
<b>Total investments</b>		<b>2,124,402,723</b>	<b>2,121,789,202</b>	<b>2,142,219,095</b>	<b>2,139,328,211</b>	<b>100.00</b>	<b>100.00</b>

(\*Comprises of the registered leasehold rights areas 84,407.50 square metres and leasehold assets areas 85,626.04 square metres including utilities system and facilities.)

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

**Talaad Thai Leasehold Property Fund**  
**Statement of Income**  
**For the year ended 31 December 2019**

	<b>Notes</b>	<b>2019 Baht</b>	<b>2018 Baht</b>
<b>Investment income</b>			
Rental and service income		572,446,365	562,295,821
Interest income		6,230,056	4,783,023
Other income		7,532,775	9,345,500
<b>Total income</b>		<b>586,209,196</b>	<b>576,424,344</b>
<b>Expenses</b>			
Management fee	11, 12	4,512,048	4,418,680
Trustee fee	11	451,205	441,868
Registrar fee	11, 12	1,353,614	1,325,604
Property management fee	11, 12	147,834,626	151,551,171
Professional fee		1,755,666	950,200
Operating expenses	11	97,477,602	103,601,497
Other expenses		703,476	490,985
<b>Total expenses</b>		<b>254,088,237</b>	<b>262,780,005</b>
<b>Net investment income</b>		<b>332,120,959</b>	<b>313,644,339</b>
<b>Net gains (losses) from investments</b>			
Net unrealised gains (losses) from investment valuation		343,811	(17,019,145)
<b>Total net gains (losses) from investments</b>		<b>343,811</b>	<b>(17,019,145)</b>
<b>Increase in net assets from operations</b>		<b>332,464,770</b>	<b>296,625,194</b>

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

**Talaad Thai Leasehold Property Fund**  
**Statement of Changes in Net Assets**  
**For the year ended 31 December 2019**

	<b>Note</b>	<b>2019 Baht</b>	<b>2018 Baht</b>
<b>Increase in net assets from operations during the year</b>			
Net investment income		332,120,959	313,644,339
Net unrealised gains (losses) from investment valuation		<u>343,811</u>	<u>(17,019,145)</u>
<b>Net increase in net assets from operations</b>		332,464,770	296,625,194
Dividend payments	10	<u>(297,900,000)</u>	<u>(269,082,000)</u>
<b>Increase in net assets during the year</b>		34,564,770	27,543,194
Net assets at the beginning of the year		<u>2,129,392,339</u>	<u>2,101,849,145</u>
<b>Net assets at the end of the year</b>		<u><u>2,163,957,109</u></u>	<u><u>2,129,392,339</u></u>

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

**Talaad Thai Leasehold Property Fund**  
**Statement of Cash Flows**  
**For the year ended 31 December 2019**

	<b>Note</b>	<b>2019 Baht</b>	<b>2018 Baht</b>
<b>Cash flows from operating activities</b>			
Increase in net assets from operations during the year		332,464,770	296,625,194
Adjustments to reconcile net increase (decrease) in net assets from operations to net cash provided by (used in) operating activities:			
(Reversal of) doubtful accounts expense		(5,005,642)	5,421,706
Bad debt expense		4,465,011	130,193
Interest income		(6,230,056)	(4,783,023)
Purchases of investment in leasehold properties	6	(2,697,201)	-
Purchases of investment in securities		(1,354,439,083)	(1,345,370,988)
Disposal of investment in securities		1,360,000,000	1,300,000,000
Increase in rental and service receivables		(488,376)	(1,204,393)
(Increase) decrease in prepayments		(1,385,634)	707,749
(Increase) decrease in other assets		(257,962)	1,235
Decrease in other account payables		(18,986)	(1,592,541)
(Decrease) increase in unearned rental and service income		(2,208,250)	57,450,198
Increase in deposit received from customers		541,319	1,344,951
(Decrease) increase in accrued expenses		(1,476,307)	5,540,944
Increase (decrease) in other liabilities		1,572,441	(325,486)
Net unrealised (gains) losses from investment valuation		(343,811)	17,019,145
Cash provided by operating activities before interest received		324,492,233	330,964,884
Interest received		763,314	572,932
Net cash provided by operating activities		325,255,547	331,537,816
<b>Cash flows from financing activities</b>			
Dividend payments	10	(297,900,000)	(269,082,000)
Net cash used in financing activities		(297,900,000)	(269,082,000)
Net increase in cash and cash equivalents		27,355,547	62,455,816
Cash and cash equivalents at the beginning of the year		153,013,671	90,557,855
Cash and cash equivalents at the end of the year		180,369,218	153,013,671

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



**Talaad Thai Leasehold Property Fund**  
**Significant Financial Information and Ratios**  
**For the year ended 31 December 2019**

	2019	2018	2017	2016	2015	2014
	Baht	Baht	Baht	Baht	Baht	Baht
<b>Information on operating results (per unit)</b>						
Net assets value at the beginning of the year	11.8299	11.6769	11.5566	11.1645	10.8470	10.8830
Income from investing activities						
Net investment income	1.8451	1.7425	1.8900	1.9772	1.8287	1.6240
Net unrealised gains (losses) from investment valuation	0.0019	(0.0946)	(0.0889)	0.1634	0.0579	(0.2400)
Total income from investing activities	1.8470	1.6479	1.8011	2.1406	1.8866	1.3840
Less Dividend payments	(1.6550)	(1.4949)	(1.6808)	(1.7485)	(1.5691)	(1.4200)
Net assets value at the ending of the year	12.0219	11.8299	11.6769	11.5566	11.1645	10.8470
<b>Ratio of net profit to average net assets during the year (%)</b>	15.4446	14.0173	15.4849	18.8293	17.1166	12.6943
<b>Significant financial ratios and additional significant information</b>						
Net assets at the end of the year (Baht)	2,163,957,109	2,129,392,339	2,101,849,145	2,080,202,451	2,009,622,340	1,952,465,483
Ratio of total expenses to average net assets value during the year (%)	11.8036	12.4179	11.8358	13.0359	13.2363	13.3458
Ratio of investment income to average net assets value during the year (%)	27.2323	27.2397	27.9245	30.3601	29.7439	28.1341
Ratio of weighted average investment purchases and sales during the period to average net assets during the year (%)*	61.7551	63.4482	56.2608	25.9629	24.4199	54.7053
Weighted average net assets value during the year (Baht)	2,152,625,956	2,116,131,322	2,093,586,293	2,046,333,987	1,984,008,883	1,962,420,412

\* The value of investment purchases and sales during the year does not include cash at bank and is calculated by a weighted average basis over the accounting year.

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

## **1 Business nature of Talaad Thai Leasehold Property Fund**

Talaad Thai Leasehold Property Fund (“the Fund”) is a closed-end property fund, set up for specific purpose. The Fund was established and registered as a fund on 16 August 2010 with no project life stipulated. The Fund’s objective is being to seek funds from general investors, using the proceeds of the sale of investment units to purchase and/or rent and provide benefits from those properties including to improve, alter, develop and/or dispose other assets in which the Fund invests or possesses whatsoever lease, sub-lease and/or sale or other process for the benefit of the property in order to create the revenue and return to the Fund and the unitholders. It includes the investment in other assets and/or other securities and/or seeks other interest by other means as stipulated in the securities laws or other relevant laws.

The Stock Exchange of Thailand has approved the listing of the Fund’s units and permitted their trading on 19 November 2010.

As at 31 December 2019, the major unitholder is Thai Agro Exchange Company Limited which holds 33.33% of the Fund’s units.

The Fund is managed by Krung Thai Asset Management Public Company Limited (“the Management Company”). Citibank, N.A. has been appointed to be the Trustee. Thai Agro Exchange Company Limited acts as the Property Manager.

These financial statements were approved by the Management Company’s management on 25 February 2020.

## **2 Accounting policies**

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below:

### **2.1 Basis of preparation**

The financial statements have been prepared in accordance with Thai Financial Reporting Standards (“TFRS”) and the financial reporting requirements issued under the Securities and Exchange Act. In addition, the financial statements have been prepared under the basis and format as required by the Thai Accounting Standard No. 106 “Accounting for Investment Companies”. The primary financial statements (i.e. balance sheet, details of investments, statements of income, statement of changes in net assets, statement of cash flows and significant financial information and ratios) are prepared in the full format as required by the Securities and Exchange Commission.

The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with TFRS requires management to use certain critical accounting estimates and to exercise its judgement in applying the Fund’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas that are more likely to be materially adjusted due to changes in estimates and assumptions are disclosed in Note 4.

An English version of financial statements have been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

## 2 Accounting policies (Cont'd)

### 2.2 New and amended financial reporting standards that are relevant and have significant impacts to the Fund

2.2.1 The Fund has applied the following standard and amendments for the first time for their annual reporting commencing 1 January 2019

- a) Thai Financial Reporting Standard no.15 (TFRS 15), *Revenue from contracts with customers*

The standard provides principle and approach of revenue recognition under five-step process. The underlying principle is that the Fund will recognise revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. It replaces the principles of transferring the significant risks and rewards of ownership of the goods or services to the buyer in accordance with TAS 18, *Revenue* and TAS 11, *Construction contracts*.

The Fund has adopted the new Thai Financial Reporting Standards (TFRS) no. 15, *Revenue from contracts with customers*, from 1 January 2019 which has no significant change in the method of revenue recognition under the previous revenue standard and TFRS15 and immaterially affects the Fund's presentation and disclosure.

- b) Thai Accounting Standard no.40 (revised 2018), *Investment property*

The amendments clarify that transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence. A change in use occurs when the property meets, or ceases to meet, the definition of investment property. A change in intention alone is not sufficient to support a transfer.

2.2.2 New and amended financial reporting standards that are effective for accounting period beginning or after 1 January 2020

Certain new and amended financial reporting standards have been issued that are not mandatory for current period end 31 December 2019 reporting period and have not been early adopted by the Fund.

- a) Financial instruments

The new financial standards relate to financial instruments are:

TAS 32	Financial instruments: Presentation
TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments
TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These new standards address the classification, measurement, derecognition of financial assets and financial liabilities, impairment of financial assets, hedge accounting, and presentation and disclosure of financial instruments.

## 2 Accounting policies (Cont'd)

### 2.2 New and amended financial reporting standards that are relevant and have significant impacts to the Fund (Cont'd)

#### 2.2.2 New and amended financial reporting standards that are effective for accounting period beginning or after 1 January 2020 (Cont'd)

Certain new and amended financial reporting standards have been issued that are not mandatory for current period end 31 December 2019 reporting period and have not been early adopted by the Fund. (Cont'd)

##### b) Thai Financial Reporting Standard no.16 (TFRS 16), *Leases*

Where the Fund is a lessee, TFRS 16, *Leases* will result in almost all leases being recognised on the balance sheet as the distinction between operating and finance leases is removed. A right-of-use asset and a lease liability will be recognised, with exception on short-term and low-value leases.

The Fund's management is currently assessing the impact of initial adoption of this standard.

##### c) Other new and amended standards

The new and amended financial reporting standards that will have significant impact on the Fund are:

##### TFRS 9 Financial instruments

*Amendment to TFRS 9, Financial instruments (prepayment features with negative compensation)* - enabling entities to measure certain prepayable financial assets with negative compensation at amortised cost instead of fair value through profit or loss. These assets include some loan and debt securities. To qualify for amortised cost measurement, the negative compensation must be 'reasonable compensation for early termination of the contract' and the asset must be held within a 'held to collect' business model.

The Fund's management is currently assessing the impact of initial adoption of this standard.

### 2.3 Cash and cash equivalents

In the statements of cash flows, cash and cash equivalents includes cash on hand, deposits held at call financial institution, short-term highly liquid investments with maturities of three months or less from acquisition date.

## **2 Accounting policies (Cont'd)**

### **2.4 Investments**

#### **Investment in leasehold properties**

Investment in leasehold properties, comprised of leasehold right on buildings and constructions, utilities system and facilities which invested by the Fund, are stated at fair value with no depreciation charge. The initial costs of properties have been stated at their assumed acquisition price plus associated costs.

The fair value by using income approach as of balance sheet date is based on the appraisal value determined by the independent professional appraisers licensed by the Securities and Exchange Commission Thailand ("the Thai SEC"). The Management Company will conduct an appraisal of the properties every two years from the date of the appraisal for the purchase or lease of the properties or when there are changes that materially affect the value of such investment properties and will update appraisals with a review every year after the date of the latest appraisal. A change in the fair value of investment property will be recognised in the statements of incomes as an unrealised gain or loss as of measurement date.

#### **Investment in debt securities**

Investments in debt securities are stated at fair value. The fair value is based on the latest yield quoted by The Thai Bond Market Association at the balance sheet date, or a bid yield of freed by a finance institution (Market Maker) if there was no yield on that date or, otherwise, are stated at fair value calculated by the Management Company, which follows the guideline in the announcement of The Association of Investment Management Companies.

Investment in debt securities with maturity within 12 months are stated at fair value. The fair value is based on the yield of those debt securities at settlement date.

Unrealised gains or losses from investment valuation are recognised in the statements of income as of measurement date.

On a disposal of an investment, the difference between the net disposal proceeds and the carrying amount (including cumulative changes in fair value recognised in equity) is recognised to the profit or loss. When the Fund disposes an investment partially, the carrying amount of the disposed part is determined by the weighted average method.

### **2.5 Rental and service receivables**

Rental and service receivables are amounts due from customers for rental and service performed in the ordinary course of business.

Rental and service receivables are recognised initially at the amount of consideration that is unconditionally unless they contain significant financing components, when they are recognised at its present value. The Fund presented trade receivables at cost less allowance for doubtful accounts.

### **2.6 Deposits received from customers**

Customers agree to deposit with the Fund in cash. The security deposit shall be held as security for securing the performance by customers under rental and service agreements. Within 30 days after customers have duly surrendered vacant possession of leased property in clean and good condition to the Fund, the Fund shall return to customer the security deposits without interest, less any unpaid amount and damages occurred to leased property.

## **2 Accounting policies (Cont'd)**

### **2.7 Provisions**

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in the provision due to passage of time is recognised as interest expense.

### **2.8 Revenue recognition**

Revenues include all revenues from ordinary business activities. All ancillary income in the course of the Fund's ordinary activities is also presented as revenue.

Revenues are recorded net of value added tax. They are recognised in accordance with the provision of goods or services, provided that collectibility of the consideration is probable.

Multiple element arrangements involving delivery or provision of multiple products or services are separated into distinct performance obligations. Total transaction price of the bundled contract is allocated to each performance obligation based on their relative standalone selling prices or estimated standalone selling prices. Each performance obligation is recognised as revenue on fulfillment of the obligation to the customer.

#### *Rental and services*

The Fund recognises revenues from leases and services contracts with a continuous service provision as revenue on a straight line basis over the contract term, regardless of the payment pattern.

### **2.9 Income tax**

The current income tax is calculated on the basis of the tax laws enacted for the Fund.

### **2.10 Dividend payments**

Dividends are recorded in the financial statements in the accounting period in which they are approved by the Investment Committee - Property Fund & Infrastructure Fund & REIT of the Management Company and set unitholders register's book closed date.

### **3 Dividend distribution policy**

The Management Company will consider making a dividend payment to the unitholders at least two times per year under the following terms and conditions:

- 1) If the Fund generates net profits in a particular financial year, the Management Company will make a dividend payment at the rate of not less than 90 percent of net profits to the unitholders. In this regard, the mentioned net profits will not include unrealised gain from valuation of investment in leasehold properties, securities or assets of the Fund.
- 2) In the event the Fund has retained earnings for the accounting period, the Management Company may consider making a dividend payment from such retained earnings to the unitholders.

In any event, such dividend payments shall not increase the accumulated losses for the accounting period in which the dividends are paid.

The Management Company will arrange to pay dividend as mentioned to the unitholders by 90 days after the closing of the financial year. In case the Management Company has already announced a dividend payment but thereafter is unable to make an actual dividend payment to the unitholders within such deadline, the Management Company shall notify in writing the unitholders and the Office of Securities and Exchange Commission Thailand of such event.

Additional Conditions:

In consideration of making a dividend payment, if the value of the interim dividend per unit to be paid during the financial year is equal or below Baht 0.10, the Management Company reserves its right to withhold that dividend payment and carry the whole amount over for the year-end dividend payment. In this regard, the Management Company will arrange to make a dividend payment in accordance with the determined procedures unless the Securities and Exchange Commission, Thailand and the Office of Securities and Exchange Commission, Thailand and/or other relevant authorities amend, modify, announce, order, approve and/or waive otherwise. In such case, the Management Company will proceed accordingly.

### **4 Critical accounting estimates and judgements**

The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

#### **Fair value of investment in leasehold properties**

The fair value of investment in leasehold properties that is not traded in an active market is determined by using discounted expected future cash flows received from leasehold properties by the appropriate discount rate which reflect related risks. The Fund engages an independence appraiser to assess the fair value of leasehold properties.

## 5 Capital risk management

The Fund's objectives when managing capital are to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Fund may adjust the amount of dividends paid to unitholders, return capital to unitholders, issue new units or sell assets to reduce future obligation.

## 6 Investment in leasehold properties

	<b>2019</b>	<b>2018</b>
	<b>Baht</b>	<b>Baht</b>
Investment in leasehold properties at the beginning of the year	1,800,000,000	1,817,000,000
Purchase of investments in leasehold rights in properties	2,697,201	-
Net unrealised gains (losses) from investment valuation during the year	302,799	(17,000,000)
Investment in leasehold properties at the end of the year	<u>1,803,000,000</u>	<u>1,800,000,000</u>

The Fund has invested in some part of leasehold properties at Talaad Thai wholesale market. These leasehold rights on building and construction which located at 31/32, 31/1-3, 32/369-32/387, 32/6, 32/9, 32/1034-5, 32/128, 32/475 Moo.9 Phaholyothin Road K.M.42 Klongnueng, Klonglaung, Pathumthani Province with the total utilisable area 84,407.50 Square Metre including the utility system and facilities with the total utilisable area 85,626.04 Square Metres, totaling utilisable area 170,033.54 Square Metres. The Fund entered into a long-term leasehold agreement for a period of 20 years, commencing from 13 November 2010.

The Fund engaged an independent appraiser to appraise its rights leasehold property under Talaad Thai project for the current remaining lease period of 10 years, 10 months, 11 days by using the Income Approach. This property valuations is based on the ability of the property to generate revenue by calculating the present value of estimated net cash flows from assets in the future, report dated 30 September 2019. The valuation technique used significant unobservable inputs such that the Fund classified the fair value measurement as Level 3 of fair value hierarchy according to TFRS 13 Fair value measurement.

As at 31 December 2019, the Fund adjusted investment in leasehold properties to fair value. The value of it is Baht 1,803 million. Unrealised gain from investment valuation is recognised in the statement of income for the year ended amounting to Baht 0.3 million.



## 7 Cash and cash equivalents

As at 31 December 2019 and 2018, the Fund has the details of cash and cash equivalents as follows:

Description	Principal (Baht)		Interest rate per annum (%)	
	2019	2018	2019	2018
Cash on hand	4,165	4,071	-	-
Deposits in current accounts				
- Thanachart Bank Public Company Company limited	2,000	2,000	-	-
- CIMB Thai Public Company Limited	-	1,000	-	-
- Kasikorn Bank Public Company Limited	30,000	30,069	-	-
- Bank of Ayudthaya Public Company Limited	-	8	-	-
- Siam Commercial Bank Public Company Limited	-	64	-	-
Deposits in saving accounts				
- Citi Bank N.A.	121,846,071	93,808,926	0.050 - 0.500	0.050 - 0.500
- Bangkok Bank Public Company Limited	25,572,441	26,773,775	0.375	0.375
- Thanachart Bank Public Company Limited	1,749,982	3,065,596	0.125	0.125
- Bank of Ayudthaya Public Company Limited	3,462,596	2,258,796	0.100	0.100
- CIMB Thai Public Company Limited	-	309,851	-	0.375
- Kasikorn Bank Public Company Limited	9,460,186	6,857,123	0.220	0.370
- Siam Commercial Bank Public Company Limited	11,816,790	12,249,513	0.375	0.375
- United Overseas Bank (Thai) Public Company Limited	6,424,987	6,879,968	0.700	0.850
- Land and Houses Bank Public Company Limited	-	772,911	-	0.870
Total	<u>180,369,218</u>	<u>153,013,671</u>		

## 8 Rental and service receivables

As at 31 December 2019 and 2018, rental and service receivables in statement of assets and liabilities can analyse aging as follows:

	2019 Baht	2018 Baht
Within 3 months	8,588,386	8,903,995
3 - 6 months	10,613	266,278
6 - 12 months	72,144	1,785,010
Over 12 months	343,195	2,035,690
	9,014,338	12,990,973
<u>Less</u> Allowance for doubtful accounts	<u>(416,064)</u>	<u>(5,421,706)</u>
Total	<u>8,598,274</u>	<u>7,569,267</u>

## 9 Unitholders' equity

As of 31 December 2019, there are 180,000,000 units (31 December 2018: 180,000,000 units) of Baht 9.90 par value registered, issued and paid-up.

Movements in capital account are as follows:

	2019		2018	
	Number of units	Baht	Number of units	Baht
Units registered, issued and paid-up	180,000,000	1,782,000,000	180,000,000	1,782,000,000
Beginning balance	180,000,000	1,782,000,000	180,000,000	1,782,000,000
Issue of units	-	-	-	-
Ending balance	180,000,000	1,782,000,000	180,000,000	1,782,000,000

Movements in retained earnings are as follows:

	2019 Baht	2018 Baht
Beginning balance	347,392,339	319,849,145
Add Net investment income	332,120,959	313,644,339
Unrealised gains (losses) from investment valuation	343,811	(17,019,145)
Less Dividend paid to unitholders (Note 10)	(297,900,000)	(269,082,000)
Ending balance	381,957,109	347,392,339

## 10 Dividends

Investment Committee - Property Fund & Infrastructure Fund & REIT of the Management Company approved the interim dividend payments for the years ended 31 December 2019 and 2018 are as follows:

The details of dividends for the year ended 31 December 2019 are as follows:

No	The operation for the period	Approved date	Unitholder register's		Per unit	Total
			book closed date	Payment date	Baht	Baht
1	1 October 2018 to 31 December 2018	15 February 2019	1 March 2019	15 March 2019	0.3900	70,200,000
2	1 January 2019 to 31 March 2019	17 May 2019	31 May 2019	14 June 2019	0.4220	75,960,000
3	1 April 2019 to 30 June 2019	15 August 2019	29 August 2019	16 September 2019	0.4120	74,160,000
4	1 July 2019 to 30 September 2019	18 November 2019	2 December 2019	19 December 2019	0.4310	77,590,000
						<u>297,900,000</u>

The details of dividends for the year ended 31 December 2018 are as follows:

No	The operation for the period	Approved date	Unitholder register's		Per unit	Total
			book closed date	Payment date	Baht	Baht
1	1 October 2017 to 31 December 2017	14 February 2018	28 February 2018	15 March 2018	0.3930	70,740,000
2	1 January 2018 to 31 March 2018	17 May 2018	30 May 2018	15 June 2018	0.3934	70,812,000
3	1 April 2018 to 30 June 2018	16 August 2018	31 August 2018	14 September 2018	0.4085	73,530,000
4	1 July 2018 to 30 September 2018	15 November 2018	30 November 2018	14 December 2018	0.3000	54,000,000
						<u>269,082,000</u>

## 11 Expenses

The management fee, trustee fee, registrar fee, property management fee and operating expenses are calculated as follows:

### **Management fee**

The Management Company received management fee from the Fund on monthly basis at the rate of not exceeding 2.00% per annum of net assets (excluding VAT) with at least Baht 2 million per year.

### **Trustee fee**

The trustee received remuneration from the Fund on monthly basis at the rate of not exceeding 0.50% per annum (excluding VAT) of net assets with at least Baht 0.18 million per year.

### **Registrar fee**

Operating expense of the registrar is calculated at the rate of not exceeding 0.10% per annum (excluding VAT) of net assets with at least Baht 0.18 million per year.

### **Property management fee**

The Property Manager received the property management fee from the Fund on monthly basis according to the property management agreement between the Fund and the Property Manager in term of 10 years. If there are no any other commitments, the agreement can continue automatically in term of 10 years each, commencing from 11 November 2010. The agreement can be summarised as follows:

- 1) The collection fee for rental and benefit on behalf of the Fund at the rate of 3.50% of net rental and benefit income, based on the Fund's assets which were managed by the property management only.
- 2) Commission for providing lessee and management at the rate of 6.00% of net rental and benefit income, based on the Fund's assets which managed by the property management only.
- 3) Special fee at the rate of 7.00% of net income from property. Net property income is total income of the Fund which received from rental, provide benefits and services from those properties less cost and related expenses which secured from providing benefits from those properties, moreover, the expenses do not include any remuneration and expenses of the Fund which related to property management fee of 1), 2) and 4).
- 4) Property management fee at Baht 60 million per year for the first year and it will be increased every 3 years at the rate of not exceeding 5.00% per annum.

However, total property management fee according to the abovementioned 1 - 4 will not be exceeding 30.00% of net rental and benefit income.

### **Operating expenses**

Operating expenses comprised of utilities expenses, cleaning expense, security expense, insurance expense, repair and maintenance expense, assets appraisal expense and property tax expense.

## 12 Related party transactions

Enterprises and individuals that, directly or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Fund, including holding entities, subsidiaries and fellow subsidiaries are related parties of the Fund. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Fund that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Fund and close members of the family of these individuals and entities associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The relationship among major related parties can be summarised as follows:

- Thai Agro Exchange Company Limited is the Property Manager of the Fund.
- Krung Thai Asset Management Public Company Limited is the Management Company of the Fund.

The following significant transactions were carried out with related parties:

### a) Revenue

	<b>For the year ended 31 December</b>	
	<b>2019 Baht</b>	<b>2018 Baht</b>
<b>Thai Agro Exchange Company Limited</b>		
Revenue and services	809,306	1,465,975

### b) Expenses

	<b>2019 Baht</b>	<b>2018 Baht</b>
<b>Thai Agro Exchange Company Limited</b>		
Property management fee	147,834,626	151,551,171
Operating expenses	46,986,585	46,552,604
<b>Krung Thai Asset Management Public Company Limited</b>		
Management fee	4,512,048	4,418,680
Registrar fee	1,353,614	1,325,604

### c) Outstanding balances

	<b>2019 Baht</b>	<b>2018 Baht</b>
<b>Thai Agro Exchange Company Limited</b>		
Rental and services receivables	79,335	36,586
Other account payables	18,457	6,287
Accrued expenses	21,491,808	22,320,210
<b>Krung Thai Asset Management Public Company Limited</b>		
Accrued expenses	511,426	503,256

## 12 Related party transactions (Cont'd)

### d) Dividends

	For the year ended 31 December	
	2019 Baht	2018 Baht
<b>Thai Agro Exchange Company Limited</b>		
Dividend payments	99,300,000	89,694,000

## 13 Financial risk management

### 13.1 Financial risk factors

As at 31 December 2019, the principal financial risks faced by the Fund are interest rate risk, credit risk, marketing risk, and liquidity risk.

#### 13.1.1 Interest rate risk

Interest rate risk is the risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial instruments. The financial assets that potentially subject the Fund to the interest rate risk are interest rate of bonds and deposit interest rates with banks which are fixed rate account.

#### 13.1.2 Credit risk

Credit risk is the risk that counterparties might not discharge their obligation causing the cash flow which will be received from financial asset of the Fund. Credit risk arises from risk in the collectability of lease rental from counterparties.

The Fund has no significant concentrations of credit risk because the Fund has a lot of tenants. Additionally, the Fund has a policy to collect in advance rental deposits from customers which is a collateral. The Management Company is of opinion that the Fund does not have credit risk other than that provided in the allowance for doubtful accounts as presented in the financial statements. The estimate for allowance for doubtful accounts (if any) encompasses consideration of past collection experiences, customers' deposits and other factors such as the local economic conditions.

#### 13.1.3 Liquidity risk

To maintain liquidity of the Fund, the Fund has maintained sufficient cash on hand, cash at bank and marketable securities.

## 13 Financial risk management (Cont'd)

### 13.2 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the assets that is measured at fair value at 31 December 2019 and 2018:

<b>2019</b>				
	<b>Level 1 Baht</b>	<b>Level 2 Baht</b>	<b>Level 3 Baht</b>	<b>Total Baht</b>
<b>Asset</b>				
Investment in leasehold properties	-	-	1,803,000,000	1,803,000,000
Investment in debt securities	-	339,219,095	-	339,219,095
<b>Total assets</b>	<b>-</b>	<b>339,219,095</b>	<b>1,803,000,000</b>	<b>2,142,219,095</b>
<b>2018</b>				
	<b>Level 1 Baht</b>	<b>Level 2 Baht</b>	<b>Level 3 Baht</b>	<b>Total Baht</b>
<b>Asset</b>				
Investment in leasehold properties	-	-	1,800,000,000	1,800,000,000
Investment in debt securities	-	339,328,211	-	339,328,211
<b>Total assets</b>	<b>-</b>	<b>339,328,211</b>	<b>1,800,000,000</b>	<b>2,139,328,211</b>

There were no transfers between levels 1 and 2 during the year.

#### a) Valuation techniques used to derive Level 2 fair values

Level 2 marketable debt securities are fair valued based on quoted last bid price by reference to the yield curve of the Thai Bond Market Association.

Other financial instruments not carried at fair value are typically short-term in nature and reprice to current market rate frequently. Accordingly, their carrying amount is a reasonable approximation of fair value. This includes cash and cash equivalents, rental and service receivables, other account payables, deposit received from customers and accrued expenses.

## 13 Financial risk management (Cont'd)

### 13.2 Fair value estimation (Cont'd)

#### b) Valuation techniques used to derive Level 3 fair values

The Management Company quantifies the investment value in properties by hiring independent professionally qualified valuer ("independent valuer") who holds a recognised relevant professional qualification and has recent experiences in the segment of the investment properties. The independent valuer reports directly to the Management Company. For financial reporting purpose, the Management Company reviews the valuation performed by the independent valuer. The Management Company and Trustee will review the process and result of valuation in each accounting period, in line with the Fund's reporting dates.

The main information that the appraiser used for fair value assessment Level 3 such as discounted cash flow was determined from business type, the location of project, generated cash flow and competitive market. The appraiser applied 15% (2018: 15%) of discounted cash flow for valued asset based on yield rate of government bond plus market, operational, and liquidity risk.

Changes in fair value are analysed every year by the Management Company and Trustee so that the Fund manager reviews the valuation assumptions which are applied by the independent valuer to analyse and review the reasonableness of changes in fair value.

There were no changes the valuation techniques during the year.

Sensitivity analysis for significant assumption as follows:

	Investment in leasehold properties increase (decrease) 2019 Million Baht
Increase 1.0% discount rate	(74)
Decrease 1.0% discount rate	78
Increase 1.0% rental growth rate	95
Decrease 1.0% rental growth rate	(90)
	Investment in leasehold properties increase (decrease) 2018 Million Baht
Increase 0.5% discount rate	(40)
Decrease 0.5% discount rate	41
Increase 0.5% rental growth rate	42
Decrease 0.5% rental growth rate	(41)

#### 14 Information regarding sale and purchase of investments

During the year ended 31 December 2019, the Fund has purchased and disposed investments in securities, excluding bank deposit amounting to Baht 2,714 million (2018: Baht 2,645 million) which represents 126% (2018: representing 125%) of the weighted average net asset value during the year.

#### 15 Segment reporting

The Fund operates in business which is the investment in property and the business is only operated in Thailand. Therefore, the presentation of segment information is not necessary.

#### 16 Commitments

As at 31 December 2019 and 2018, the Fund has commitment for property management fee which will be increased every 3 years at the rate of not exceeding 5% per annum (Note 11), waste management fee, cleaning service fee and security fee. The future aggregate minimum payments under these agreements are as follows:

	<b>2019 Baht</b>	<b>2018 Baht</b>
No later than 1 year	64,025,035	58,684,100
Later than 1 year but not later than 5 years	226,167,512	231,286,529
Over 5 years	352,402,489	411,772,670
Total	<u>642,595,036</u>	<u>701,743,299</u>

#### 17 Event after the balance sheet date

The Investment Committee - Property Fund & Infrastructure Fund & REIT of the Management Company, held on 17 February 2020, approved the dividend payments No. 37 from the operations during 1 October 2019 until 31 December 2019 of Baht 0.40 per unit, totalling Baht 72,000,000. The dividends will be paid on 16 March 2020.



17) Trustee's Opinion

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**Mutual Fund Supervisor Report**

To: Unit holders of the Talaad Thai Leasehold Property Fund

Whereas Citibank, N.A. Bangkok, the Mutual Fund Supervisor of the Talaad Thai Leasehold Property Fund which is managed by Krung Thai Asset Management Public Company Limited has performed duties as the Mutual Fund Supervisor for the period beginning 1 January 2019 to 31 December 2019.

We have prepared this report base on given sources of information as of the date hereof and believed by us to be reliable, but we does not warrant the accuracy or completeness of the same and expressly disclaims liability for any error or omission (including any third party liability). There can be no assurance that future event or results will be consistent with any such report. Neither us nor any of its directors, employees or agents guarantees the repayment of capital, the performance or the distribution of the funds and be liable for any loss as a result of any action or omission made in reliance of this report.

In our opinion, Krung Thai Asset Management Public Company Limited has performed its duties in managing the Fund correctly and appropriately according to the objectives specified in the Fund management project, which was approved by the Office of the Securities and Exchange Commission and under the Securities Exchange Act B.E. 2535.

Citibank, N.A. - Bangkok

(Kris Antakorn Joedjun Sunantapongsak)

Citibank N.A.

Mutual Fund Supervisor

Citibank, N.A – Bangkok.

22 January 2020 JK.C

Citibank, N.A.

## **Part 5 certification of information accuracy**

The Management Company has reviewed, with due diligence, the information appeared on the annual information form and the Management Company certifies that such information is correct, complete, is not false, does not mislead or does not lack information which should appear in the substantive facts. Moreover, the Management Company certifies that:

- (1) The financial budget and information on the annual information form of the Fund appears correctly and completely in the substantive facts on the financial status and the performance of the Fund;
- (2) The Management Company has provided for a good system of disclosure in order to ensure that the Fund's disclosure in the part of substantive facts has been done correctly and completely. This includes the supervision for such system to be followed;
- (3) The Management Company has provided for a good internal compliance system and has taken control for such system to be followed. The Management Company has submitted the information on the evaluation of the internal compliance system on 6 February 2019 to the auditor of the Fund's account, which covers the defect and important changes of the internal compliance system as well as unlawful acts which may affect the financial report of the Fund.

In this connection, to evidence that all of the documents consist of the same set of documents that the Management Company has certified, the Management Company appoints Mr. Piraj Migasena or Mr. Eakamol Na. Ranong as the signatories for each pages of the document. If a document does not have the signature of Mr. Piraj Migasena or Mr. Eakamol Na. Ranong affixed to it, the Management Company shall deem such document to not be the information that the Management Company has certified as above.

<u>Name</u>	<u>Positions</u>	<u>Signatures</u>
1. Mr. Piraj Migasena	Executive Vice President	.....
2. Mr. Eakamol Na. Ranong	Senior Vice President,	.....
as Management Company		

(Mrs. Chavinda Hanratanakool)  
Chief Executive Officer  
Krung Thai Assets Management Company Limited (plc)