

CPNREIT



ANNUAL
REPORT **2019**





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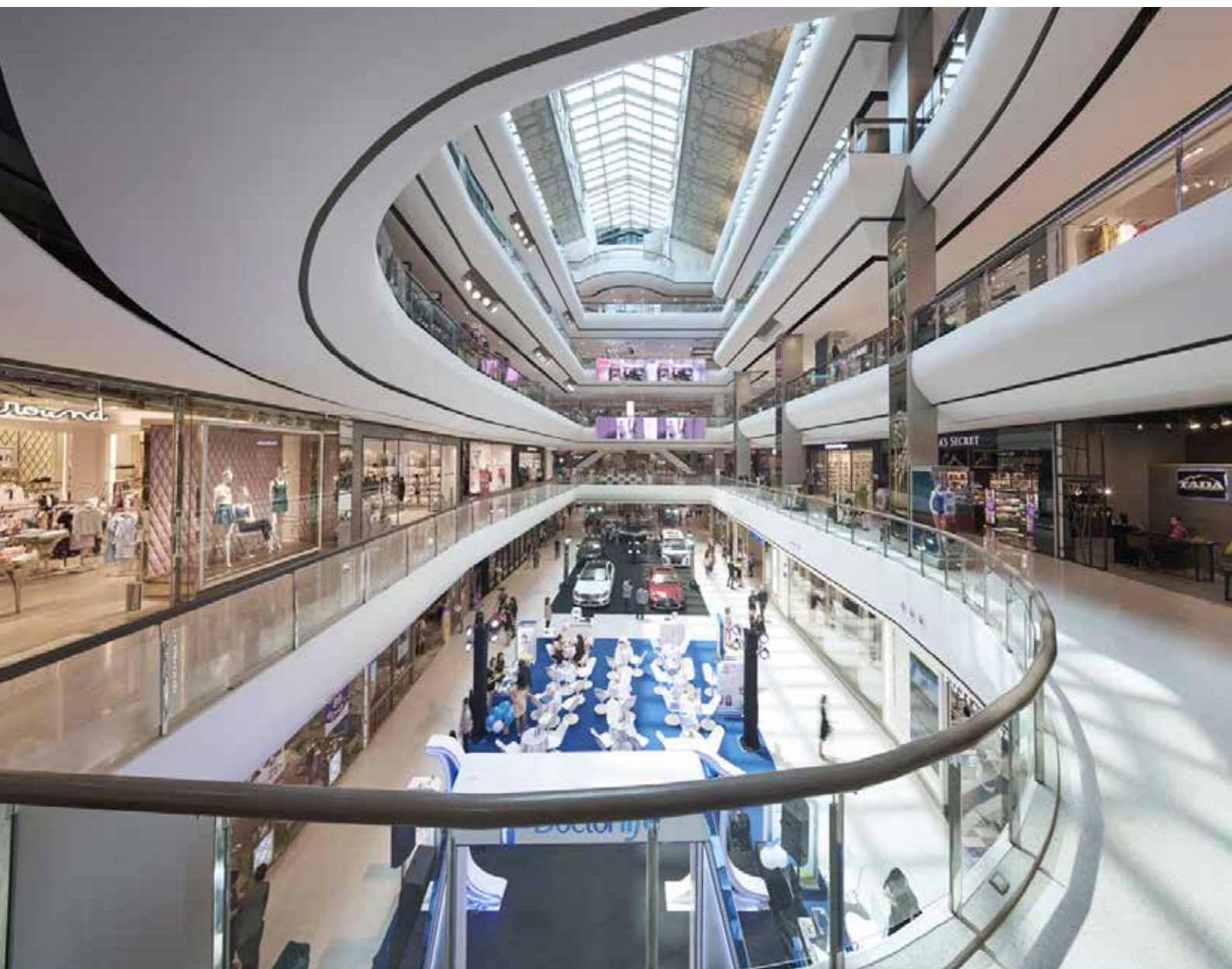
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SUMMARY

OF CPNREIT

1. Detail of assets

Detail ¹	Project						
	CentralPlaza Rama 2 ²	CentralPlaza Rama 3	CentralPlaza Pinklao	Pinklao Tower A and B	CentralPlaza Chiangmai Airport	Central Festival Pattaya Beach	Hilton Pattaya ³
Land (Rai-ngan-sq.w.)	53-2-38.4	12-2-44.6	24-2-84.0		32-3-56.9	-	
Gross Floor Area (sq.m.)	251,182	169,740	137,692	50,653	122,991	70,095	49,686
Gross Leasable Area (sq.m.)	82,930	36,495	27,656	34,307	37,806	29,404	302 Rooms
Parking (sq.m.)	98,813	90,186	66,118		44,142	14,930	572
Land Leasehold and/or Sub-Leasehold Right	20 years ; Ending 15 Aug 2025	30 years ; Ending 15 Aug 2035 ⁴	15 years ; Ending 31 Dec 2024		30 years ; Ending 22 Apr 2044	-	
Building Leasehold and/or Sub-Leasehold Right	20 years ; Ending 15 Aug 2025	30 years ; Ending 15 Aug 2035 ⁴	15 years ; Ending 31 Dec 2024		30 years ; Ending 22 Apr 2044	20 years ; Ending 31 Aug 2037	
Valuation as of 31 Dec 2019 (THB Million)	6,359	11,447	5,216		10,655	7,290	3,505

Note: ¹ More information in section nature of benefits procurement

² Within 1 April 2020, CPNREIT will renew the leasehold rights for CentralPlaza Rama 2 (renewal period), in accordance with the resolution of the Extraordinary General Meeting No. 1/2019

³ More information in section nature of benefits procurement (Benefit Procurement from in Hotels)

⁴ Options to renew the lease contracts twice for a term of 30 years each

FINANCIAL SUMMARY

Income Statement Unit : THB million	2019	2018	2017¹	CPNREIT 29 Nov– 31 Dec 2017	CPNRF 1 Jan – 4 Dec 2017
Property income	5,131.0	4,923.4	3,521.8	377.8	3,144.0
Interest income	10.6	3.9	4.1	0.5	3.6
Total income	5,141.6	4,927.3	3,525.9	378.4	3,147.6
Property expenses	705.7	774.9	651.7	108.6	543.1
Financial costs	502.4	400.7	94.9	30.1	64.8
Other management fees and expenses	177.4	174.0	55.4	15.9	39.5
Total expenses	1,385.5	1,349.6	802.0	154.6	647.3
Net investment income	3,756.1	3,577.7	2,724.0	223.7	2,500.2
Net property income margin (%)	86.2	84.3	81.5	71.3	82.7
Net investment income margin (%)	73.2	72.7	77.3	59.2	79.5

Note: ¹ FY2017 from Financial Statements from 29 November (date of incorporation) to 31 December 2017 of CPNREIT and Financial Statements from 1 January to 4 December 2017 of CPNRF

Balance Sheet Unit : THB million	31 Dec 19	30 Sep 19	30 Jun 19	31 Mar 19	31 Dec 18
CentralPlaza Rama 2	6,359.0	6,962.0	6,962.0	6,962.0	6,962.0
CentralPlaza Rama 3	11,447.0	10,698.0	10,698.0	10,698.0	10,698.0
CentralPlaza Pinklao and Pinklao Tower A and B	5,216.0	5,678.0	5,678.0	5,678.0	5,678.0
CentralPlaza Chiangmai Airport	10,655.0	10,658.0	10,658.0	10,658.0	10,658.0
CentralFestival Pattaya Beach	7,290.0	7,289.0	7,289.0	7,289.0	7,289.0
Hilton Pattaya	3,505.0	3,465.0	3,465.0	3,465.0	3,465.0
Total investment in properties	44,472.0	44,750.0	44,750.0	44,750.0	44,750.0
Investment in securities	901.6	1,849.6	1,005.8	1,002.5	999.4
Cash on hand and at banks	509.9	227.8	427.6	423.5	341.7
Other assets	803.4	785.7	771.6	747.6	758.7
Total assets	46,687.0	47,613.1	46,955.0	46,923.6	46,849.8
Deposits received from customers	1,583.6	1,571.8	1,557.2	1,545.0	1,543.6
Borrowings	-	726.2	-	-	4,468.7
Debentures	14,524.1	14,523.2	14,522.3	14,521.4	10,030.4
Other liabilities	878.2	763.1	852.8	849.9	811.9
Total liabilities	16,985.8	17,584.3	16,932.3	16,916.3	16,854.6
Net asset	29,701.2	30,028.8	30,022.7	30,007.3	29,995.2
NAV per unit (THB)	13.4244	13.5725	13.5697	13.5627	13.5573

Leasable Area and Occupancy

Project	Area (sq.m.)		Occupancy rate ¹ (%)			
	GFA	NLA ¹	31 Dec 19	30 Sep 19	30 Jun 19	31 Mar 19
CentralPlaza Rama 2	251,182	82,930	95.2	95.5	95.5	95.3
CentralPlaza Rama 3	169,740	36,495	97.0	95.7	97.0	94.1
CentralPlaza Pinklao	137,692	27,656	99.8	99.2	96.5	98.3
Pinklao Tower A and B	50,653	34,307	90.0	89.3	90.2	89.8
CentralPlaza Chiangmai Airport	122,991	37,806	96.7	94.1	94.9	93.7
CentralFestival Pattaya Beach	70,095	29,404	98.1	98.4	98.4	98.4
Total/Average	802,353	248,598	95.8	95.2	95.3	94.8
Hilton Pattaya ²	49,686	302 Rooms	83.9	88.5	90.3	92.5

Note: ¹ Anchor and in-line tenants only

² Average quarterly occupancy rate

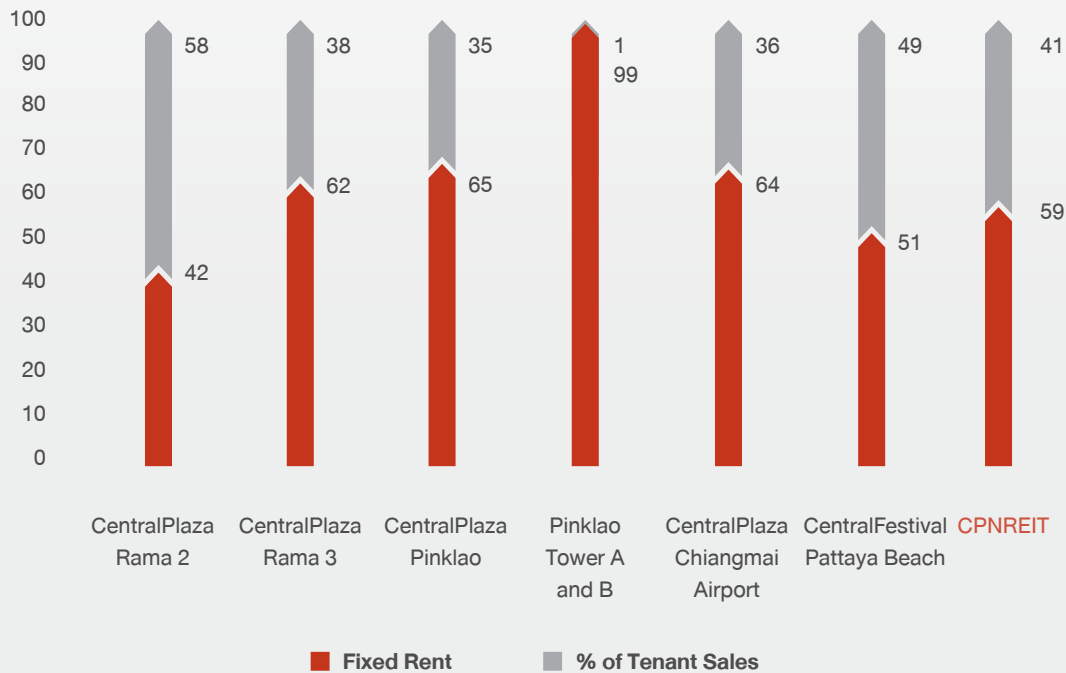
Renewals and New Leases

Project	From 1 January to 31 December 2019		
	Renewals and New Leases ¹		
	No. of Leases	Area (sq.m.)	% of Total ²
CentralPlaza Rama 2	91	8,242	10
CentralPlaza Rama 3	25	3,617	10
CentralPlaza Pinklao	34	5,557	20
Pinklao Tower A and B	52	12,752	41
CentralPlaza Chiangmai Airport	96	8,434	23
CentralFestival Pattaya Beach	23	2,815	10
Total	321	41,417	17

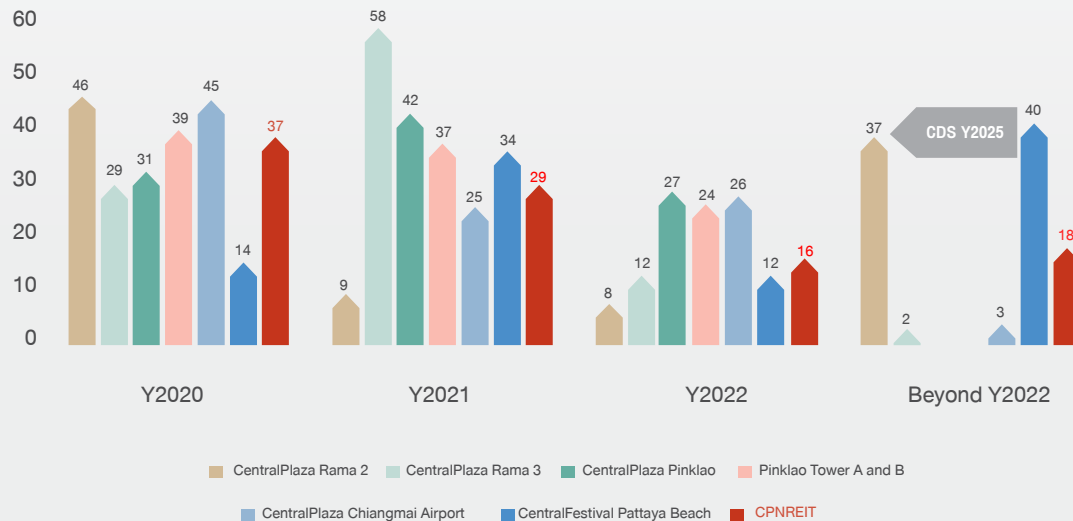
Note: ¹ Exclude rental agreements < 1 year and Anchor tenants

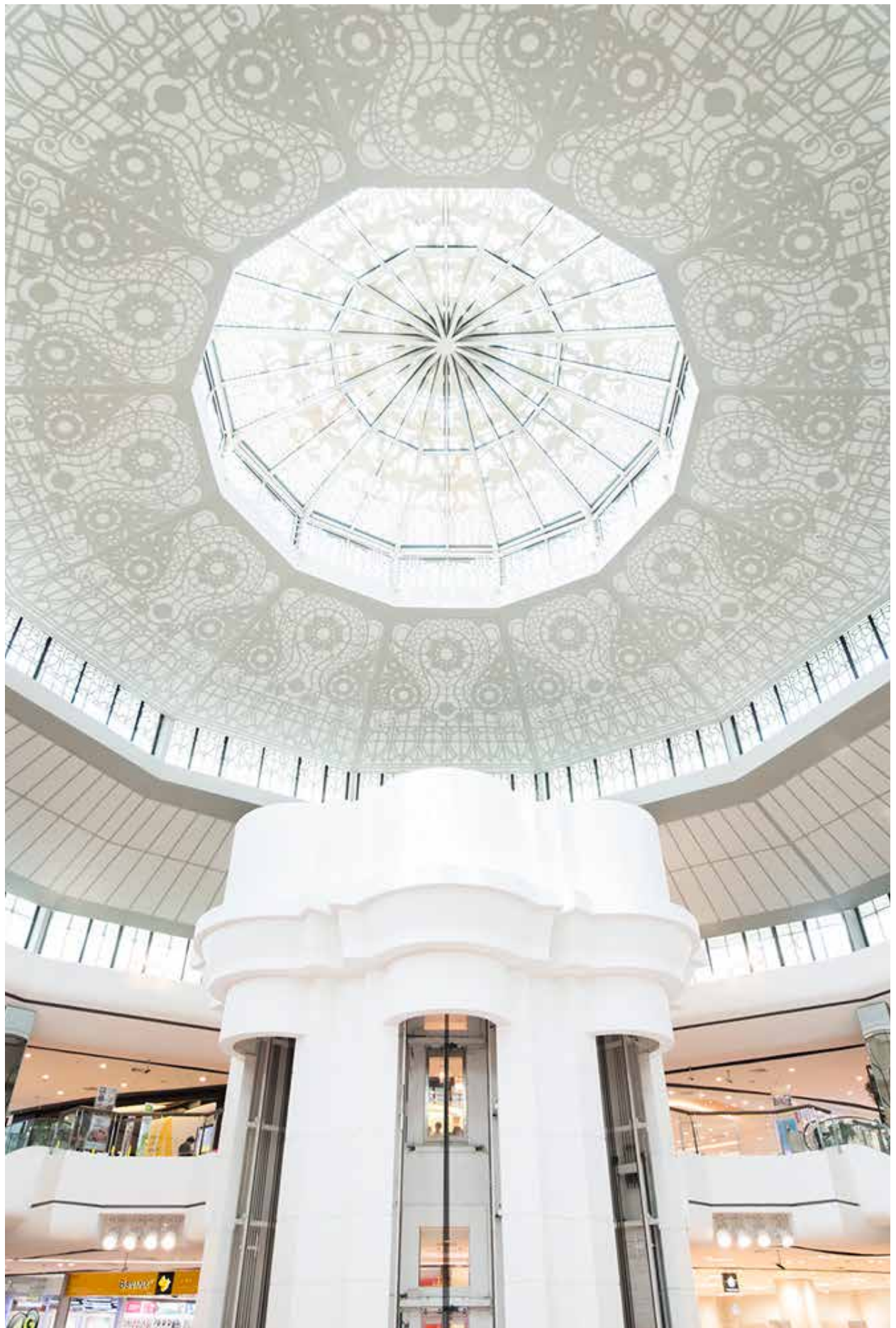
² Percentage of leasable area exclude Anchor area as at 31 December 2019

Rental Structure as of 31 December 2019 (%)



Lease Expiry Profile as of 31 December 2019 (%)







MESSAGE FROM THE CHAIRMAN

To All Trust Unitholders,

In 2019, CPN Retail Growth Leasehold REIT (“CPNREIT”) continued to prosper under efficient management of Central Pattana Public Company Limited (“CPN”), the property manager. This is well proven by the high occupancy rate of 95.8% of five shopping malls that CPNREIT has invested in. Such success was attributable to the shopping mall management under the ‘Center of Life’ and ‘Center of Community’ concept, entailing various destination concepts such as Food Destination to offer a diverse array of food; Family Destination to encourage family members to spend time together; and Co-Working Destination to allow for an exchange of ideas and experiences. The satisfactory full-year 2019 results of CentralPlaza Rama 3, after completion of its major renovation in 2018, and the favorable performance of other shopping malls altogether helped growing CPNREIT’s total revenues by 4.3% from a year earlier and enabled CPNREIT to distribute returns from the 2019 performance at a rate of THB 1.6230 per unit, an increase of 0.4%.

For the operation of CPNREIT, CPN REIT Management Company Limited (“the Company”), as the REIT Manager, has undertaken appropriate funding management. In early 2019, CPNREIT issued two tranches of fixed-rate debenture with total value of THB 4,495 million for repayment of floating-rate loans from financial institutions, in order to save interest expenses in the long term. TRIS Rating Co., Ltd. (“TRIS Rating” or “TRIS”) maintained both the issuer rating and rating of such debentures at “AA” with “Stable” outlook.



Then on 22 November 2019, the Extraordinary General Meeting of Unitholders No. 1/2019 passed the resolution to approve the additional investment by CPNREIT, consisting of

- Group-1 Assets from CPN, comprising 1) CentralMarina, 2) CentralPlaza Lampang, 3) CentralPlaza Suratthani, and 4) CentralPlaza Ubonratchathani. These will procure financing sources for additional investment, including rental payment for renewal land lease of CentralPlaza Rama 2 in 2025 for the lease period of August 2025 to August 2055; and
- Group-2 Assets from GLAND Office Leasehold Real Estate Investment Trust (“GLANDRT”), comprising 1) The Ninth Towers Office Building and 2) Unilever House Office Building.

This investment in additional assets, the Company has performed in accordance with the strategy of consistently exploring investment opportunities for CPNREIT to ensuring ongoing growth. The Company will procure benefits from those assets to generate income and returns to CPNREIT and assure consistent returns to of the trust unitholders in the long run.

Lastly, the Company, as the REIT Manager, would like to express our gratitude to all trust unitholders for your continued support. The Company is committed to managing CPNREIT under the corporate governance policy for sustainable growth of CPNREIT and stable returns to all trust unitholders.

Ms. Auyporn Footrakul

Chairman of the Board of Directors
CPN REIT Management Company Limited

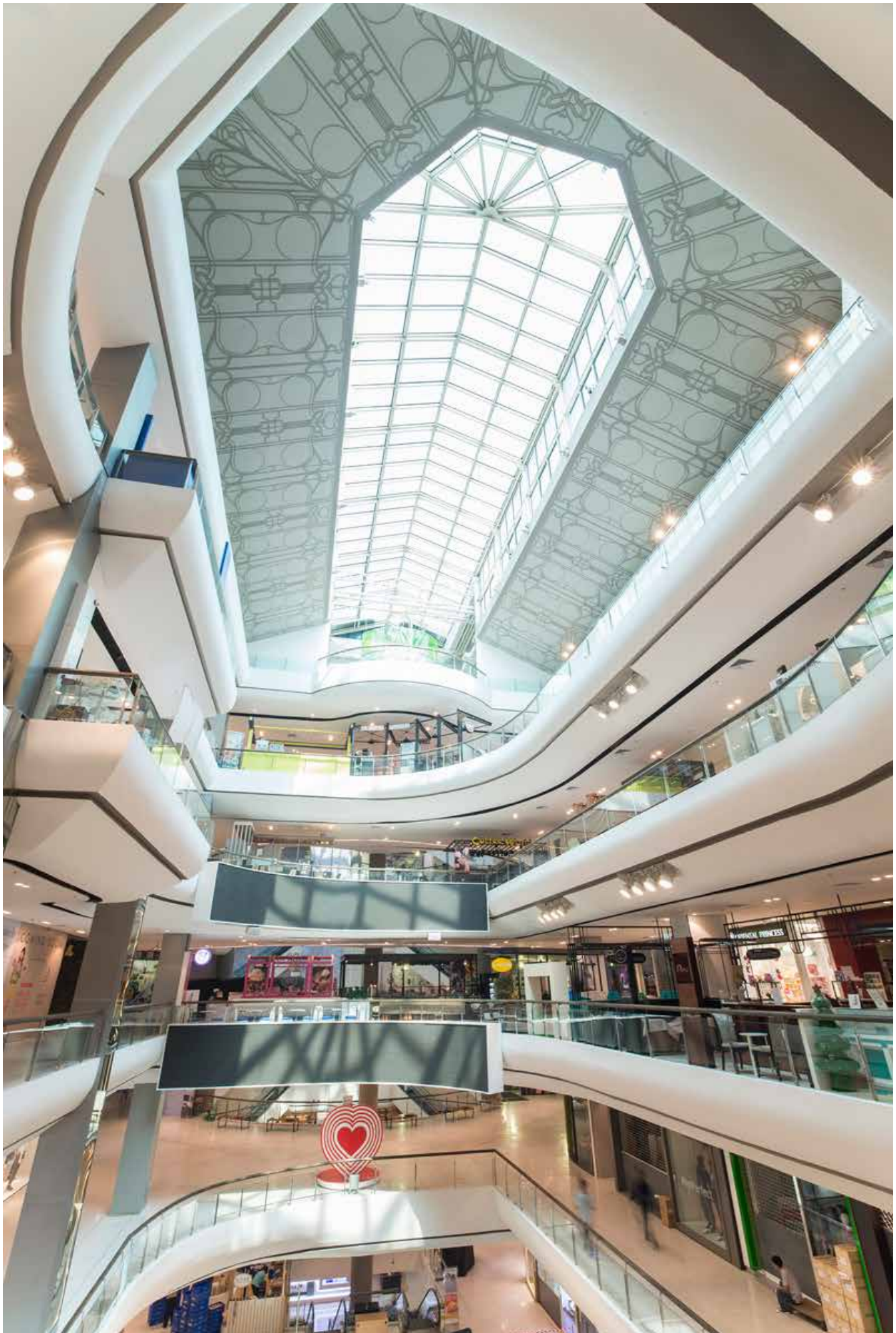


GENERAL INFORMATION

Name of REIT	CPN Retail Growth Leasehold REIT
Ticker	CPNREIT
REIT Manager	CPN REIT Management Company Limited (“the Company”)
Property Manager	Central Pattana Public Company Limited (“CPN”)
Sub-Lessee (Hotel Manager)	CPN Pattaya Hotel Company Limited (“CPN Pattaya Hotel”)
Trustee	SCB Asset Management Company Limited (“SCBAM”)
Term of REIT	Indefinite (Leasehold rights with the longest remaining term to be expired on August 15, 2095)
Type of REIT	Non-redeemable and specific real estate investment trust
Paid-up Capital	THB 29,016,410,672

CPNREIT was established on 1 December 2017 from the conversion from CPN Retail Growth Leasehold Property Fund (“CPNRF”). The trust units of CPNREIT were first traded on the Stock Exchange of Thailand on 14 December 2017.

Currently, CPNREIT had been investing in 5 shopping malls, which are CentralPlaza Rama 2, CentralPlaza Rama 3, CentralPlaza Pinklao, CentralPlaza Chiangmai Airport and CentalFestival Pattaya Beach with total leasable area of 214,291 sq.m., 2 office buildings which are Pinklao Tower A and B totaling 34,307 sq.m. of leasable area, and Hilton Pattaya.



OBJECTIVE, INVESTMENT POLICY AND NATURE OF BENEFIT PROCUREMENT

Objective and Investment Policy of CPNREIT

1. Objective of CPNREIT

The objective of CPNREIT is to invest in the core properties by means of purchasing and/or leasing and/or sub-leasing and/or accepting transfer of leasehold rights and/or sub-leasehold rights of properties. CPNREIT shall seek benefits from such core properties in the form of rental and service fees, or any other income of similar nature. In addition, CPNREIT will engage in modification, change, enhancement of potential, development and/or disposal of assets for the purpose of generating income and returns for the interest of unitholders in the long run. CPNREIT also aims to make additional investments in core properties for the purpose of continuous growth of its income base, as well as to invest in other assets and/or securities and/or seek interests by any other means in compliance with the securities law and/or any other applicable laws.

2. Investment Policy

CPNREIT will focus on its investments in immovable properties, leasehold rights in immovable properties, and sub-leasehold rights in high-end immovable properties, particularly shopping malls. CPNREIT will also invest in other types of immovable properties that are related to or complement immovable properties in the category of shopping malls, such as assets for commercial purposes, office buildings, hotels, and serviced apartments, etc., as core assets of CPNREIT. CPNREIT will do so by means of purchasing and/or leasing and/or sub-leasing and/or accepting transfer of leasehold rights and/or sub-leasehold rights in the core assets, and place emphasis on the generation of benefits in the form of rental income and service fees, or any other income of a similar nature. In addition, CPNREIT shall cause improvement, change, enhancement, development, and/or disposal of assets for the purposes of generating income and returns to CPNREIT in the continuous interests of the unitholders in the long-term. Furthermore, CPNREIT also intends to make additional investments in additional assets in order to achieve the continuous growth of its income and so as to

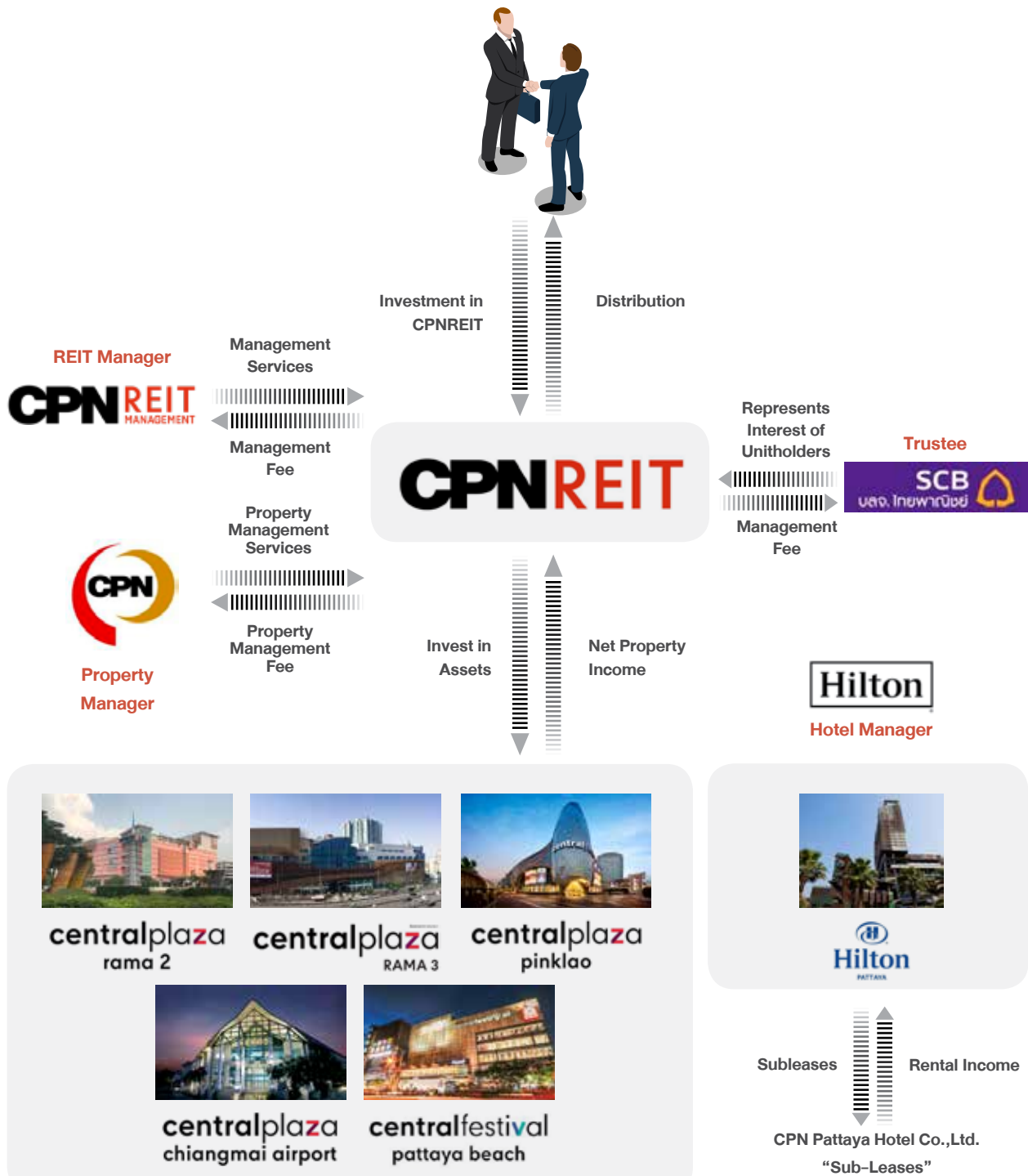
diversify risks through investment in immovable properties in different locations, as well as to invest in other assets and/or securities and/or to seek other benefits from any other methods in accordance with the Securities Laws and/or any other relevant laws.

Significant change and development

- On 8 February 2019, CPNREIT issued debentures in the amount of Baht 4,495 million (under the Medium Term Note Program: MTN of CPNREIT for an amount not exceeding Baht 16,250 million) for the purposes of the repayment of loans or any debts and expenses relating to the issuance of debentures and repayment of the said debts.
- On 25 June 2019, TRIS Rating co.,Ltd. ("TRIS Rating" or "TRIS") maintained CPNREIT's credit rating and its senior unsecured debentures at "AA" with "Stable" outlook.
- On 8 August 2019, the Board of Directors Meeting of the REIT Manager acknowledged the resignation of Mr. Charly Madan from the Company's Independent Director and the Chairman of the Board of Directors, which was effective from 31 August 2019 and approved the appointment of Mr. Pongsakorn Thiengtham as an Independent Director and Director of the Company, which was effective from 1 September 2019.
- On 22 August 2019, the Extraordinary General Meeting of the Shareholders No.1/2562 of the REIT Manager approved the appointment of Mrs. Auyporn Footrakul as the Company's Independent Director and Director, which was effective from 1 September 2019.
- On 22 November 2019, the Extraordinary General Meeting of Unitholders No. 1/2019 of CPNREIT passed the resolution to approve the additional investment by CPNREIT, the details of which were as disclosed and posted on CPNREIT's website (www.cpnreit.com) and via the Stock Exchange of Thailand ("the SET") disclosure system on 6 December 2019.
- On December, 2019, the Stock Exchange of Thailand and FTSE Russell announced the result of the review for FTSE SET Index Series, effective from December 23, 2019 onwards. CPNREIT was selected as an addition to the FTSE SET Mid Cap Index.

Structure of CPNREIT

Trust Unitholders



Details of the Investment Assets

1) Type of investments

Type of investments	31 December 2019		31 December 2018	
	Fair Value (THB Million)	Percentage of investments	Fair Value (THB Million)	Percentage of investments
Investments in leasehold properties				
CentralPlaza Rama 2 Project	6,359.0	14.0	6,962.0	15.2
CentralPlaza Rama 3 Project	11,447.0	25.2	10,698.0	23.4
CentralPlaza Pinklao Project	5,216.0	11.5	5,678.0	12.4
CentralPlaza Chiangmai Airport Project	10,655.0	23.5	10,658.0	23.3
CentralFestival Pattaya Beach Project	7,290.0	16.1	7,289.0	15.9
Hilton Pattaya Project	3,505.0	7.7	3,465.0	7.6
Total investments in leasehold properties	44,472.0	98.0	44,750.0	97.8
Investment in securities				
Investment Trust	401.6	0.9	999.4	2.2
Fixed Deposits	500.0	1.1	-	-
Total investments in securities	901.6	2.0	999.4	2.2
Total investments	45,373.6	100.0	45,749.4	100.0

2) Details of Properties invested by CPNREIT

CPNREIT had been investing in 5 projects, details are as follows:



CENTRALPLAZA RAMA 2

General Information

CentralPlaza Rama 2 is located at Rama 2 Road, one of the most important roads in term of economics. It is the main road for transportation towards Southern region of Thailand and it is surrounded by large residential communities and numbers of industrial factories in the Western and Southern parts of Bangkok with developed transportation and communication network. The Project is located at No. 160 Rama 2 Road, Samae Dam Sub-district Bang Khun Thian District, Bangkok.

Details of CentralPlaza Rama 2 Project (invested by CPNREIT)

As of 31 December 2019

Nature of Investment	Subleasehold right over the land which is located of CentralPlaza Rama 2 with the total land area of 53-2-38.4 rais and leasehold right over the building of CentralPlaza Rama 2 (partial) and the parking building (partial) as well as the utilities systems, wastewater treatment system and facilities in connection with CentralPlaza Rama 2 for the period of 20 years with the remaining lease period of approximately 6 years (the agreement will be expired on 15 August 2025). The investment also includes the ownership of related movable assets.
Cost	THB 7,273 million
Building Area	- Gross Floor Area including parking area of approximately 251,182 square meters - Gross Leasable Area of approximately 82,930 square meters
Fair Value	THB 6,359 million

OCCUPANCY RATE (%)

95.2

RENTAL STRUCTURE (%)

FIXED **42**

% OF TENANT SALES **58**





OCCUPANCY RATE (%)

97.0

RENTAL STRUCTURE (%)

FIXED **62**

% OF TENANT
SALES **38**



CENTRALPLAZA **RAMA 3**

General Information

CentralPlaza Rama 3 is located in one of the best area of Sathu Pradit Road which directly connects to the central area of Bangkok (Sathon and Silom). The area is known as one of the main residential and business areas of Bangkok. The project is located at at No. 79, 79/1-79/2, 79/4-79/33 Sathu Pradit Road, Chong Nonsi Sub-district, Yannawa District, Bangkok, which is close to the business area in the heart of Bangkok with convenient access and transportation.

Details of CentralPlaza Rama 3 Project (invested by CPNREIT)

As of 31 December 2019

Nature of Investment	Leasehold right over the land (partial) with the total area of 12-2-44.6 rais and building of CentralPlaza Rama 3 Project and the indoor parking area from Central Pattana Rama 3 Co., Ltd. for 30 years, with the remaining lease period of approximately 16 years (the agreement will be expired on 15 August 2035). CPNREIT is entitled to renew the lease agreement for another 2 times, for a period of 30 years each as CPNRF has paid single and full amount of rental fee and deposit pursuant to the condition of the lease agreement. The investment also includes ownership in the utilities systems and facilities in connection with CentralPlaza Rama 3 and ownership in related movable assets.
Cost	THB 9,680 million
Building Area	<ul style="list-style-type: none">- Gross Floor Area including parking area of approximately 169,740 square meters- Gross Leasable Area of approximately 36,495 square meters
Fair Value	THB 11,447 million



CENTRALPLAZA PINKLAO

General Information

CentralPlaza Pinklao is a large commercial property development project, located on Borommaratchachonnani Road which is the main road in the Western part of Bangkok. The project consists of CentralPlaza Pinklao shopping mall, Pinklao Office Building Tower A and Tower B, and Central Department Store building. The project is located at No. 7/3-7/128, 7/129-7/221, 7/222-7/552 and 7/553, Borommaratchachonnani Road, Arun Ammarin Sub-district, Bangkok Noi District, Bangkok.

Details of CentralPlaza Pinklao Project (invested by CPNREIT)

As of 31 December 2019

Nature of Investment	Subleasehold right over the land which is the location of CentralPlaza Pinklao with the total area of 24-2-84 rais and leasehold right over one building (partial) of CentralPlaza Pinklao and two office buildings (in whole), as well as indoor parking areas (partial). Furthermore, CPNREIT has leased the utilities systems and other assets in connection with CentralPlaza Pinklao Project for approximately 15 years, with the remaining lease period of approximately 5 years (the agreement will be expired on 31 December 2024). The investment also includes the ownership in related movable assets.
Cost	THB 5,639 million
Building Area	<ul style="list-style-type: none">- Gross Floor Area including parking area of approximately 188,345 square meters- Gross Leasable Area of approximately 61,963 square meters
Fair Value	THB 5,216 million

CENTRALPLAZA PINKLAO OCCUPANCY RATE (%)

99.8

PINKLAO TOWER A AND B OCCUPANCY RATE (%)

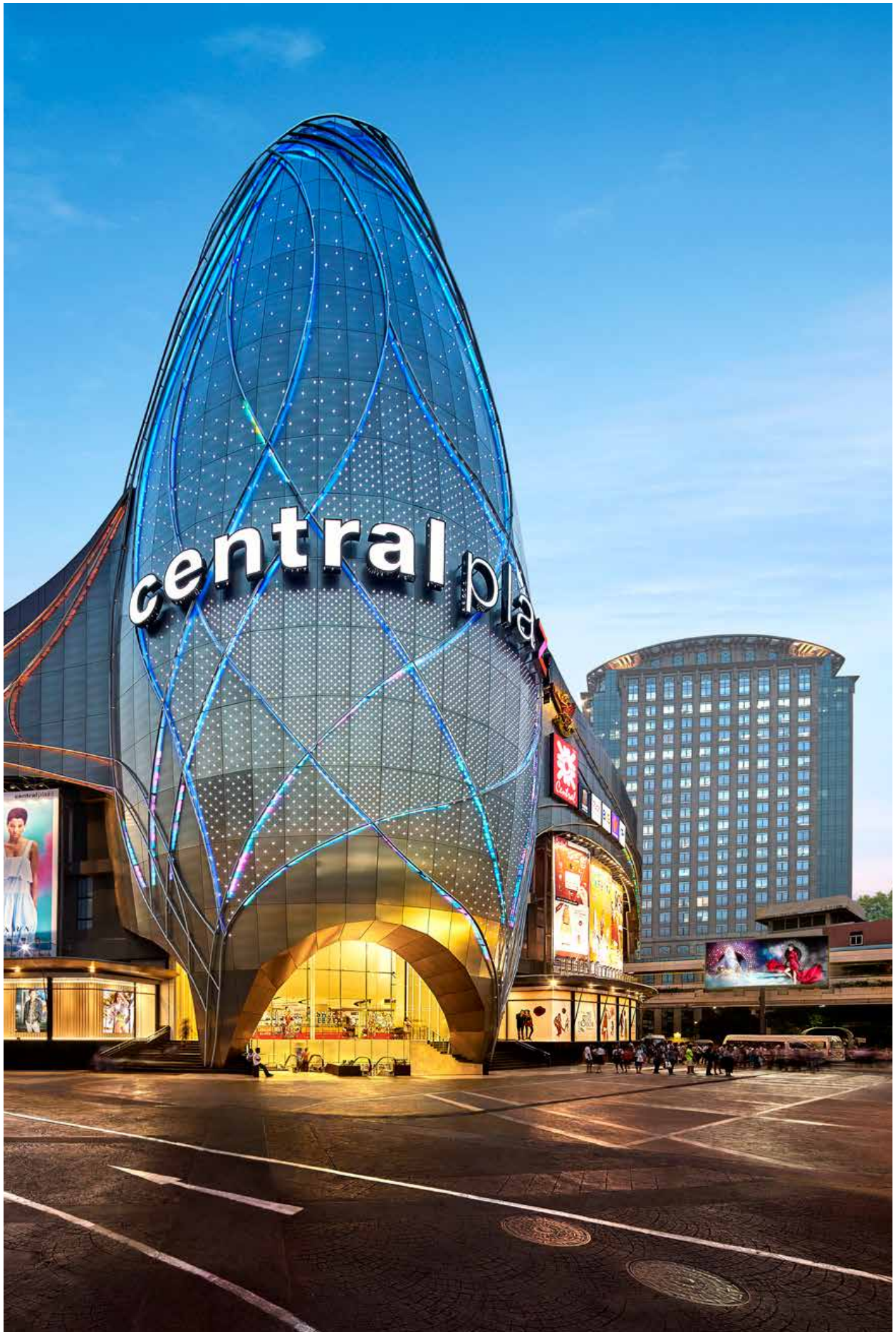
90.0

RENTAL STRUCTURE (%)

FIXED **65** | % OF TENANT SALES **35**

RENTAL STRUCTURE (%)

FIXED **99** | % OF TENANT SALES **1**





CENTRALPLAZA CHIANGMAI AIRPORT

General Information

CentralPlaza Chiangmai Airport is one of the largest and the most modern shopping malls in Chiang Mai and upper Northern region. It has been operating since 1993. The location is at No. 2 Mahidol Road and 252-252/1 Wualai Road, Haiya Sub-district, Muang District, Chiang Mai, whereby Mahidol Road is one of the main roads of Chiang Mai. Furthermore, the shopping center is located closely to Chiang Mai International Airport.

Details of CentralPlaza Chiangmai Airport Project (invested by CPNREIT)

As of 31 December 2019

Nature of Investment	Leasehold right over the land (partial) located of the shopping mall building, multipurpose hall, indoor parking area, roads surrounding the project and entrances and exits of CentralPlaza Chiangmai Airport Project of which total area is 32-3-56.85 rais, together with the leasehold right over one shopping mall building (partial), one multipurpose hall, and one indoor parking area (proportionately to the utilization of the area of the shopping mall building and the multipurpose hall invested by CPNREIT). Furthermore, CPNREIT has invested in the leasehold right over the utilities systems and other assets in connection with CentralPlaza Chiangmai Airport Project for the period of 30 years with the remaining lease period of approximately 25 years (the agreement will be expired on 22 April 2044). The investment also includes ownership of related movable assets.
Cost	THB 10,514 million
Building Area	<ul style="list-style-type: none">- Gross Floor Area including parking area of approximately 122,991 square meters- Gross Leasable Area of approximately 37,806 square meters
Fair Value	THB 10,655 million

OCCUPANCY RATE (%)

96.7

RENTAL STRUCTURE (%)

FIXED 64

% OF TENANT SALES 36





OCCUPANCY RATE (%)

98.1

RENTAL STRUCTURE (%)

FIXED **51**

% OF TENANT SALES **49**



CENTRALFESTIVAL **PATTAYA BEACH** AND **HILTON PATTAYA**

General Information

CentralFestival Pattaya Beach has been operating since January 2009. This shopping mall is a shopping mall located close to beach road, which make it well recognized as the largest beachfront shopping mall in Southeast Asia. Situated above the shopping mall is Hilton Pattaya, a five-star hotel which started its operation in November 2010. The project located at No. 333/99 No. 333/101 Moo. 9 Pattaya Sai. 1 Nong Prue Sub-district Bang Lamung District, Chonburi Province.

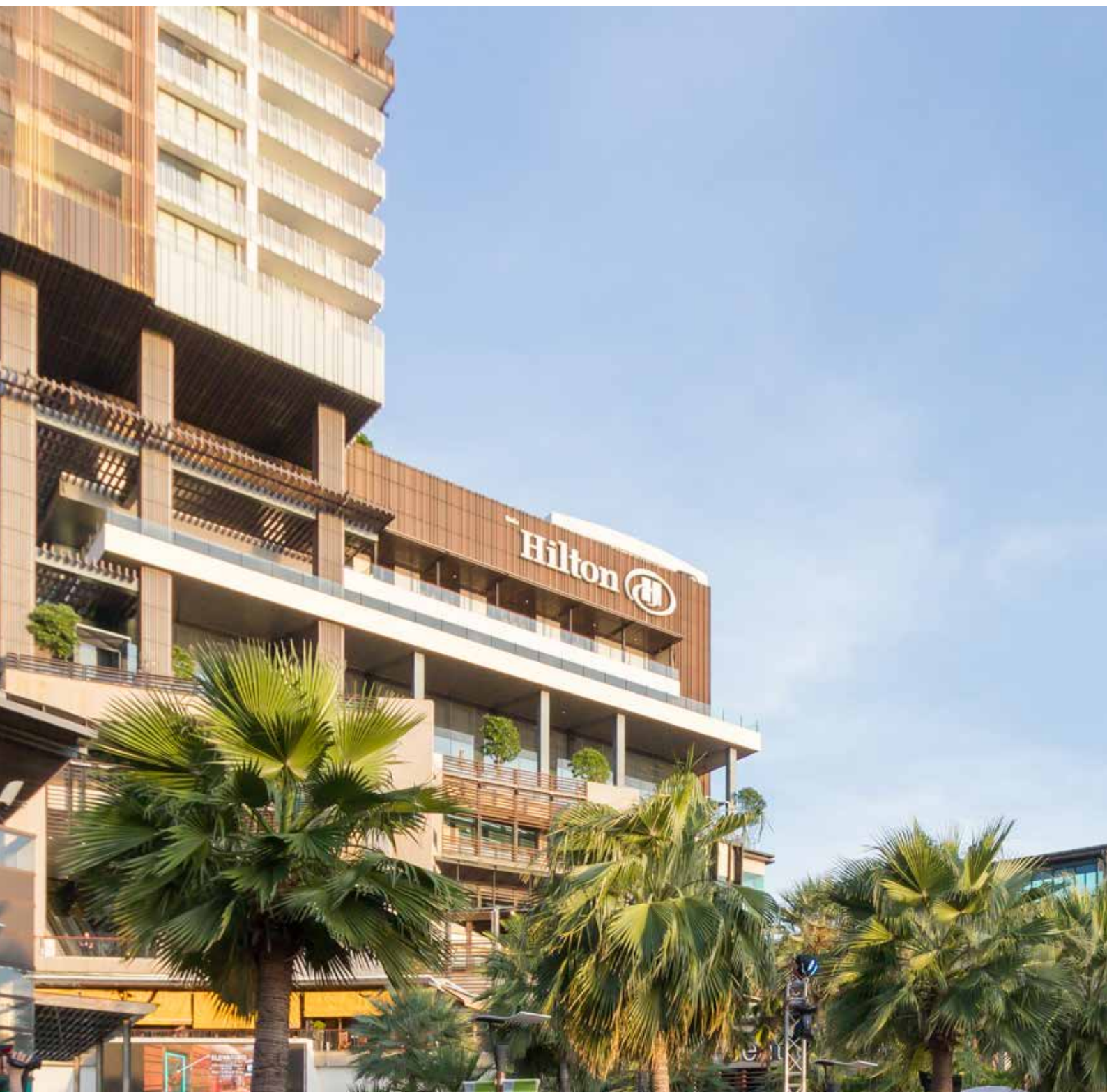
Details of CentralFestival Pattaya Beach Project (invested by CPNREIT)

As of 31 December 2019

Nature of Investment

CentralFestival Pattaya Beach Project

Leasehold/subleasehold rights over the immovable properties, including 1. certain parts of the building and structures in CentralFestival Pattaya Beach, comprising of a shopping mall building (partial) and indoor parking area (partial). However, the leased properties are exclusive of (i) the areas in CentralFestival Pattaya Beach which CPN Pattaya Company Limited has long-term lease agreements with tenants in return of an front-end rental fee, and the areas which are currently under renovation or under a future renovation plan and (ii) the proportionated parking areas in accordance with CPN Pattaya's legal right; 2. the leasehold rights over the utilities systems, i.e., electrical system, utilities system, telephone system, elevators, escalators, air conditioning system, engineering works system, wastewater treatment system, and various facilities of which installed and used in the building and structures of CentralFestival Pattaya Beach, along with other rights relating to or in connection with the aforementioned systems; 3. ownership of movable assets, i.e., equipment for decor, tools, instruments, whether fixed or not permanently fixed, including other equipment used for the purpose of installing decoration or facilitating users of the building and structures of CentralFestival Pattaya Beach Project. These are located on and/or fixed on the exterior or in the interior of the areas of the building and structures of CentralFestival Pattaya Beach, or on the surface of the building and structures of CentralFestival Pattaya Beach, and/or the area in part of the leased areas occupied by tenants in CentralFestival Pattaya Beach, of which CPN Pattaya Company Limited has ownership, including any other rights relating to or in connection with the aforementioned properties, excluding the properties that are component parts of the building and structures of CentralFestival Pattaya Beach.



2019 YEARLY AVERAGE
OCCUPANCY RATE (%)

88.8

Nature of Investment (continue)	<p><u>Hilton Pattaya</u></p> <p>Leasehold rights over the immovable properties, i.e., the building and structures of Hilton Pattaya comprising the hotel building (whole) and indoor parking area (whole); as well as, the leasehold rights over the utilities systems, i.e. electrical system, utilities system, telephone system, elevators, escalators, air conditioning system, engineering works system, wastewater treatment system, and various facilities of which installed and used in building and structures of Hilton Pattaya, including any rights relating to or in connection with the aforementioned systems; and the ownership of movable assets, i.e. equipment for decor, tools, instruments, whether fixed or not permanently fixed, including other equipment used for the purpose of installing decor or facilitating hotel guests and users of the building and structures of Hilton Pattaya. These are located on and/or fixed on the exterior or in the interior of the area of the building and structures of Hilton Pattaya</p>
Cost	<p>CentralFestival Pattaya Beach: THB 8,338 million Hilton Pattaya: THB 3,827 million</p>
Building Area	<p><u>CentralFestival Pattaya Beach</u></p> <ul style="list-style-type: none"> - Gross Floor Area including parking area of approximately 70,095 square meters - Gross Leasable Area of approximately 29,404 square meters <p><u>Hilton Pattaya</u></p> <ul style="list-style-type: none"> - Gross Floor Area * including parking area of approximately 49,686 square meters - 302 Rooms <p>Remark: * Gross Floor Area includes room area and other area</p>
Fair Value	<p>CentralFestival Pattaya Beach: THB 7,290 million Hilton Pattaya: THB 3,505 million</p>

Note : For investment in CentralFestival Pattaya Beach Project and Hilton Pattaya, CPNREIT did not invest in the plots of land where both assets are located; however, CPN Pattaya under the (partial) building lease agreement and the (partial) building sub-lease agreement with CPNREIT, permits customers and counterparty of CPNREIT, tenants in the leased properties under the agreements in which CPNREIT would make investments, the sub-lessee of properties from CPNREIT as well as any other service users of Hilton Pattaya to utilize certain areas where CPNREIT has not invested but related to such leased properties, e.g. common areas, parking lots, roads surrounding the real properties, and entrances and exits of CentralFestival Pattaya Beach Project and Hilton Pattaya, which shall be deemed the areas for common use with free of compensation, whereby the interest of the operation of CentralFestival Pattaya Beach and Hilton Pattaya are taken into account.

Performance outcomes of each project can be summarized as follow:

Project	NLA (sq.m.)	Occupancy rate (%)	Rental and service income for 2019 (THB Million)
CentralPlaza Rama 2	82,930	95.2	1,448.0
CentralPlaza Rama 3	36,495	97.0	736.5
CentralPlaza Pinklao	27,656	99.8	1,037.1
Pinklao Tower A and B	34,307	90.0	215.0
CentralPlaza Chiangmai Airport	37,806	96.7	664.2
CentralFestival Pattaya Beach	29,404	98.1	631.9
Total/Average	248,598	95.8	4,728.7
Hilton Pattaya	302 Rooms	88.8 ^{†1}	382.5

Note : ^{†1} 2019 Yearly average occupancy rate

Nature of Benefit Procurement

CPNREIT intends to create good and sustainable returns from investment to unitholders in long-term, whereby the REIT Manager has its duties to procure benefits from the assets of CPNREIT by setting-out the suitable policies and strategies for managing CPNREIT's assets in order to create commercial income to CPNREIT and to maximize benefits to overall unitholders. In this regard, the REIT Manager has entered into the property manager appointment agreement with the Property Manager to procure benefits from current Assets. Details of which are as follows:

Project	Property Manager
CentralPlaza Rama 2	CPN
CentralPlaza Rama 3	CPN
CentralPlaza Pinklao	CPN
CentralPlaza Chiangmai Airport	CPN
CentralFestival Pattaya Beach	CPN
Hilton Pattaya	CPNREIT has subleased all of this property to CPN Pattaya Hotel, which has appointed Hilton Group as the hotel manager.

In order to achieve its objective in managing the assets invested in by CPNREIT in the long-term and to create good returns to the unitholders. The REIT Manager has implemented the strategies of benefit procurement from CPNREIT's assets as follows:

- Monitoring operating results of CPNREIT on a yearly basis by comparing with its annual budget and its previous year operating results. If the operating results of CPNREIT do not achieve the target planned, the REIT Manager will analyze the situation and seek for the causes, including to adjust and develop the working plans as necessary to achieve the goal.
- Monitoring operational results of a single sublessee of an asset type of hotel by comparing with an annual budget and its previous year operating results (if any). If the operating results do not achieve planned target, the REIT Manager will analyze the situation and seek for the causes, including adjust and develop the working plans as necessary to achieve the goal.
- Regularly analyzing market and customer information to adjust the shops mix in the shopping malls to suit the customer demand as well as to search for new shops in both local and overseas stores to enhance the shopping malls to be modernized and give new experiences to the customers. This shall include analyzing the market and office tenants' information to improve the services to serve the needs of the customers.
- Always have marketing strategy to attract targeted customers to boost the store sale volume and creating decent experiences to the customers i.e., arranging promotional activities, which are in line with the strategy by collaborating in obtaining marketing research information with the department store and Central's affiliates and business alliances, concurrently with hosting signature events. In giving this strategy, all protocols of which will be effectively communicated to the customers throughout various channels.
- Developing personnel and enhancing service quality to meet international standard as well as using modern technologies to increase customer's pleasure and to reduce business cost, e.g., developing a parking system, public relations center point and restrooms, etc.

- Enhancing returns from the assets invested in by CPNREIT by developing and modifying immovable properties, e.g., adjusting floor plans and modifying stores in order to utilize the spaces efficiently and increase the rent, as well as developing and modifying the shopping malls and office buildings to maintain the good and modern image to tenants and customers.
- Determining appropriate rates of the rental and service fees.

1. Benefit Procurement from Shopping Malls and Office Buildings

CPNREIT's policy concerning benefits procurement from shopping malls and office buildings involves leasing out the areas in those assets to tenants, as well as the service provided in relation to the lease. In this regard, the REIT Manager will appoint the Property Managers who will manage and administer the works in connection with the immovable properties, i.e., seeking the benefits from the assets by leasing out areas and service provided in relation to the lease, pursuant to the policy and business plan of the REIT Manager, procuring tenants to lease areas in the assets, contacting, liaising, and facilitating tenants, collecting rental and service fees for remittance to CPNREIT, as well as performing the maintenance and repairs of the immovable properties of CPNREIT to ensure that they are in good condition and ready to use. CPNREIT has directly entered into lease agreements with tenants/service receivers. Most of lease agreements entered into by CPNREIT contain standard terms and conditions applicable to every tenant and service receivers.

The lease agreements of shopping malls have 2 main types, which are the lease agreements with fixed rental rate and consignment lease agreements. While, the lease agreements of office buildings are in the form of fixed rental rate only. Each type of the lease agreements provides different advantage. The fixed rate lease agreements enable CPNREIT to obtain stable income and cash flow in each month from areas leasing and services providing. While, the consignment lease agreements give CPNREIT the upside potential if the tenants get more income. To decide the type of agreement to be entered into with the tenant, whether it would be a fixed-rate or consignment agreement, depends on business type of the tenant, business strategy of the tenant, negotiation between the lessor and the tenant and creditability of the sales report system of the tenant.

In addition, the lease of the shopping mall and office building areas to tenants will be the lease of areas to multi-tenants (except for Unilever House Office Building Project). The type of tenants in the shopping malls projects are categorized into 2 main types, i.e., anchor tenants that lease the areas from 700 square meters and in-line tenants that lease the areas less than 700 square meters. The anchor tenants mainly are in the types of theatres and specialty stores (i.e. electrical appliances stores, sport equipment stores, bookstores, fitness center) which appeal the shopping malls. Those stores are also the magnets that attract customers to purchase products and use services in the shopping malls. Giving that, it will increase number of in-line tenants to lease the areas in the shopping malls.

In regards to the characteristics of the benefit procurement as mentioned above, the main income that CPNREIT will derive from investment in the shopping malls and office buildings will be from the rental and service fees by leasing out the areas and providing related services to the tenants in the shopping malls, who are retailers, and service operators, and to the tenants in office buildings who are in business organizations, governmental agencies, financial institutes, educational institutes (i.e., tutorial schools, language schools, computer training centers, etc.). The rent and services fee which CPNREIT will charge are subject to the size of space, location, type of lease, lease term and business type of tenant by taking in account the price list of rental and service fees of each shopping mall. In addition, CPNREIT obtains other type of income which is related to rental and service fees such as parking fee and billboard fee, etc.

2. Benefit Procurement from Hotels

- **Nature of Benefit Procurement**

CPNREIT has invested in the core property in Hilton Pattaya by sub-leasing the whole property to CPN Pattaya Hotel for benefit procurement, whereby CPN Pattaya Hotel has appointed Hilton Group, the international hotel management network as a hotel manager. The sub-lease agreement has 3-year terms commencing from 1 January 2018 to 31 December 2020. Upon termination of such sub-lease agreement, both CPNREIT and CPN Pattaya Hotel will entitle to renewal of the agreement for 2 times for 3-year period each. The rental are in the form of both fixed rent and variable rent.

- **Rent to be Received by CPNREIT from Sub-Lease Agreement**

Rental to be received by CPNREIT from sub-leasing of Hilton Pattaya is in form of fixed rent and variable rent. Fixed rent shall comprise of at least two-thirds of total rental. This helps to partially mitigate risk associated with fluctuation of rental and is in compliance with the Securities and Exchange Commission ("SEC") Office's regulatory requirement.

With the exception of deferral of rental payment and exemption of rental due to force majeure, or deferral of rental payment due to renovation as specified under the sub-lease agreement, CPN Pattaya Hotel agrees to make payment of the rental to CPNREIT in accordance with the terms and conditions of the sub-lease agreement. Rental under the sub-lease agreement comprises of 2 portions, which are fixed rent and variable rent, using the calculation criteria basing on the actual sub-lease period. The method of calculation is as follows.

Calculation of rental from 1 January 2018 to 31 December 2020

- **Fixed rent**

CPN Pattaya Hotel agrees to pay fixed rent with respect to the buildings, structures, utilities systems and movable properties within 45 days from the end of each quarter, calculated based on the actual period of sub-lease, from 1 January 2018 to 31 December 2020, in accordance with the rate provided in the table below, payable in equal amount for each quarter.

Year	Annual Fixed Rent (Baht)
2018	210,000,000
2019	217,350,000
2020	224,957,250

- **Variable rent**

CPN Pattaya Hotel agrees to pay variable rent with respect to the buildings, structures and utilities systems within 45 days from the end of each quarter, calculated based on the actual period of the sub-lease, from 1 January 2018 to 31 December 2020. The method of calculation shall be the aggregated value criteria, that is, for any accounting year, the variable rent for the current quarter shall be based on aggregated variable rent as at the end of the current quarter, less the accumulated variable rent as at the end of the preceding quarter of the same year. The variable rent shall be calculated as follows:

$$\text{Variable Rent} = 90\% \times (A - B - C - D)$$

- A = The total revenue earned from both direct and indirect operation of Hilton Pattaya Hotel in that accumulated quarter, exclusive of valued added tax, specific business tax, or other similar taxes, service charge collected from hotel guests, revenue or money received from sale of assets, compensation received from insurance (except the compensation received from business interruption insurance), compensation received from expropriation of immovable properties, and interest income.
- B = The total costs and expenses from the operation of Hilton Pattaya Hotel in that accumulated quarter, including costs and expenses of food and beverages, costs of raw materials and operating supplies, costs and expenses of procurement of equipment for operation in replacement of or in addition to the existing equipment, costs of salaries, labors, and other benefits paid to employees and staffs, costs and expenses of employees and staff training, costs and expenses of advertising and public relations, costs and expenses of maintenance, repair and decoration of Hilton Pattaya Hotel to be in a good condition, insurance premium, taxes and fees (except corporate income tax), administrative fees, and expenses that the hotel manager of Hilton Pattaya Hotel charges, and other costs and expenses relevant to the operation of Hilton Pattaya Hotel, exclusive of valued added tax, specific business tax, or other similar taxes, and expenses occurred from repair using the past reserves of CPN Pattaya as the previous asset owner, and interest expenses, fees in relation to loans or financing that are not those incurred from financial transactions in connection with the operation of Hilton Pattaya Hotel
- C = Reserves for repair, improvement, procurement for replacement or additional procurement of furnishings, equipment, and vehicles of Hilton Pattaya Hotel (FF&E Reserve Deduction) as specified in the management agreement of Hilton Pattaya Hotel, entered into by and between CPN Pattaya Hotel and the hotel manager of Hilton Pattaya Hotel
- D = Fixed rental in that accumulated quarter as specified in Fixed rent

If the accumulated variable rental as at the end of the current quarter as calculated by the formula above is less than zero, the variable rental shall be deemed as zero. If the accumulated variable rental as at the end of the current quarter as calculated by the formula above exceeds 50 percent of the aggregated fixed rental as at the end of the current quarter, the variable rental shall be reduced to 50 percent of the aggregated fixed rental as at the end of that quarter.

If the amount of accumulated variable rental as at the end of the preceding quarter paid by CPN Pattaya Hotel to CPNREIT exceeds the accumulated variable rental as at the end of the current quarter to be payable by CPN Pattaya Hotel in accordance with the calculation formula based on CPN Pattaya Hotel's financial information as appeared in the financial statement prepared by CPN Pattaya Hotel for purpose of the calculation of quarterly variable rental, CPNREIT agrees to set off the excess variable rental paid by CPN Pattaya Hotel with the variable rental of the subsequent quarter to which CPNREIT is entitled to receive from CPN Pattaya Hotel until the excess variable rental is equal to zero. Notwithstanding the foregoing, in the last quarter, CPNREIT agrees to set off the remaining sum of the variable rental it has received with the fixed rental for the last quarter to which CPNREIT is entitled. If, however, the fixed rental of the last quarter is less than the remaining balance of excess variable rental received by CPNREIT, CPNREIT agrees to return the whole balance of excess variable rental to CPN Pattaya Hotel within 15 days from the date on which the auditor has certified the financial statements of the accounting year of CPN Pattaya Hotel.

Moreover, if the amount of variable rental that CPNREIT receives for any accounting year is greater or less than the variable rental of the same accounting year that CPNREIT should receive in accordance with the calculation result from the formula based on the CPN Pattaya Hotel's financial information as appeared in financial statement certified by the auditor of CPN Pattaya Hotel for the purpose of adjustment of the variable rental for that accounting year, CPNREIT shall refund the excess rental fee received, or CPN Pattaya Hotel shall pay the different amount (as the case may be) within 15 days from the date the auditor has certified the financial reports for the accounting year of CPN Pattaya Hotel.

In the future, if there are amendments or changes to the Securities Laws regarding the criteria of payment of fixed rental and/or variable rental, CPNREIT and CPN Pattaya Hotel agree to consider and discuss the terms and conditions regarding the payment of fixed rental and/or variable rental.

If CPN Pattaya Hotel is not capable of paying the rental fee in full when the payment is due, any rental fee not received by CPNREIT shall be deemed the accrued rental revenue, and CPN Pattaya Hotel shall pay CPNREIT the accrued rental revenue within 30 days from the due date. This shall not apply to the circumstance which the payment of the rental fee is deferred, or exempted whether in whole or in part due to force majeure, or deferred due to major renovation in any particular month.

The accrued rental revenue shall be subject to the default interest rate of 15 percent per annum calculated according to the amount accrued and from the payment due date until payment is made in full, except for the first default of the rental payment for any year and CPN Pattaya Hotel has paid the accrued amount within 30 days from the due date. In this connection, if CPN Pattaya Hotel makes payment of the first accrued amount for any year later than the specified 30-day period, CPN Pattaya Hotel shall be subject to the default interest incurred from the accrued rental revenue at the rate of 15 percent per annum calculated based on the outstanding amount from the payment due date until the date on which the payment is made to CPNREIT in full.

- **Opinion of REIT Manager Regarding Ability of Lessee to Comply with Lease Agreement**

The REIT Manager considers that CPN Pattaya Hotel has the ability to comply with the sub-lease agreement conditions including to make the fixed rental payment since Hilton Pattaya is a hotel that had decent historical operating results. It is also situated in a good location of Pattaya City which is a major tourist destination in Thailand. These are important factors for sustainable growth of Hilton Pattaya Hotel's operating results. One major of such factors resulting in a constant upside growth in operating results of the hotel is that CPN Pattaya Hotel has appointed the Hilton Group to manage the hotel. The Hilton Group has experience and proficiency in managing international hotels, where the familiarity and experiences gave it successfully managing such hotels over time. Moreover, the fact that a major shareholder of CPN Pattaya Hotel is CPN also benefits

the operation of the Hilton Pattaya since CPN is well familiar with this hotel enable it to use its high experiences in succeeding the development and management of the shopping malls to support the business operation of Hilton Pattaya because both types of assets can support each other's business. Pursuant to the undertaking agreement, CPN agrees to control, supervise and take any necessary preventive actions or remedy in order that CPN Pattaya Hotel, which is the subsidiary of CPN, will strictly comply with the terms and conditions of the agreements of which it is a party.

Over the past sub-lease period, CPN Pattaya Hotel has been able to make the rent payments under the sub-lease agreement to CPNREIT. Details of the rents received by CPNREIT from CPN Pattaya Hotel of the previous year and over the accumulated latest quarter are as follows:

Rent (Unit : Baht Million)	Year ended 31 December 2019	Year ended 31 December 2018
Fixed rent ¹	217	210
Variable rent	109	105
Total rent	326	315

Remark: ¹Such rent is the rent actually received by CPNREIT which may differ from a rental income of CPNREIT recorded in its financial statement according the related accounting standards

Borrowing and Debentures

1. Borrowing

CPNREIT has entered into two loan agreements with financial institutions: a syndicated credit facility agreement for investment in Additional Assets No. 1 and renovation of assets of CPNREIT, and a credit facility agreement with Siam Commercial Bank Public Company Limited for refinancing the existing loan. The material terms and conditions of each agreement are described below:

Syndicated Credit Facility Agreement

Lenders	Krung Thai Bank Public Company Limited Government Savings Bank Kiatnakin Bank Public Company Limited
Borrower	Trustee on behalf of CPN Retail Growth Leasehold REIT
Credit Facility	<ul style="list-style-type: none">- Facility A1: THB 12,700 million For investment in the Additional Assets No. 1 made by CPNREIT as well as other related fees and expenses- Facility A2: THB 1,550 million For expenses incurred from renovation and repair of assets, or for repayment to the Borrower for any expenses for which the Borrower has advanced for modification and repair of assets.- Facility B: THB 7,125 million For refinancing of credit facility and liabilities which were due under Facility A.
Interest Rate	BIBOR plus fixed interest per annum
Repayment Period	<ul style="list-style-type: none">- Facility A: 2 years after the date of the agreement- Facility B: Every half-year in the total of 28 installments. The first installment shall be on the first half-year after such credit facility is drawn down.
Interest Payment	6-month interest payment period to be made at every half year, except the first interest payment which shall be made on the last day of January 2018
Collateral	None
Loan Covenant	<p>Debt to Total Asset Ratio</p> <ul style="list-style-type: none">- Debt to total asset ratio must not be greater than 35 percent throughout the contract term as calculated from the yearly financial statements ended on 31 December of each year.- If CPNREIT has been given the credit rating at the level of 'Investment Grade', which is the latest credit rating given by a credit rating agency as approved by The Securities and Exchange Commission, Thailand (the SEC), longer than 1 year after the date written in this agreement, CPNREIT shall maintain its debt to total assets ratio not to exceed 60 percent as calculated from the yearly financial statements ended on 31 December of each year. <p>Debt Service Coverage Ratio</p> <ul style="list-style-type: none">- The Borrower shall inform the facility agent promptly if the Borrower incurs any other debts apart from those under this agreement.- The Borrower shall maintain its debt service coverage ratio not to be less than 1.2 times at the end of every fiscal year as appeared in the financial statements.

Loan Agreement with Siam Commercial Bank Public Company Limited

Lender	Siam Commercial Bank Public Company Limited
Borrower	Trustee on behalf of CPN Retail Growth REIT
Loans	<ul style="list-style-type: none">- Facility 1: THB 1,918 million A loan to refinance the debt under the Credit Facility Agreement- Facility 2: THB 1,918 million A long-term loan to refinance loan Facility 1
Interest Rate	<ul style="list-style-type: none">- Facility 1: Fixed interest- Facility 2: Fixed and MLR minus fixed rate per annum
Repayment Period	<ul style="list-style-type: none">- Facility 1: Bullet repayment within 1 year following the date written in this agreement- Facility 2: 6-month installment repayment in the total of 18 installments. The payment dates shall be on the last business day of June and December of each year.
Interest Payment	6-month interest payment period to be made on the last business day of June and December of each year. The first interest payment shall be on the last day of June 2018.
Collateral	None
Loan Covenant	<ul style="list-style-type: none">- If CPNREIT has not been given any credit rating, it must maintain the debt to total asset ratio not to be greater than 35 percent of the total asset value of CPNREIT.- If CPNREIT has been given the credit rating at the level of 'Investment Grade', which is the latest credit rating received from a credit rating agency as approved by the SEC, longer than 1 year after the date written in this agreement, CPNREIT shall maintain its debt to total assets ratio not to exceed 60 percent of the total asset value of CPNREIT.

As of 31 December 2019, CPNREIT fully repaid the loan in accordance with the two loan agreements with financial institutions: the syndicated credit facility agreement for additional investment and renovation of assets of CPNREIT, and the credit facility agreement with Siam Commercial Bank Public Company Limited for refinancing the existing loan from the issuance of 4 tranches of debentures since August 2018 to February 2019.

2. Debentures

CPNREIT was given rated “AA” with “Stable” outlook for both issuer and debenture ratings by Tris Rating on 25 May 2018 and affirmed the company rating of CPNREIT and the rating on CPNREIT’s senior unsecured debentures at “AA”, with “Stable” outlook on 25 June 2019. CPNREIT issued 4 tranches of debentures since August 2018. The objective of issuance of debentures was for bank loans repayment, details are as follows;

- On 17 August 2018, CPNREIT issued 2 tranches of the Unsubordinated and Unsecured, debentures with a Debenture holders’ Representative in the Name-Registered Certificate worth THB 10,040 million to partial prepayment of outstanding loans. The debentures were assigned the credit rating “AA” from Tris Rating, details are as follows;
 - Tranche 1: 3 years term due on 17 August 2021 at coupon rate of 2.70% with total value of THB 2,650 million, interest payment every 6 months throughout the term of debenture
 - Tranche 2: 10 years term due on 17 August 2028 at coupon rate of 3.80% with total value of THB 7,390 million, interest payment every 6 months throughout the term of debenture
- On 8 February 2019, CPNREIT issued 2 tranches of the Unsubordinated and Unsecured, debentures with a Debenture holders’ Representative in the Name-Registered Certificate worth THB 4,495 million. The objective of issuance of debentures was for bank loans repayment, details are as follows;

- Tranche 1: 2 years term due on 8 February 2021 at coupon rate of 2.54% with total value of THB 2,700 million, interest payment every 6 months throughout the term of debenture
- Tranche 2: 4 years term due on 8 February 2023 at coupon rate of 3.30% with total value of THB 1,795 million, interest payment every 6 months throughout the term of debenture

As of 31 December 2019, the issuance of debentures was for repayment of remaining loan. The Benefit of these issued debentures is a fixed interest rate, which is, in the long run, lower than the floating interest rate of the existing bank loans, which be fluctuated over the duration of the loans.

3. Status of loans as at the year ended 31 December 2019 was shown below

Amount of Debentures	THB 14,524.1 million
Total assets	THB 46,687.0 million
Debt to Total asset Ratio	31.1%

The REIT Manager shall provide the appropriate amount of cash reserve for the repayment of the loans or encumbrances each year till the completion of repayment by taking into consideration an amount of loans or encumbrances and payment terms, an impact to distribution of return to trust unitholders, and the cash flow status after unrealized loss from the valuation or review of valuation of CPNREIT’s assets. However, CPNREIT may bring forward the reserve limit of any accounting period with insufficient liquidity as an additional reserve in the following accounting period. In 2020, the REIT Manager plans to provide such reserve of not exceeding THB 170 million.

ECONOMIC AND INDUSTRY OVERVIEW

2019 Thailand Economic Overview

The GDP of Thailand grew 2.4% in 2019, a drop from a 4.2% growth in 2018 and the lowest growth rate since 2014. The weakening growth was projected through the year as a result of 1) lower growth of major economies such as the United States, Europe, and China in line with the Late Cycle Growth Rate, and negative effects of the trade war between the United States and China, resulting in shrinking overall Thai exports, 2) a small expansion of the household income from both agricultural and non-agricultural sectors, especially the non-agricultural sector, severely affected by export industries that slashed overtime costs and wages. However, there were stimulus economic measures from the government aiming to foster total private consumption's growth, 3) a slowdown in private investment caused by shrinking exports and delayed investment projects by the government, including Public-Private Partnership (PPP) projects, 4) a slower recovery of the tourism industry since the first quarter caused by concerns over the Chinese tourist boat capsizing incident in Phuket during mid-2018, along with the toxic haze in early 2019 and a slowdown of the Chinese economy, leading to a decline in Chinese tourist visitors to Thailand as a whole. However, there was a sign of recovery due to the exemption of fees of Visas on Arrival (VOA), protest in Hong Kong, and confrontation between South Korea and Japan. All these contributing factors encouraged a larger number of foreign visitors to Thailand.

Domestic private consumption increased by 4.5%, compared with 4.6% last year. Private spending (calculated from value-added tax collection) in the Northern region grew 5.3%, 2.1% in the Central region, 4.0% in the Northeastern region, and only 0.5% in the Southern region. Nonetheless, private spending in Bangkok Metropolitan Area fell 1.1%, 6.0% in the Eastern region, and 1.3% in the Western region. Factors contributing to this were 1) the decreasing number of foreign visitors, 2) economic stimulus packages from the government to encourage low-income group spending and domestic travel, 3) the launch of the Loan-to-Value (LTV) measure, causing sales of houses and condominiums to

decline in Bangkok Metropolitan Area, and major industrial cities. These contributing factors affected the middle-income group's expenditure but stimulated the low-income group's consumption, the largest group of Thais. Household debts were relatively high at around 79.1% to GDP, an increase of 6.0% from last year, reflecting the expansion of household debts remaining higher than income, which expanded by 4.0-5.0%. This became an obstacle to growth of the overall domestic spending and the debt repayment ability of consumers for years to come.

Thai exports declined 3.2% in 2019 compared with 7.5% growth last year. This was the first drop in four years (since 2015), considered a consequence of the decline in most key export markets. Thai exports to these key markets grew 1.9% (the United States increased 11.8%, the European market shrank 6.6%, Japan fell 1.5%; the United States partially imported goods from Thailand in substitution of the Chinese market). Other high-potential markets dropped 6.6% (nine ASEAN countries plunged 8.2% and China fell 3.8%), while the middle-potential markets (Australia, Middle East, Russia, and the Commonwealth of the Independent States - CIS) decreased 5.2%. During the second half of 2019, Thai exports were also affected by the appreciation of the Baht currency, leading to weaker national competitiveness than other competitors. This then hindered the overall economic recovery of Thai exports in coming years.

Private investment grew 2.8%, compared with 4.1% growth in 2018, since the profitability and business confidence in investment continuously declined to result in unfavorable middle-term to long-term investment prospects of private businesses. This included delays of the government's mega-project investment and private sector alongside the severe downturn investment in the real-estate sector (homes, condominiums, and commercial buildings). The launch of new projects by developers went down 12% as a result of the LTV regulation.

The overall government spending expanded less than projected; public investment rose only 0.2%, public consumption grew 1.4%, compared with 2.9% and 2.6% growth respectively in the previous year. One dominant factor was the delayed formation of the new government administration, which affected continuity of work, such as the disbursement of state enterprises' budgets on mega-investment projects, short-term economic stimulus packages, and the delayed preparation of the 2020 national budget. However, the economic stimulus packages ranging from the grassroots to the national levels helped cushion the overall economy.

In the tourism sector, 39.8 million foreign visitors traveled to Thailand in 2019, an increase of 4.2% from last year. The largest portions of travelers by nationality are the Chinese (up 4.4%), Malaysians (up 3.6%), Indians (up 24.9%), South Koreans (up 5.1%), whereas the sharpest growth was in Indians (24.9%), Laotians (10.9%), and Japanese (9.1%). The total income from the tourism sector was THB 1.9 trillion, a rise of 3.1%.

The Baht's strength throughout 2019 averaged around THB 31 per USD, an appreciation of 4.0% in line with the implementation of additional Quantitative Easing (QE) measures from major countries, such as the Federal Reserve Board, European Central Bank, Bank of Japan, and other central banks of Asia. This included the confidence of investors in the Thai economy, a current account surplus resulting in capital inflows.

2020 Domestic Economic Outlook

The overall Thai economy in 2020 has a tendency to grow lower than its potential. The Office of The National Economic and Social Development Council projected a growth rate of 2.0%, slightly lower than 2.4% in 2019. Positive factors contributing to the growth this year are 1) progressive domestic demand from household spending, relatively low interest rates, government policy implementation to support the low-income group and agricultural sector, government and private investments, which are due for completion and commercial operation during 2020-2021. These could lead to the acceleration of budget disbursement for public spending, and relocation of production bases of foreign investors, 2) continual recovery of the export sector due to the optimistic rebound of the global economy and international trade. The International Monetary Fund (IMF) forecasts that the global economy could expand 3.3%, higher than that of 2019 at 2.9%, and expansion in global trade of 2.9%, up from 1.0% last year, 3) the implementation of stimulus economic policies by the government through fiscal and monetary policy initiatives, aiming to inject money into the economy in accordance with planned budget expenditures, and the maintenance of low-interest benchmark rates through 2020 and

Still, several challenges ahead of the Thai economy in 2020 are 1) the risk of major trading partners and the global economy growing slower than expected and appreciation of the Baht currency, leading to a negative effect on merchandise exports and the tourism sector, 2) political stability, the implementation of infrastructural investment projects, and government policy: these driving factors could enable constructive and continuing growth of the economy, 3) relatively high household debts with a tendency to soar beyond income, thus slowing down the overall expansion of private consumption, 4) the risk of drought weakening farmers' income, 5) the widespread outbreak of the Coronavirus disease 2019 (COVID-19) that affects the Thai economy and the tourism industry as a whole given the expected drop in the number of international visitors to Thailand during the severe widespread of the disease.

Sources: The Office of the National Economic and Social Development Council, The Bank of Thailand, Ministry of Tourism and Sports, Ministry of Commerce, and The International Monetary Fund (IMF) as of February 2020.

2019 Retail Industry Overview

The Thai retail industry accounted for 15.0% of the total GDP, and grew 3.1%, a decline from 10.8% growth last year. Under this growth, the sector of department stores and general shops rose 5.5% with a focus on consumer products and less on durable goods. The main purchasing power came from the middle-income and low-income consumers due to the economic stimulus measures issued by the government. Middle-income consumers had a tendency to spend less, however, because of the limited expansion of income from the household and non-agricultural sectors, including the accumulation of household debts, which still remained high. However, the spending by Thai and foreign tourists during the latter half of 2019 in Bangkok and other main popular cities are key contributing factors to driving growth in each region.

According to a research paper conducted by Jones Lang LaSalle ("JLL") Thailand, the retail areas have continuously expanded. In 2019, retail areas grew 4.0%, or an increase of 294,000 sq.m., allowing the overall retail areas in Bangkok Metropolitan Area to hit a record of 7,011,202 sq.m. New retail-area opening in 2019 were occupied by shopping centers and department stores (65.0%), followed by community malls (19.0%), and hypermarkets (14.0%). The occupancy rate was over 90.0%.

- **Shopping Centers and Department Stores**

The retail gross floor area of all shopping centers in Thailand stood at 20.5 mn sq.m. and is expected to rise to 21.1 mn sq.m. by 2020. New projects launched in 2019 were Central Village, The Bangkok Market, Cosmo Bazaar Lifestyle Mall (Muang Thong Thani) Mixt Chatuchak, Robinson Lifestyle Latkrabang, and Central Patong. An increasing number of projects were specifically designed to operate 24/7 (around the clock), such as Samyan Mitrtown and Donki Mall Thonglor, to serve changing lifestyles for customers. By 2020, major new projects launch to the market are Siam Premium Outlets, The Parq Project, Smile Square Project, Sunny Lasalle, Siamscape Project, Bowin Lifestyle Shopping Center, and Thalang Lifestyle Shopping Center.

Operators of shopping centers and department stores are now facing a new set of challenges originated by changing consumer behavior. Today, consumers demand higher degrees of personalization, convenience and speed to meet their experiential needs. Other challenges are consumers'

preference for online shopping, lifestyle retail and new concept retail: a newly designed retail space tailor-made to fit lifestyles and the livelihood of consumers and tourists. The rapid growth of the food delivery business has created a negative impact on the visit frequency to shopping centers and department stores. With these challenges, operators of shopping centers and department stores therefore need to develop a new set of strategic moves and continuously improve their services to respond to the changing needs of customers who always look for new experiences.

- **Community Mall and Lifestyle Retail**

Retail stores located in community malls continually grew in 2019, aiming to provide services to customers in communities with a unique identity in line with the opening of chain stores, general shops, and reputable supermarkets inside community malls. Besides, several projects were modified to offer a more variety of choices for customers, like community malls combined with hotels, hospitals or even gas stations, with an increasing number of drive-thru retails. This included an expansion of the business hours for supermarkets to 24/7, fitness centers, and restaurants. In 2019, the areas were increased 190,000 sq.m. with new project launches, such as People Park Onnuch, VeLaa Sindhorn Village, The Whizdom 101, The Market Place Dusit, Porto Go Tha Chin, Att U Park Suvannabhumi, Vi Plaza Vibhavadi, I'm Chinatown Project, and The Dragon Town Project.

The overall community mall and lifestyle retail market, both for retail and wholesale, is under active competition with shops in surrounding communities and large department stores and food delivery service. Business operators of this group must therefore adjust themselves to differentiate and respond to the changing needs and lifestyles of their target customers and tourists. These can be done by selection of shopping sites close to communities, renovation and expansion of projects, locating new and diversified tenants like those in large shopping centers, organizing market activities and promotions to retain their customer bases and attract new bases of customers, as well as providing convenient and complete facilities. All these efforts require uniquely skillful management under exposures of risks and rising costs.

- **Hypermarkets and Convenience Stores**

Operators of hypermarkets opted to expand their businesses to offer a greater variety of goods and services to better respond to the needs of customers in the communities rather than launching new facilities. Many operators continue to expand their businesses with small stores, with modification toward supermarkets, or known as 'super-convenience store' and 'convenience store'. These operators are mini Big C, Tesco Lotus Express, Tops Daily, and MaxValu Tanjai. Some now look like open markets as long as it supports the rapid expansion with ease, coverage of diversified customers, and coverage of distant areas. Online shopping and delivery service have been offered to provide convenience to certain target customer groups, with higher and higher projected generated income following behavioral change of consumers toward speed and convenience.

The market for convenience stores remains focused on continual expansion of branches to maximally cover geographic space with more strategic concentration on franchising. To better respond to the changing consumer behavior and lifestyles, these convenience stores have been modified to offer a variety of hygienic foods and beverages for all age groups, and unique goods and services specific to the needs of local customers, with a focus on speed, modern outlook and use of high-tech applications. E-commerce and online shopping have been offered to provide more convenience and speed. More social media applications have been added to provide direct and effective communication with customers. Joint investment with foreign investors has been increased, pushing major operators in this sector to expand more branches and organize more activities and promotions to build and retain relationship with their customers.

2020 Retail Industry Outlook

The retail industry is expected to raise 2.0-3.0% in 2020, relatively close to the growth rate of 2019 in accordance with the sluggish economic recovery. However, economic stimulus measures taken by the government and infrastructural investment projects on transport are the major drivers stimulating related investment in this industry, hand in hand with continual launches of new mixed-use and brand-new projects. In 2020, retail space will increase 150,000 sq.m. in Bangkok Metropolitan Area because of several key project launches. Increasing supply goes in line with demand in the market, which is constantly rising with consumers' spending in the cities and foreign tourists, and changing lifestyles of city residents, encouraging tenants to rent more space and expand their businesses. This causes the rentals and occupancy rates to increase in the coming year.

Large shopping malls due for launches next year in Bangkok Metropolitan Area are Siam Premium Outlets, The Parq Project, and Smile Square Project, while Bowin Lifestyle Shopping Center, Thalang Lifestyle Shopping Center, and Porto de Phuket by Central Group will be launched in provincial areas.

Six mega-shopping centers are expected to be launched in Bangkok Metropolitan Area during 2020-2022. Most are mixed-use projects designed to meet the lifestyles of city residents with a more variety of choices, which include 1) One Bangkok, a joint development project between TCC Assets (Thailand) Ltd., and Frasers Property Holdings (Thailand), located on Rama IV Road, 2) Dusit Central Park, managed by Central Pattana and Dusit Thani, located on Rama IV road, 3) EmSphere Shopping Center, the third shopping center under the management of the District Em, The Mall Group, situated in the Phrom Phong area, 4) The Mall 2 Ramkhamhaeng, 5) The Bangkok Mall, located at Bangna-Trad Junction, both managed by The Mall Group, and 6) The Forestias Project, under the Magnolia Group.

In addition, rapid development of infrastructural projects, advancement in the Eastern Economic Corridor (EEC), and the establishment of Special Economic Zones in several regions will register more progress this year, which lead to greater connectivity of economic activities domestically and internationally, including investment by the government and private sectors, particularly continual investment by foreign investors in coming years. These contributing factors boost employment in many areas and increase purchasing power on a large scale. All can attract the retail industry to further develop and launch more new projects, especially in cities situated in the EEC and surrounding areas, which have roads connected to a variety of transport ports in key provincial cities and their vicinity nationwide. These supportive factors encourage mixed-use projects, superstore malls, specialty stores, hand in hand with smaller shopping centers and department stores to gradually launch new projects.

Modern-day retail market competition has evolved to a different battleground. From competing among retail players, non-retail players have entered the market. Operators of office space have begun to offer retail shops in a new look known as 'retail podium' to meet the new lifestyle demand of customers. With a customer-centric concept, anyone can enter the retail industry only if they have shop fronts. Market

competition has become much more active when many retail players have adopted the e-commerce market channel, creating a bigger number of large competitors, consistently high competition. In the recent years, e-commerce has bigger portion in term of market share with high growth rate. Gearing toward creation of customer experience, the market competition factor is not limited to only pricing, but also differentiating services, leading the market to expand rapidly and increasing market shares for certain retail players.

Getting to fully understand evolving customer behavior and lifestyles is the key to retail business success, especially when changes of technology and customer needs are more rapid. Applying suitable technology to identify customer behavior and reduce costs of administration is crucial to the current retail business. Big-data analytics and artificial intelligence will likely become technologies of choice for all retail operators in 2020, including their integrated applications to enhance management and optimize the network and connection between online and offline, known as O2O (Online to Offline), together with the offering of service convenience and new experience.

RISK FACTORS

1. Risks Associated with CPNREIT or Operation of CPNREIT

1.1 Risks from Economic Volatility That May Affect Immovable Properties Invested or to be Invested by CPNREIT

Properties that are invested or to be invested by CPNREIT, i.e. shopping malls, office buildings and hotels, are exposed to risks from economic volatility and deflation, both at the domestic and international levels. In addition, such properties may be affected by changes in macro factors, i.e. political factors, city planning factors, changes in population structure and behavior, effects from natural disasters, plagues, unrest in country and/or in foreign countries, etc. This may affect the purchasing power, and/or volume of buyers in shopping malls, and/or the demand for space in office buildings, and/or the number of tourists and service users in hotel, and/or affect by authorities orders to partially closures or closures of properties that are invested or to be invested by CPNREIT.

In order to reduce risks from economic volatility and changes in macro-level factors, the REIT Manager will work together with the Property Manager to prepare a plan for the procurement and management of properties in the shopping mall sector by diversifying groups of tenants. In procuring such tenants, the REIT Manager and the Property Manager will emphasize on reaching out to customers who engage in a variety of businesses, by proposing them the details of appropriate lease spaces that will serve their customers' needs with appropriate lease costs and appropriate level of services to satisfy customers, in order to ensure the consistent renewal of agreements. In addition, the REIT Manager will follow up with the performances of shops, and provide measures to support shop tenants who suffer from certain economic situations, for example, the formulation of a plan between the Property Manager and the tenants to develop a marketing plan and conduct activities for sales promotions to attract customers to purchase goods and

use services in the shopping malls, and the formulation of a policy for the Property Manager to create and foster a good relationship with shop tenants to take into account complaints, suggestions, to give advice, and to mutually seek methods to enhance performance and potential of the shops' ability to compete and thrive in the long-term along with the shopping malls. Moreover, the REIT Manager and the Property Manager plan to mitigate the impact on revenue and profitability through various cost reduction initiatives.

With respect to property in the office building sector, the REIT Manager will continuously evaluate and follow up the performance of such property, and will work with the Property Manager to take the necessary steps to serve the specific needs of the office building tenants, to maintain the property's performance to achieve its goal, or to improve the performance of the property when its actual performance fails to meet its plans and targets.

With respect to property in the hotel sector, the REIT Manager will continuously evaluate and follow up the performance of such property, and will work with the Property Sub-Lessee to take the necessary steps, as well as to consider the hotel's annual budget in order to maintain the property's performance to achieve its goal, or to improve the performance of the property when its actual performance fails to meet its plans and its targets.

1.2 The Outbreak of Communicable Diseases Around the World May Lead to Higher Volatility in The Global Capital Markets, Which May Materially and Adversely Affect Benefit Procurement, Financial Condition and Results of Operations of CPNREIT.

The outbreak of communicable diseases during the past years such as severe acute respiratory syndrome (SARS), influenza A virus (H5N1), etc. and recently, the 2019 Coronavirus disease (COVID-19), on a global scale may affect investment sentiment and result in sporadic volatility in global capital markets or adversely affect other economies. In addition, such outbreaks may result in restrictions on travel and public transport and prolonged closures of recreation areas and workplaces which may have a material adverse effect on the global economy. Any material change in the financial markets or regional economies as a result of these events or developments may materially and adversely affect benefit procurement, financial condition and results of operations of CPNREIT. The effect would impact broadly, not only in Thailand and CPNREIT.

1.3 Risks from Increasing Competition of Business and Change in Lifestyle

1.4 The Operating Performance of CPNREIT Partly Depends On Management Capability of the REIT Manager of the Properties Invested and to be Invested by CPNREIT

The REIT Manager shall be a person who will set the policy for action plans, marketing, for realizing benefits, and manage strategy of CPNREIT in order to comply with the Trust Deed, and other relevant agreements. Actions of the REIT Manager will be under the supervision of the Trustee, and will be governed by the Trust Deed, the REIT Manager appointment agreement, and relevant laws.

While the Trustee will supervise and follow up with the REIT Manager's actions to ensure that such actions shall be in line with the Trust Deed, the REIT Manager appointment agreement, and other relevant agreements and the REIT Manager will take care, follow up, and cause the Property Manager and Property Sub-lessee (in the case of the hotel sector) to comply with relevant agreements, there is no assurance that the REIT Manager will be able to achieve the implementation of the CPNREIT investment strategy as the REIT Manager is subject to various uncertain factors, including the management capability of the REIT Manager and its ability to properly realize benefits from

invested properties and in compliance with the investment principles of CPNREIT, as well as obtain good financial results. Therefore, the REIT Manager cannot guarantee that the operation as per the plan for strategic management and the realization of benefits from the invested properties by the REIT Manager will actually meet such plan, or can be achieved within the timeframe and budget. If the REIT Manager fails to manage according to the strategy, such failure may have an adverse impact on the core assets and may affect CPNREIT's performance and ability to pay dividends to unitholders.

1.5 CPNREIT Must Rely On the Property Manager's Personnel Who Have Skills and Experience in Managing and Realizing Benefits from Properties

1.6 Risk Caused by Refusal to Renew Hotel Management Agreement Upon Its Expiration, or Even If Renewal Is Made, the Terms and Conditions in the Renewal May Differ

1.7 Risk from a Decrease in the Number of Tourists That Will Affect Hotel Business Operation

The business of the Hilton Pattaya Hotel may be adversely effected by any event that causes Thailand to be a less attractive tourist destination, though Thailand has been one of the most popular places in the Asia-Pacific Region and Chonburi is considered an important tourism province in the eastern part of Thailand. Such adverse events include an adverse change in the international economic situation, a strong Thai Baht, Thailand's adverse image in the eyes of foreigners, effects from terrorism, war, riot, strike, airport blockade, regional transmission of disease, exchange rates between Thai Baht and other currencies, and effects from risks of the political situation of Thailand. If any such event occurs, macroeconomic conditions and the Thailand tourism industry may thus be materially adversely affected. This may also cause an adverse effect on CPNREIT's operational performance and its ability to pay dividends.

However, such risk may be mitigated to a certain degree by arranging for the diversification of hotel customers, i.e., customers must not be limited to a specific region or nation so that substitutions can be arranged in each tourist season. When encountering the decline of customers from a specific region, other groups of customers can be substituted.

1.8 Risk Associated with the Hotel License and Other Relevant Licenses for Business Operation

1.9 CPNREIT's Income is Derived from Property in the Hotel Sector Depends On the Financial Condition of the Property Sub-Lessee and Compliance with the Sub-Lease Agreement

Part of CPNREIT's performance and ability to pay dividends depends on income which is derived from rent of the property in the Hilton Pattaya Hotel, which has been sub-leased out by CPNREIT to a single sub-lessee (CPN Pattaya Hotel), which is a subsidiary of CPN. CPNREIT's income from this part comprises of fixed rent, and variable rent (calculated according to the method as prescribed in the sub-lease agreement), which will be paid to CPNREIT by CPN Pattaya Hotel. As a result, CPNREIT is exposed to risk from investment in the leasehold right of this hotel property by sub-leasing only to CPN Pattaya Hotel. Therefore, at any time if the financial condition of CPN Pattaya Hotel has deteriorated from the unexpected poor performance of the hotel, CPN Pattaya Hotel may delay the payments or may be in default of paying rent, and such event may cause the sub-lease agreement to be terminated, resulting in the material adverse effect to the financial condition, operational performance and ability of CPNREIT to pay dividends.

However, according to the conditions set forth in the sub-lease agreement, CPN Pattaya Hotel is not allowed to conduct any action which may cause a risk to the financial condition of CPN Pattaya Hotel. In addition, in order to reduce the risk of this case, the REIT Manager and CPN Pattaya Hotel, as the Property Sub-Lessee, will continually and jointly follow up with and evaluate the performance of the Hilton Pattaya Hotel, and will jointly proceed with any actions necessary to modify and improve, and enhance the level of competency in operating the hotel business, by taking into consideration the overall strategy for business management and realization of benefits of CPNREIT's properties. In addition, under the undertaking agreement, CPN agrees to control, oversee, and proceed with any actions that are necessary to enable CPN Pattaya Hotel, which is CPN's subsidiary, to strictly comply with the terms and conditions set forth in the agreements to which CPN Pattaya Hotel is a party, including but not limited to agreements for the realization of benefits in the Hilton Pattaya Hotel, as well as documents and other agreements in connection with the realization of benefits of CPNREIT whereby CPN Pattaya Hotel is related to or has entered into as a party. In particular, CPN will use its best efforts to provide any financial assistance, such as providing loans to CPN Pattaya Hotel, additional investments in shares of CPN Pattaya Hotel in the

case of a capital increase, etc. Such financial assistance is not aimed at guaranteeing income to be paid to CPNREIT, rather, the purpose of such money is for support and is to be used as working capital for the operation of CPN Pattaya Hotel so that CPN Pattaya Hotel is not in default or breach of contractual conditions, or does not give cause for contract termination; provided that the planning and withdrawal of money for the operation of Hilton Pattaya Hotel is operated by the Hilton Group, as hotel management executives.

1.10 Risk from Postponement of Rental Payment or the Waiver of Rental Payment Due to a Force Majeure Event Affecting the Business Operation of Hilton Pattaya

In the case of a force majeure event affecting the business of Hilton Pattaya Hotel, which is regarded as an event under the conditions that provides for postponement of rental payment or the waiver of rental payment due to an event of force majeure set forth in the building sub-lease agreement, the utilities sub-lease agreement and movable assets lease agreement in relation to core assets in the Hilton Pattaya Hotel, CPN Pattaya Hotel, as Property Sub-lessee, is entitled to request for the postponement of rental payment, either in part or in whole, in any quarter. Also, CPN Pattaya Hotel is entitled to request for the waiver of rental payment, either in part or in whole, in any quarter to CPNREIT. In the case of postponement of rental payment, or the waiver of rental payment by CPN Pattaya Hotel, income and working capital of CPN Pattaya Hotel may be materially affected, which may have an impact on the payment of dividends to unitholders.

However, in order to mitigate the risk which may arise, both parties agree to calculate rent if such event occurs. This may cause CPN Pattaya Hotel to be obligated to continue making a partial rental payment, provided that such rental payment will be determined based on the ability of CPN Pattaya Hotel to pay the rent, together with the effect on Hilton Pattaya Hotel's business of CPN Pattaya Hotel. In case such event has passed, CPN Pattaya Hotel still has to continue making rental payment for the quarter according to the calculation method for normal rent. In addition, CPN Pattaya Hotel must make payment of rent which was postponed and has not been paid in full. The rent which has been postponed and has not been made in full will be calculated in every quarter according to the criteria prescribed in the building sub-lease agreement, the utilities sub-lease agreement and movable assets lease agreement in relation to core assets in the Hilton Pattaya Hotel.

1.11 Risk from Not Being Able to Procure a Sub-Lessee for the Hotel Property in the Future

1.12 Risk of Ability to Pay Rental and Service Fees by Tenants in the Shopping Malls and Office Buildings

The ability to conduct business of the tenants in shopping malls and office buildings that are invested in by CPNREIT may affect their ability to pay rental and service fees, to renew agreements, or lead to early termination of agreements. These results will directly affect the income and working capital of CPNREIT and CPNREIT's ability to pay dividends to unitholders. However, the majority of the lease agreements for spaces in shopping malls and office buildings which are invested in by CPNREIT have a lease period of about 3 years. This allows the Property Manager to adjust the shops in shopping malls and tenants of office buildings. In addition, the Property Manager has policies to protect the risk of payment defaults of tenants in the following cases: (1) for general lease agreements, the amount equivalent to the amount of about 3-6 months rent is requested as lease deposit to compensate CPNREIT's loss of income if such tenant fails to pay rent, and to compensate loss of benefits and/or damage which may occur to CPNREIT upon a tenant's request for early termination of a lease agreement; (2) termination of the lease agreement is required in case of failure to make outstanding rent payment for an extended period, and timely cooperation is required of the tenant for negotiating and solving the problem; and (3) closely following up on overdue payments, and if payment default occurs, cooperation with the relevant governmental agencies will continually be sought in order to solve the problem.

1.13 Risk of Loss of Anchor Tenants of Shopping Mall Projects

The existence of anchor tenants, i.e., department stores and cinemas, is a factor that attracts shoppers to visit, shop and use services in shopping malls. Loss of anchor tenants may reduce the attractiveness of shopping malls and the number of shoppers. In addition, the loss of anchor tenants may adversely affect the occupancy rates of other tenants, as well as rental and service incomes of shopping malls.

However, such risk may be mitigated. If an anchor tenant intends not to renew its lease agreement with CPNREIT, such anchor tenant must give an advance written notice to CPNREIT of at least 6 months prior to the expiry of the lease period. Thus, the Property Manager has such period of time to procure a new anchor tenant in place of the existing one who chooses not to renew the lease agreement. Considering the prime location of the shopping malls invested in by CPNREIT, along with CPN's over 30 years of experience in successful development and management of shopping malls, procuring a new tenant in place of the existing one who will not renew the leases should be possible.

1.14 Risk Associated with Renovation of CPNREIT's Properties

The property of CPNREIT i.e. shopping malls, office buildings, and hotels, requires repair, renovation and refurbishment for the purposes of safety, making them look brand new and modern, and for serving the needs of customers who come to purchase goods and use the services in shopping malls, including the tenants (for properties which are shopping malls and office buildings), and customers who use services within the hotel. Normally, the annual renovation and maintenance will not have much affect on the operation of CPNREIT's properties, except for the case of major renovation that requires renovating for a significant image change on the inside and outside of the properties, or change of important utilities system of the properties, which is normally conducted every 10-15 years. In general, there is no cessation of such property's operations during the renovation, and the renovation will be conducted only in specific areas required for renovation, while other areas are operating as usual, unless it is considered that cessation of the property's operations for renovation is more advantageous than a gradual renovation action on such parts of the properties that would have an adverse affect on tenants and customers who come to purchase goods and use services (for properties which are shopping malls and office buildings), and customers who come to use services in the hotel, as well as CPNREIT's income.

For each major improvement, the REIT Manager, the Property Manager (in the case of shopping malls and office buildings), and the Property Sub-lessee, together with the hotel manager (for the hotel property), will prepare a plan in order to minimize the effects to tenants and customers who come to purchase goods and use services (for the properties which are shopping malls and office buildings) and customers who use services in the hotel, by taking into consideration the necessary financial resources and the appropriate timeframe for such action. Also, a study on the effects of the income and benefits expected to be derived must be conducted prior to undertaking renovation actions in every case. Major renovations are necessary for conducting the business of shopping malls, office buildings, and hotels in order to maintain image, to enhance modernization, to be in line with changes of market conditions at all times, and to create attractiveness for the properties invested in by CPNREIT, and to respond to the needs of tenants in the shopping malls and office buildings, together with customers who come to use services in the shopping malls, office buildings and hotels. These actions help to maintain and increase opportunities to realize income and cash flow of CPNREIT on a long-term basis.

Furthermore, with respect to maintenance of the core assets in the Hilton Pattaya Hotel, to be in good condition and in a position to realize benefits, the Property Sub-lessee must use its best efforts as that of a general hotel operator in taking care of sub-leased property to be in good condition throughout the lease period and appropriate for use as per its objectives as prescribed in the agreement. The Property Sub-lessee shall be responsible for any and all maintenances, repairs, and actions necessary for maintaining the sub-leased property as a hotel. Such expenses shall be deemed as part of the operating expenses according to the budget mutually agreed upon and approved by the parties.

In this regard, CPNREIT expects to renovate Hilton Pattaya Hotel and CentralPlaza Rama 2 Project (Renewal Period) during 2020-2021.

1.15 Risk Due to the Fact that CPNREIT Has No Right to the Space of Big Retail Super Centers Inside Certain Shopping Malls Invested In or to be Invested by CPNREIT

The big retail super centers inside certain shopping malls that have been invested in or will be invested in by CPNREIT

are not tenants of the CPN Group inside the shopping malls owned by the CPN Group, and CPNREIT does not invest in the spaces of such big retail super centers. The owners of such big retail super centers may engage in the sale and sub-lease of such land and/or such spaces to any person, or may change the nature of business while CPNREIT will have no right to object. Such action may affect the management of shopping malls and the operational performance of CPNREIT.

However, factors for success in the big retail super center business are good locations and convenient access. If the super centers are located in shopping malls that have been invested in or will be invested by CPNREIT have good locations and convenient access, these are important factors for the continued success of the super centers, and these factors will reduce the risk from the relocation of big retail super centers from such shopping malls.

1.16 Risk from Termination of Sub-Lease of Land of CentralPlaza Rama 2 Project and CentralPlaza Pinklao Project Due to Termination of Main Lease Agreement

Given the fact that investments in land sub-leasehold rights exist in CentralRama 2 Project and CentralPinklao Project, and even though the long-term sub-leasehold right is registered with the relevant authorities, CPNREIT is still subject to the risk that may occur from termination of the sub-lease of land agreement as a result of expiry or termination of the land lease agreement between sub-lessor of the land to CPNREIT and the landlord. In order to mitigate such risk, CPNREIT has thus proceeded with the following risk management activities:

- a) To proceed with the request for consent together with setting the conditions of the sub-lease of land with the owner of the land according to the land lease agreement between Central Pattana Rama 2 and the landlord, as well as arrangements for the prevention of risk that may occur from the termination of such land lease agreement by obtaining subrogation rights contained in the land lease agreement of Central Pattana Rama 2 from the landlord.

On 28 February 2007, CPNREIT (previously CPNRF) had not obtained such right from the landlord. Therefore, CPNREIT thus agreed with CPN and Central Pattana Rama 2 to establish additional measures until CPNREIT has obtained the subrogation right of the land lease agreement. Since 28 February 2007, CPNREIT, CPN and Central Pattana Rama 2 have proceeded with the following actions:

1. Central Pattana Rama 2 has granted CPNREIT the right to pay the land lease fee in substitution of Central Pattana Rama 2 if Central Pattana Rama 2 fails to pay the land lease fee to the landlord according to the land lease agreement.
2. Central Pattana Rama 2 will send evidence of the lease payments to CPNREIT every month.
3. CPN and/or Central Pattana Rama 2 have arranged for procurement of collateral that is acceptable to CPNREIT, in the form of investment units of a general fixed income fund, for the lease payments as per Clause 1 above, in the amount that is equivalent to the land lease fee, which must be paid by Central Pattana Rama 2 to the landlord for the period of 2 years.
4. Central Pattana Rama 2 has a policy to conduct business as it deems necessary in order to be a company that operates with a low risk profile, by amending part of its memorandum of association relating to the company's objects, in order to be in line with its policy for conducting the necessary business of the company.
5. CPN agrees to maintain a financial ratio at a level acceptable to CPNREIT, provided that it will be the same ratio which is committed to the creditors of CPN, of which are D/E Ratio, and Debt Service Coverage Ratio (DSCR). If CPN is unable to maintain such ratios and cannot rectify such failure within 3 months, CPN Pattana Rama 2 or CPN must provide security money or pledge of instruments that are acceptable to CPNREIT in an amount equivalent to the outstanding land lease fee that Central Pattana Rama 2 is obligated to pay to the landlord.

The above additional measures will be canceled once CPNREIT has obtained from the landlord the subrogation right of the land lease agreement for replacement of Central Pattana Rama 2, or another alternative that is acceptable to CPNREIT has been substituted.

- b) CPN has amended the lease of land agreement between CPN and Central Department Store Ltd., where Central Plaza Pinklao Project is located. The amendment provides that CPNREIT can subrogate the land lease agreement if CPN fails to comply with the terms of the land lease agreement, when such failure may result in the termination of the land lease agreement, as well as amending the land lease agreement if Central Department Store Ltd. wishes to transfer ownership of the land where Central Plaza Pinklao is located. In such case, Central Department Store Ltd. must cause the transferee of land ownership to accept transfer of all rights and obligations of the lessor with the lessee according to the land lease agreement.

However, regardless of the grounds for the termination of the sub-lease of land agreement, CPNREIT still maintains and holds possessory right of the building as a lessee and can seek benefits from the leased property. If the sub-lease of land agreement is terminated due to the fault of the sub-lessor of the land and CPNREIT fails to exercise the right or is unable to exercise the right to subrogate as the party to the land lease in place of the sub-lessor of the land as per the conditions set forth in the sub-lease of land agreement, CPNREIT will obtain the sublease fee of the land, which is paid in advance, from the sub-lessor of the land, on a pro rata basis for the remaining period of the sub-lease of land. In addition, if the land lease agreement between the sub-lessor of the land to CPNREIT and the landlord expires or is terminated causing the building and structure on such land to become property of the landlord, such landlord will still have the obligation and responsibility to lease the building and structure to CPNREIT according to the law, for CPNREIT's benefit.

1.17 Risk Arising in the Event That the Lease Agreement of CentralPlaza Rama 3 Project Is Not Renewed in the 30th Year and 60th Year

The lease agreement of CentralPlaza Rama 3 Project, which is entered into by CPNREIT and Central Pattana Rama 3, will expire on 15 August 2035. Providing that upon expiry of such lease agreement, Central Pattana Rama 3 agrees with CPNREIT that CPNREIT has the right to renew the agreement 2 more times, each of which is for a 30-year term. Although CPNREIT has the right to renew such lease agreement as per the promise granted by Central Pattana Rama 3 according to the lease agreement, CPNREIT may be unable to exercise its right to renew such agreement by any reason, for example, intentional breach of agreement by Central Pattana Rama 3, or change in laws, or change in practice of the law in relation to lease agreements, or a transferee of ownership of the leased property to a third party who fails to perform in accordance with such promise or Central Pattana Rama 3 is under bankruptcy or rehabilitation proceedings.

In order to reduce such risk, CPNREIT established conditions in the lease agreement that Central Pattana Rama 3 represents that it will not sell, dispose, or transfer ownership of the leased property in order to maintain the position of the lessor under the lease agreement. Also, it provides that CPNREIT has the right to purchase the leased property if Central Pattana Rama 3 is unable to grant the right to CPNREIT to renew the lease agreement as per its promise. Also, CPN, as a shareholder having control over Central Pattana Rama 3, agrees to control and oversee that Central Pattana Rama 3 shall strictly perform its obligations under the lease agreement. Furthermore, CPNREIT has arranged that Central Pattana Rama 3 must mortgage the leased property with CPNREIT as a guarantee of performance under the lease agreement and for remedying damage which CPNREIT may incur from its inability to procure benefits from the leased property as per the lease agreement. Nevertheless, such actions may not fully compensate all damage incurred by CPNREIT.

1.18 CPNREIT's Investment in Certain Projects That Have No Investment in Land

1.19 Risk from Investment in Sub-Leased Space of CentralFestival Pattaya Beach Project

1.20 Risks Arising from the Fact that CPN Is the Major Shareholder of and the Controlling Person of the REIT Manager

The major shareholder and controlling person of the REIT Manager is CPN. CPN holds 99.99 percent of all shares having voting rights of the REIT Manager. This enables CPN to have control over all business policies, operations and finances of the REIT Manager. Furthermore, the fact that CPN is the largest unitholder of CPNREIT enables CPN to have a significant proportion of voting rights meetings of the unitholders of CPNREIT for agenda items for which CPN is not a special interested person.

However, actions of the REIT Manager are under the supervision of the Trustee. In managing and operating CPNREIT, the REIT Manager must comply with the terms set forth in the Trust Deed, the REIT Manager appointment agreement, and other relevant rules. In addition, for operation of the REIT Manager, independent directors have been appointed at a ratio of one-third of all members of directors of the REIT Manager. The independent directors have duties to consider giving comments or giving notes for matters involving related person of CPNREIT, or matters for which there may be a conflict of interest. In this way, monitoring and balancing within the structure of board of directors of the REIT Manager can be arranged.

In addition, in acquisition and disposition of important properties, connected transactions, and other transactions that are considered material matters by CPNREIT, the REIT Manager will proceed with consideration and approval of such transactions and cause such transactions to be in line with relevant principles. A unitholder who has a special interest in any agenda item of a meeting shall have no right to vote for such agenda.

1.21 Risk from Conflict of Interest Which May Occur Between CPNREIT and CPN Group, Who Acts as Property Manager

Although the REIT Manager has set roles and scope of responsibilities of CPN, who acts as the Property Manager to carefully manage and operate CPNREIT's shopping mall and office building properties, conflicts of interest between CPNREIT and CPN Group may still occur due to the fact that CPN Group has engaged in the business of leasing out and providing services in spaces in shopping malls and office buildings in various locations as its major business, and due to the fact that CPN also has the duty to procure tenants of shops and office buildings for CPNREIT's properties. Such conflict may result in the decrease of occupancy rate and the decrease of rent or the restriction of the increase of the rent of shopping malls and/or office building of CPNREIT.

However, the possibility of such conflict of interest is not high because decision making for the selection of spaces for lease depends on the need of each tenant. Selection of spaces depends on the location of office buildings or shopping malls, size of space, and differences of CPN projects in terms of targeted customers, services, architecture, decoration, and location, all of which are important factors for tenants to make decision. Therefore, in principle, tenants are persons who consider and make decisions for selection of spaces in shopping mall projects or office building projects according to their needs.

Furthermore, CPNREIT has employed CPN Group to manage CPNREIT's shopping mall and office building properties by way of an agreement that is structured to provide incentives for CPN to continuously earn a good profit for CPNREIT, with objectives to motivate CPN to manage and operate CPNREIT's shopping mall and office building properties to increase income from rent and service fees, by controlling relevant costs and expenses to be at appropriate levels, which will help reduce risk from the occurrence of conflicts of interest.

With respect to measures set forth for preventing conflicts of interest in terms of properties managed by CPN, as Property Manager, the REIT Manager has established measures for consideration of CPN's performance in the Property Manager appointment agreement providing that the REIT Manager is entitled to change the Property Manager, as follows:

If the occupancy rate of properties invested in by CPNREIT and under CPN's management are decreased to lower than 50 percent for a continuous period of longer than 3 months, the REIT Manager may propose to a meeting of unitholders to consider and resolve to terminate the Property Manager appointment agreement by the affirmative vote of more than half of all trust units.

The occupancy rate must be calculated on actual leased spaces by dividing by all leasable spaces excluding common space, meeting spaces, and spaces which cannot be leased out temporarily due to force majeure events or due to repair and refurbishment of such spaces. Information from monthly reports shall be used for calculation of such leased spaces.

2. Risk Associated with the Ability to Realize Benefits from the Properties Invested by CPNREIT

2.1 Risk Arising from Expropriation

2.2 Properties Invested or to be Invested Are Subject to Environmental Laws, whereby Compliance with Them May Incur Expenses and Liabilities to CPNREIT

Properties invested or to be invested by CPNREIT are subject to environmental law and regulations, for example, sanitary law, law involving control of air pollution, water pollution, waste disposal, and control of noise pollution. Under these laws, owners of properties and those in control of operating property and procuring benefits from property may be liable under such law and regulations, and subject to fines, punishment or imprisonment in the case of violation such laws. Furthermore, CPNREIT may be burdened with the expenses necessary for complying with such law and regulations. If there is an occurrence of contamination or pollution, or such contamination or pollution is not resolved, it may result in liability of CPNREIT or cause a materially adverse effect for the leasing out of the immovable property.

In addition, properties that are compliant with environmental laws or regulations at any given time may not be compliant with or in line with law or criteria relating to the environment at another period of time if such law or criteria relating to the environment is amended. Therefore, there is a risk that may occur upon the amendment or addition of law and criteria relating to the environment. Actions to cause properties to be compliant or in line with the law and criteria relating to the environment may increase the expense burden of and affect the financial condition and operational performance of CPNREIT.

2.3 Risks Associated with Natural Disasters, Accident, Unrest

2.4 Risk Arising from Insurance

CPNREIT's business may be subject to risk associated with the operation of and realizing benefits from the properties invested or to be invested by CPNREIT. Even though CPNREIT may procure appropriate insurance for the properties invested or to be invested according to relevant laws, CPNREIT may not be able to procure insurance to cover certain risks that may arise. Even though CPNREIT can procure insurance, the premium rate may not be worth the economic benefit to be obtained by CPNREIT, or CPNREIT may be unable to exercise its claim according to the terms set forth in such insurance, either in whole or in part, or the compensation payments may be delayed in accordance with the terms of such insurance, which would not CPNREIT's fault. Also, CPNREIT may be subject to risk from financial loss once due to the occurrence of a severe for which CPN is not appropriately compensated for damages, or insurance could not be procured to cover such event. This may directly affect the dividends that are anticipated by unitholders.

2.5 Increase in Expenses Relating to the Immovable Properties That Are in Possession of CPNREIT, as well as an Increase in Operating Expenses

3. Risk Associated with Investment in Properties by CPNREIT

3.1 Investment in Properties Is Exposed to Various Risks

Investment in properties has various risks, including but not limited to (1) adverse change in political or economic conditions, (2) adverse change to market situations, (3) financial conditions of tenants, buyers and sellers of property, (4) sources for supporting funds, i.e. loans, debt instruments, or equity instruments, which may be changed, and which then impact CPNREIT's ability to acquire more properties or maintain and repair properties, (5) change in interest rates, cost of funds, and other operating expenses, (6) change in environmental law, law on zoning and other regulations of governments, and financial policies, (7) claims on environmental impacts from properties, (8) change of market lease fee rates, (9) change of power prices, (10) competition among owners of properties or lessors of properties for attracting tenants and space users, which may affect vacancy rates of lease space or space cannot be leased out with advantageous agreements, (11) renewal of lease agreements cannot be made upon expiry of the existing agreement, (12) inability to promptly collect rent or consideration of use from users and/or tenants or inability to collect due to bankruptcy of users and/or tenants, (13) inability to procure sufficient insurance or any insurance to cover damages, or an increase of insurance premium, (14) increase in the rate of inflation, (15) property defects requiring repair and unforeseeable expenses, (16) failure of tenants to comply with terms and conditions set in lease agreement, (17) dependency on cash flow for repair and improvement of property, (18) increase of operating costs including property-related taxes, (19) any rights or encumbrances which were not found during the due diligence examination or review at the Land Department, and (20) force majeure events causing damage that cannot be insured against.

These factors may cause occupancy rates, rental rates, consideration for use of space, or operating expenses to fluctuate. These factors cause adverse effects on property values and income to be derived from properties. The value of CPNREIT's properties may materially decrease under a rapid downturn in Thailand's immovable property market and Thailand's economy.

3.2 Risk Arising from Verification of Information Prior to Investing

Prior to investing in properties, the REIT Manager conducted a study of the information and details of such properties by examining and reviewing relevant information (due diligence) prior to making the decision to invest. The REIT Manager studied the report issued by the Appraisal Company, the engineering report on the properties, the legal due diligence report, together with other information and agreements. However, such actions do not guarantee that the properties to be invested in by CPNREIT are free from damages or defects that may require incurring expenses to improve and repair the properties. The report issued by the Appraisal Company, the report on the investigation of properties to be invested by CPNREIT, and the legal due diligence report by legal advisors that were used as the basis for evaluation and examination by the REIT Manager, may be incomplete or incorrect since the investigation of certain defects on property is difficult to find out or unable to uncover due to inherent limitations of the investigation, which may include techniques or methods used for investigation, or other factors that are regarded as limitations of investigations held by appraisers, engineers, and legal advisors.

Further, properties to be invested by CPNREIT may violate various rules and regulations which are related to properties, and the study of information, details and due diligence documents by the REIT Manager may not have uncovered such matters, resulting in expenses that may be higher than the budget estimated by the REIT Manager prior to investing, or incurring duties to follow such obligations involving violations of such regulations as prescribed by relevant authorities.

3.3 Value of Immovable Properties Invested In by CPNREIT According to the Valuation of the Appraisal Companies Does Not Reflect Their Actual Value and There Is No Guarantee that the Selling Price of Immovable Properties Will Be In Line with the Appraised Value, whether at Present or in the Future

In general, appraisals of properties are based on various factors, including certain factors that are regarded as abstract factors, such as market conditions, financial strength, competitive ability and the nature of the assets. Certain events may cause such factors to change in the future, since certain events or all events that are based on hypothesis may not occur as anticipated, or certain unexpected events or unexpected situations may occur. Therefore, the REIT Manager cannot guarantee that the hypothesis will occur as anticipated. The sale value of the core assets of CPNREIT in the future may be lower than the value set by the Appraisal Company or lower than the initial investment value by CPNREIT in such property. This may cause CPNREIT to suffer a loss from the sale of property, and may affect the ability of CPNREIT to pay dividends to unitholders.

3.4 Risk from CPNREIT Investment in Leasehold Right over Immovable Properties

CPNREIT investment is to invest in leasehold right of immovable properties. Therefore, the value of such leasehold right may be reduced due to the reduction of the remaining lease period, or leasehold right value may be changed due to change of appraisal of the leasehold right. These factors may affect the value of the trust units, and may cause the value of trust units to increase or decrease.

4. Other Risks

4.1 Changes of Accounting Standards or Relevant Laws

4.2 Net Asset Value of CPNREIT May Not be Actual Value That CPNREIT Will Obtain Upon Disposal of All Properties or Upon the Dissolution of CPNREIT

4.3 Risk from Liquidity of Trust Units Trading in Secondary Market

The trust units of CPNREIT are listed in the SET. Liquidity of trust units trading has been evaluated from frequency and quantity of trust units trading on the SET, which is based on the amount of demand of sellers and purchasers (bid-offer). Such seller-purchaser demand depends on various factors, which cannot be controlled by the REIT Manager, e.g., the amount of investor demand for investment in trust units during a certain period. Therefore, trust units may be subject to the risk of lack of liquidity of trading on the secondary market.

4.4 Risks in Aspects of Taxes and Fees

The purchase, sale, transfer, or obtaining the transfer of immovable property, or the purchase, sale, transfer, or obtaining of leasehold rights (in case of CPNREIT investment in lease of immovable property), or the operation for the realization of benefits from CPNREIT properties in the future may incur tax burdens and fees on the purchase, sale, transfer, obtaining ownership, or the transfer or obtaining the transfer of leasehold rights of immovable property, which such burden CPNREIT may have to assume in part or in whole, and the rate of taxes and fees to be paid by CPNREIT or applying of tax incentives may differ from what they are now.

In addition, in the future, the tax burden of CPNREIT and/or the tax burden of unitholders, as it relates to the investment in and/or sale and purchase of trust units, and/or the operation of the CPNREIT properties and obtaining benefits from CPNREIT, may be changed and differ from time to time if there is the change in law or tax regulations or other aspects relevant to such matters.

4.5 Ability of CPNREIT to Pay Returns

Payment of returns by CPNREIT will be considered based on CPNREIT's performance, and the performance depends on various factors, i.e. the economic situation in country and abroad, the ability of tenants and sub-tenants to pay rents, costs of immovable property management, other operational costs, competition of operators, occupancy rate of CPNREIT investment projects, changes in law and regulations relating to the properties, natural disasters, and the political situation. Therefore, investors may be subject to the risk that payment of dividends will not be made as anticipated, or CPNREIT may be unable to maintain the payment of dividends or to increase the dividend rate.

4.6 Sale & Purchase Price of Trust Units May Not Reflect Net Asset Value of CPNREIT

4.7 Repayment of Capital from Dissolution of CPNREIT May Be Less Than Amount of Investment Made by Unitholders

In case of dissolution of CPNREIT, the REIT Manager cannot guarantee that unitholders will obtain their investment sum in whole or in part, because it depends on the reasons, the method of dissolution of CPNREIT, the principles for disposition of CPNREIT's properties, and the remaining period of leasehold rights.

LEGAL

DISPUTE

In managing CPNREIT, the REIT Manager complies fully with relevant laws, namely Securities and Exchange Act B.E. 2535 (including its subsequent amendments), Trust for Transactions in the Capital Market Act B.E. 2550 (including its subsequent amendments) regulations from regulatory bodies and Trust Deed.

As of 31 December 2019, CPNREIT had no litigation either as a party or litigant in a lawsuit or dispute in arbitration or other significant legal disputes which directly relates to CPNREIT's business that the REIT Manager believes will severely and negatively impact CPNREIT's net asset value more than 5%, financial position, operating performance and operating outlook. Moreover, CPNREIT has no litigation that would significantly impact the procurement of benefit from properties that CPNREIT manages.

Note: More information is provided in the Notes to the Financial Statements as of 31 December 2019

MILESTONES

AND OTHER KEY MATTERS

Year 2017

- CPNREIT was established pursuant to the Trust Act on 29 November 2017 from the conversion of CPNRF.
- The trust units of CPNREIT have been started trading on the SET on 14 December 2017.

Year 2018

- On 25 May 2018, TRIS rated CPNREIT's credit rating as "AA" with a "Stable" outlook.
- On 29 June 2018, TRIS maintained CPNREIT's credit rating as "AA" with "Stable" outlook and rated CPNREIT's senior unsecured debentures as "AA" with "Stable" outlook.
- On 17 August 2018, CPNREIT issued its debentures pursuant to the resolution of the 2018 Annual General Meeting of Trust Unitholders of CPNREIT for not exceeding Baht 16,250 million under the Medium Term Note Program: MTN of CPNREIT in the amount of Baht 10,040 million for the purposes of the repayment of loans or any debts and expenses relating to the issuance of debentures and repayment of the said debts.

Year 2019

- On 8 February 2019, CPNREIT issued debentures in the amount of Baht 4,495 million (under the Medium Term Note Program: MTN of CPNREIT for an amount not exceeding Baht 16,250 million) for the purposes of the repayment of loans or any debts and expenses relating to the issuance of debentures and repayment of the said debts.
- On 25 June 2019, TRIS maintained CPNREIT's credit rating and its senior unsecured debentures at "AA" with "Stable" outlook.
- On 8 August 2019, the Board of Directors Meeting of the REIT Manager acknowledged the resignation of Mr. Charly Madan from the Company's Independent Director and the Chairman of the Board of Directors, which was effective from 31 August 2019 and approved the appointment of Mr. Pongsakorn Thiengtham as an Independent Director and Director of the Company, which was effective from 1 September 2019.
- On 22 August 2019, the Extraordinary General Meeting of the Shareholders No. 1/2562 of the REIT Manager approved the appointment of Mrs. Auyporn Footrakul as the Company's Independent Director and Director, which was effective from 1 September 2019.
- On 22 November 2019, the Extraordinary General Meeting of Unitholders No. 1/2019 of CPNREIT passed the resolution to approve the additional investment by CPNREIT, the details of which were as disclosed and posted on CPNREIT's website (www.cpnreit.com) and via the SET's disclosure system on 6 December 2019.
- On 9 December 2019, the Stock Exchange of Thailand and FTSE Russell announced the result of the review for FTSE SET Index Series, effective from December 23, 2019 onwards. CPNREIT was selected as an addition to the FTSE SET Mid Cap Index.

INFORMATION

OF TRUST UNITS

1. Information and Prices of Trust Units

1) Information of Trust Unit as at 31 December 2019

Investment Capital	29,016,410,672	THB
Number of Unit	2,212,476,700	Unit
Net Asset Value	29,701,187,572	THB
NAV per Unit	13.4244	THB

2) Information of Unit Prices as of 30 December 2019

Closing Price	32.75	Unit
Highest Price	32.75	Unit
Lowest Price	31.75	Unit
Market Capitalization	THB 72,458	Million
Trading Volume per Year	THB 13,659	Million

2. Debentures

CPNREIT was rated “AA” with “Stable” outlook for both issuer and debenture ratings by TRIS Rating on 25 June 2019. CPNREIT issued 4 tranches of debentures since August 2018. The objective of issuance of debentures was for bank loans repayment, details are as follows;

Bond	Amount (THB Million)	Issue Date	Maturity Date	Tenor (Year)	Coupon (%)
CPNREIT218A	2,650	17 Aug 2018	17 Aug 2021	3	2.70
CPNREIT288A	7,390	17 Aug 2018	17 Aug 2028	10	3.80
CPNREIT212A	2,700	8 Feb 2019	8 Feb 2021	2	2.54
CPNREIT232A	1,795	8 Feb 2019	8 Feb 2023	4	3.30
Total	14,535				

3. Detail of Trust Unitholders

List of the first 10 largest Trust Unitholders as of 30 December 2019

No.	Unitholders	Number of The Units	Unitholders Proportion (%)
1	CENTRAL PATTANA PUBLIC COMPANY LIMITED	590,521,686	26.69
2	TMB PROPERTY INCOME PLUS FUND	76,556,600	3.46
3	GOVERNMENT SAVINGS BANK	68,004,833	3.07
4	K PROPERTY SECTOR FUND	48,262,700	2.18
5	AIA COMPANY LIMITED-EQDP-D FUND 1	39,378,802	1.78
6	PRINCIPAL PROPERTY INCOME FUND	36,999,575	1.67
7	MRS. ARUNEE CHAN	34,740,200	1.57
8	HSBC BANK PLC-HSBC INSTITUTIONAL TST SVS(IRE) LTD FIRST STATE GLOBAL UMBRELLA FUND PLC - FIRST STATE ASIAN EQU	33,261,756	1.50
9	MFC Property Dividend Fund	30,195,569	1.36
10	BANGKOK LIFE ASSURANCE PCL	24,938,552	1.13

4. Distribution Payment Policy

1) Policy on Distribution of Returns

- CPNREIT has the policy to make at least 2 distributions of return per year to the trust unitholders.
- In the case where CPNREIT has net profit in any accounting period, the REIT Manager shall make distribution of returns to the trust unitholders of not less than 90 (ninety) percent of the adjusted net profit of such accounting period.

The adjusted net profit under this paragraph means the profit adjusted by the following items:

1. Deduction of unrealized gain from the valuation or review of valuation of CPNREIT's assets, as well as other adjustment of entries made in accordance with the guidelines of the Office of the SEC to be in line with the cash flows status of CPNREIT.
 2. Deduction of reserve for repayment of loans or encumbrance incurred from obtaining loans by CPNREIT, in accordance with the amount specified in the filing and the prospectus, or the annual report as the case may be.
- In the case where CPNREIT has retained earnings in any accounting period, the REIT Manager may make distribution of returns to the trust unitholders from the retained earnings.
 - In the case where CPNREIT has incurred accumulated losses, the REIT Manager shall not make any distribution of returns to the trust unitholders.
 - The REIT Manager shall make distribution of returns to the trust unitholders within the period of 90 days from the end of the accounting year or the accounting period in which the distribution of returns is made, as the case may be. In the case where the REIT Manager is not able to make distribution of returns within such period, the REIT Manager shall inform the trust unitholders through the SET information system.

- The REIT Manager shall make distribution of returns to the trust unitholders in accordance with the holding proportion of each trust unitholder. The REIT Manager reserves the right not to make distribution of returns to the trust unitholders whose holding proportion exceeds the limit or not in compliance with the specified criteria in the Notification No. TorJor. 49/2555 only for the portion exceeding the limit or not complying with the criteria. Any returns not distributed shall be distributed to other trust unitholders in accordance with their holding proportion.
- The REIT Manager shall notify the distribution of returns, the book closing date and the rate of distribution by notifying the trust unitholders whose names are recorded in the trust unitholder register as at the book closing date via the SET information system and notifying the Trustee in writing.
- In considering the distribution of returns, in the case where the distribution to be made per trust unit during any accounting year or accounting period is less than or equal to THB 0.10, the REIT Manager reserves the rights not to make such distribution, provided that the distribution shall be carried forward to the following distribution of returns.
- The REIT Manager shall provide the appropriate amount of cash reserve for the repayment of the loans or encumbrances each year till the completion of repayment by taking into consideration an amount of loans or encumbrances and payment terms, an impact to distribution of return to trust unitholders, and the cash flow status after unrealized loss from the valuation or review of valuation of CPNREIT's assets. However, CPNREIT may bring forward the reserve limit of any

accounting period with insufficient liquidity as an additional reserve in the following accounting period. In 2020, the REIT Manager plans to provide such reserve of not exceeding THB 170 million.

In this regard, CPNREIT has an obligation to repay debts as per the loan agreements. Therefore, in 2020 the REIT Manager will necessarily build up cash reserve for debt repayment that will due in the future. However, the Company will continue the distribution of returns to trust unitholder and/or the payment in the form of capital reduction in accordance with the distribution payment policy of CPNREIT, and the reserve for debt repayment will be reflected in the adjusted net profit following the SEC rules or announcements.

2) Limitations on Distribution of Returns

The REIT Manager shall make distribution of returns to the trust unitholders in accordance with the holding proportion of each trust unitholder. The REIT Manager reserves the right not to make distribution of returns to the trust unitholders whose holding proportion exceeds the limit or not in compliance with the specified criteria in the Notification No. TorJor. 49/2555 only for the portion exceeding the limit or not complying with the criteria. Any returns not distributed shall be distributed to other trust unitholders in accordance with their holding proportion.

3) Historical distribution of returns

In 2019, the Company as the REIT Manager has announced the distribution of returns of operation period since 1 January 2019 to 31 December 2019 in total of THB 3,590.8 million or THB 1.6230 per unit. The detail as follows;

Operation Period and Retained Earnings	Payment Date	2019 (THB per Unit)	2018 (THB per Unit)
1 Jan - 31 Mar	11 June 2019	0.4055	0.3795
1 Apr - 30 Jun	6 Sep 2019	0.4055	0.4055
1 Jul - 30 Sep	6 Dec 2019	0.4060	0.4157
1 Oct - 31 Dec	20 Mar 2020	0.4060	0.4163
Total		1.6230	1.6170

MANAGEMENT STRUCTURE

REIT Manager

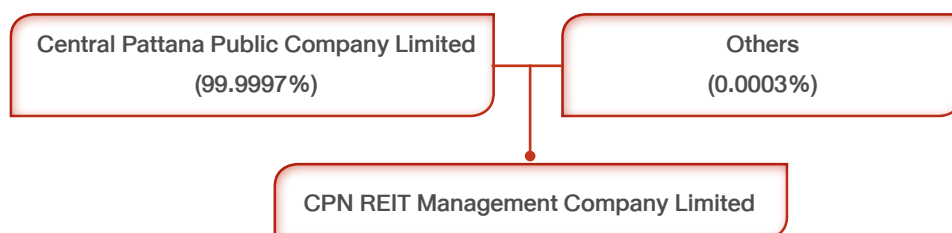
1. Information of the REIT Manager

CPN REIT Management Company Limited, which acts as the REIT Manager of CPNREIT, is a limited company incorporated in Thailand registered on 27 June 2017 with the paid-up capital of THB 10 million, divided into 1,000,000 ordinary shares at a par value of THB 10 per share. The main objective of the Company is to manage the REIT investment trust. Central Pattana Public Company Limited is the major shareholder in the REIT Manager, holding 99.9997 percent of the total issued shares. The key information about the REIT Manager is presented below.

Name of the REIT Manager	CPN REIT Management Company Limited
Head Office Address	999/9, Rama I Road, Pathumwan Sub-district, Pathum District, Bangkok
Company Registration Number	0105560104638
Date of Incorporation	27 June 2017
Telephone	02-667-5555 ext. 1660
Facsimile	02-667-5590
Registered Capital	THB 10 million
Paid-up Capital	THB 10 million
Number of Issued and Paid-up Share	1,000,000 shares
Par Value	THB 10
Nature and Scope of Business Operation	Act as the REIT Manager
Major Shareholder (Shareholding)	Central Pattana Public Company Limited (Holding 99.9997 percent)
List of Directors	1. Ms. Auyporn Footrakul 2. Mr. Pongsakorn Thiengtham 3. Ms. Wallaya Chirathivat 4. Ms. Naparat Sriwanvit
Authorized Directors	Ms. Wallaya Chirathivat and Ms. Naparat Sriwanvit jointly sign with the company seal affixed
Accounting Period	1 January – 31 December

2. Shareholders' structure

2.1 Shareholders' structure



2.2 Shareholders of the REIT Manager as of 31 December 2019 were listed as follows:

List of Shareholders	Number of Shares Held (share)	Shareholding (%)
1. Central Pattana Public Company Limited	999,997	99.9997
2. Mr. Kobchai Chirathivat	1	0.0001
3. Ms. Wallaya Chirathivat	1	0.0001
4. Mr. Chanavat Uahwatanasakul	1	0.0001
Total	1,000,000	100.0000

3. Management Structure of the REIT Manager

3.1 Management Structure of the REIT Manager

The Company has the management structure as REIT Manager, which comprises of the Board of Directors and departments as follows:



3.2 List of the Directors

The Board of Directors consists of 4 directors as follows:

- | | |
|------------------------------|-----------------------------------|
| 1. Mrs. Auyporn Footrakul | Chairman and Independent Director |
| 2. Mr. Pongsakorn Thiengtham | Independent Director |
| 3. Ms. Wallaya Chirathivat | Director |
| 4. Ms. Naparat Sriwanvit | Director |

Profile of the Board of Directors in 2019 as follows:

1	<p>Mr. Charly Madan</p> <p>Chairman and Independent Director (Resigned on 31 August 2019)</p> <p>Education</p> <ul style="list-style-type: none"> Master of Business Administration, Sasin Graduate Institute of Business Administration of Chulalongkorn University Bachelor of Business Administration, Assumption University <p>Work Experience</p> <p>2017 - Present Executive Director BNP Paribas (Singapore) Branch</p> <p>2015 - 2017 Chief Financial Officer and Chief Risk Officer Pruksa Real Estate Public Company Limited</p> <p>2012 - 2014 Chief Executive & Head of International Banking, The Royal Bank of Scotland</p>
2	<p>Mrs. Auyporn Footrakul</p> <p>Chairman and Independent Director (Appointed on 1 September 2019)</p> <p>Education</p> <ul style="list-style-type: none"> Master of Management and Human Relations, Abilene Christian University, USA Bachelor of Business Administration, Ramkhamhaeng University Bachelor of Business Administration, Dhurakij Pundit University <p>Work Experience</p> <p>2016 - 2018 Bangkok Area Revenue Office 7, Revenue Department</p> <p>2015 - 2016 Bangkok Area Revenue Office 14, Revenue Department</p> <p>2014 - 2015 Bangkok Area Revenue Office 6, Revenue Department</p> <p>2013 - 2014 Bangkok Area Revenue Office 28, Revenue Department</p> <p>2013 Revenue Technical Officer, Expert Level, E-Revenue Department, Revenue Department</p>
3	<p>Mr. Pongsakorn Thiengtham</p> <p>Independent Director (Appointed on 1 September 2019)</p> <p>Education</p> <ul style="list-style-type: none"> Master of Business Administration, Sasin Graduate Institute of Business Administration of Chulalongkorn University Bachelor of Science, Electrical Engineering, New Jersey Institute of Technology, USA <p>Work Experience</p> <p>2017 - Present Partner, Castle Partners Company Limited</p> <p>2012 - Present Partner, PPK Partners Limited</p> <p>2017 - 2019 Advisor to the Board of Directors, CPN REIT Management Company Limited</p> <p>2004 - 2008 President, Corporate Finance & Capital Market, Syrus Securities PCL</p> <p>2001 - 2004 Managing Director, SICCO Advisory Company Limited</p> <p>1996 - 2000 Chief Representative, HSBC Investment Bank Asia, Bangkok</p>

4 Ms. Wallaya Chirathivat

Director

Education

- Master of Business Administration, University of Hartford, U.S.A.
- Bachelor of Business Administration, University of California, Los Angeles, U.S.A.

Work Experience

2018 - present Deputy Chief Executive Officer, Central Pattana Public Company Limited

2011 - 2018 Senior Executive Vice President,
Business Development and Project Construction, Central Pattana Public Company Limited

2005 - 2011 Executive Vice President,
Business Development and Project Construction, Central Pattana Public Company Limited

5 Ms. Naparat Sriwanvit

Director

Education

- Master of Business Administration, Thammasat University
- Bachelor of Accountancy, Chulalongkorn University

Work Experience

2014 - present Senior Executive Vice President, Finance, Accounting and Risk Management
Central Pattana Public Company Limited

2013 - 2014 Executive Vice President, Finance, Accounting and Risk Management
Central Pattana Public Company Limited

4. Roles, Duties, and Responsibilities of the Board of Directors

The REIT Manager shall have a board comprising of not less than 3 qualified directors. At least one-third of the total directors of the Company shall be the independent directors with the qualifications in accordance with the criteria specified in the Notification of the Capital Market Supervisory Board regarding Application for and Approval of Offer for Sale of Newly Issued Shares.

1. Duties and Responsibilities of the Board of Directors to the Company

- 1) To perform the duties in accordance with laws, objectives and Company's bylaws, as well as the resolutions of the Board of Directors and shareholders' meetings with good faith, prudence, and fairness to the shareholders of the Company and unitholders of CPNREIT whereas such performance of duties shall not contradict with the duties of the Company as the REIT Manager.
- 2) To define the operating policy of the Company, oversee, and supervise the executives of the Company to perform the actions in conformity with the policy and regulations under the principles of good corporate governance.
- 3) To approve the financial statements of the REIT Manager, and to report the operating performance of the Company to the shareholders.
- 4) To oversee and control every department of the Company to operate with the fair and equitable treatment to the stakeholders.
- 5) To consider and propose the crucial meeting agenda item which should be considered by the Board of Directors, but has not yet been included in the agenda of the meeting of the Board of Directors.
- 6) To consider, select, and appoint the directors of the Company to replace those vacated from office, as well as to select and propose the appointment of additional directors to the shareholders of the Company.
- 7) To consider and approve the key matters related to the operation of the Company, e.g. dividend payment to the shareholders, arrangement of the

shareholders' meeting as required by law, annual audit plan, selection, appointment, and remuneration of the auditors of the Company, etc.

- 8) To provide the information about the business operation of the Company, as well as relevant laws, notifications, criteria, and regulations to the new directors of the Company.
- 9) To convene at least 4 meetings of the Board of Directors in each year, and the attendance by more than half of the total directors shall constitute a quorum. The resolution of the board meeting shall be passed by the majority votes of the directors present at the meeting. A director with conflict of interest in that particular matter is not eligible to vote.
- 10) To arrange to have the Company Secretary with the duties of proposing the meeting agenda presented by each department, and of preparing the minutes of meeting of the Board of Directors and other related supporting documents.
- 11) To evaluate the performance of the Chief Executive Officer. If the Chief Executive Officer also holds directorship, the director who holds the position of the Chief Executive Officer shall not be involved in considering and making decision on such evaluation.

2. Duties and Responsibilities of the Board of Directors to CPNREIT

- 1) To consider and approve the crucial policies for the management of CPNREIT, e.g. policy of management of CPNREIT, the management of CPNREIT's capital structure, investment policy of real properties, and policy of procurement of benefits from real properties, etc., which shall be implemented by the relevant departments.
- 2) To consider and approve the investment or the acquisition of real properties or leasehold rights in real properties in the first and additional investment in order to procure the benefits from those real properties or from the leasehold rights of such real properties as well as to supervise to ensure that those matters are in accordance with the policy of the REIT Manager, Trust Deed, REIT Manager Appointment Agreement, filing, prospectus, regulations, relevant laws, and

- notifications, which may be amended, and to approve the capital increase of CPNREIT as well as to file for any related permissions.
- 3) To consider and approve the disposal of core properties and equipment of CPNREIT to be in line with the policy of the REIT Manager, Trust Deed, REIT Manager Appointment Agreement, filing, prospectus, regulations, relevant laws, and notifications, which may be amended.
 - 4) To consider and approve the risk management and control policy related to the management of CPNREIT which shall be implemented by the relevant departments.
 - 5) To consider and approve the policies, code of conducts, and procedures to manage any related conflicts of interest, especially between CPNREIT and the REIT Manager and connected persons of the REIT Manager. This includes the measures or guidelines to sustain the maximum interest of CPNREIT or the trust unitholders as a whole upon the occurrence of a conflict of interest.
 - 6) To consider and approve the transactions to be entered into between CPNREIT and the connected persons to ensure that it complies with the criteria stipulated and notifications, which may be amended.
 - 7) To consider and select the Chief Executive Officer to manage CPNREIT.
 - 8) To consider and approve the appointment of the Property Manager to be further approved by the Trustee.
 - 9) To consider and approve the work performance of the Property Manager to be further acknowledged by the Trustee.
 - 10) To consider, select, and approve the lease of the core properties to the sub-lessee that shall be further submitted to the Trustee for approval.
 - 11) To consider and approve the work systems to be outsourced to the service providers under the relevant regulations, as well as to select such outsourced service providers to be acknowledged by the Trustee.
 - 12) To consider and approve the engagement of advisors related to the management of CPNREIT to be acknowledged by the Trustee.
 - 13) To monitor and supervise the performance of the REIT Manager and its delegated persons to ensure that their performance is in line with the policy of the REIT Manager, Trust Deed, REIT Manager Appointment Agreement, filing, prospectus, regulations, relevant laws, and notifications, which may be amended, as well as the reporting of important matters to the Board of Directors on quarterly basis or when it deems appropriate, and the performance evaluation of the Chief Executive Officer.
 - 14) To consider and approve the annual budget.
 - 15) To consider and approve the special expenses and/or capital expenditure budget beyond the annual budget.
 - 16) To supervise the reporting of internal audit outcome (if any) in accordance with the defined plan and criteria.
 - 17) To consider and approve the operating performance and the distribution payment to the trust unitholders.
 - 18) To consider and approve the arrangement of the annual general meeting of trust unitholders or when it deems appropriate, which is beneficial to the management of CPNREIT, or when the trust unitholders jointly holding not less than 10 percent of the total issued unit trusts sign to submit a notice calling the unitholders' meeting in which the rationale of such meeting call is specified clearly.
 - 19) To consider and approve the guideline of settling the significant disputes and complaints related to the operation of CPNREIT as it deems necessary and appropriate to ensure that the complaints and disputes related to the operation of CPNREIT filed by the third persons or trust unitholders are solved or undertaken in other ways in accordance with the relevant laws, requirements, resolutions of the unitholders' meeting, Trust Deed, REIT Manager Appointment Agreement, filing, and prospectus.
 - 20) The Board of Directors of the REIT Manager may delegate one director or several directors or the other person to take an action on behalf of the Board, but such delegation excludes the

delegation or the sub-delegation that shall enable the director or the person authorized by such director to approve the transaction in which he or she may have the conflict of interest, or benefit in other manner that contradicts the benefit of CPNREIT.

- 21) To consider and approve the legal proceedings for the disputes occurred.

3. Duties and Responsibilities of the Independent Directors

The REIT Manager is required to have the independent director(s) as an integral part of the Board of Directors. An independent director shall have knowledge and skills beneficial to the business of the Company. He or she shall have the duties of monitoring, supervising, and examining the performance of the executives and departments of the REIT Manager to ensure that it conforms to the principle of good corporate governance; of giving opinion and support to the policy beneficial to CPNREIT and/or trust unitholders; or of raising an objection when it appears that the REIT Manager may make decision that may cause adverse effect to CPNREIT and/or trust unitholders. The independent director must be neither under control of the executives or major shareholders of the Company, nor involved or have the interest in the decision on operation of the REIT Manager and CPNREIT. The roles, duties, and responsibilities of the independent director are as follows:

- 1) To give opinion or remarks on the transactions made with the connected persons of CPNREIT, or those with potential conflicts of interest, as well as the acquisition or disposal of material assets for benefits of the trust unitholders.
- 2) To give advice or opinion toward important matters, e.g. capital structure, policy of the REIT Manager, operation control policy, etc.
- 3) To give opinion about the risk management and control policy, as well as the risk control or mitigation criteria and methods.
- 4) To recommend or advise in the board meeting of the REIT Manager on important matters that should be considered, e.g. investment in core properties, consideration of complaints, consideration of legal disputes, change of the sub-lessees of the core properties of CPNREIT or the Property Manager (if any), as well as to

provide advice or opinion on the matters in which the independent director has the special expertise or experience and related to the management of CPNREIT.

- 5) To consider, supervise, and advise the REIT Manager on the preparation of the financial statements of the REIT Manager and CPNREIT to ensure that they are complete and accurate.
- 6) To recommend the important matters that should be considered in the board meeting of the REIT Manager.
- 7) To appoint, monitor, examine, and give advice or opinion about the operation plan, evaluate the work performance, and give advice or opinion about the work performance of the internal auditor (if any), as well as to propose and provide opinion about the internal audit report in the board meeting of the REIT Manager.
- 8) To consider the arrangement of internal audit if it deems appropriate.
- 9) To ensure that the advisor(s) to the Board of Directors of the REIT Manager shall not attend the meeting where the issues in which the advisor may have the conflict of interest are considered.
- 10) To perform other actions assigned by the Board of Directors of the REIT Manager and beneficial to CPNREIT.

According to the roles, duties, and responsibilities of the independent director specified above, the relevant departments shall regularly submit their reports to the independent director for consideration and acknowledgement. They shall also give advice on the connected transactions or transaction that may have the conflict of interest with CPNREIT, weakness of the internal control, improvement of the internal control, performance of duties as the REIT Manager, and progress of improvement. To select the independent director, the REIT Manager determines that the independent director shall hold at least the following qualifications:

- 1) Holding not more than 1 percent of the total eligible voting shares of the REIT Manager, parent company, subsidiaries, affiliates, major shareholders, or controlling persons of the REIT Manager or its connected persons, which shall be inclusive of the shares held by persons related to such independent director under Section 258 of the Securities Act;

- 2) Not being or having been a director participating in management, or not being an employee, a staff member, an advisor who receives a regular salary, or a controlling person of the REIT Manager, parent company, subsidiaries, affiliates, same-level subsidiaries, major shareholder, controlling person of the REIT Manager, or connected person both at present and at least 2 years prior to taking the independent directorship;
- 3) Not having relationship by blood or legal registration in a way that makes the independent director being a parent, spouse, sibling, and children, including spouse of the children of directors, executives, major shareholders, controlling persons, or nominated persons to be directors, executives, or controlling persons of the REIT Manager or subsidiaries;
- 4) Neither having nor had business relationship with the REIT Manager, parent company, subsidiaries, affiliates, major shareholders, controlling persons of the REIT Manager, or juristic persons with conflict of interest in a way which may obstruct his independent judgment, or not being significant shareholders, non-independent directors, or management having business relationship with the REIT Manager, parent company, subsidiaries, affiliates, major shareholders, or juristic persons who may be the connected persons both at present and at least 2 years prior to taking the independent directorship;
- 5) Neither being nor having been the auditor of the REIT Manager, parent company, subsidiaries, affiliates, major shareholders, or controlling persons of the REIT Manager or juristic persons who may be the connected persons, and nor being a significant shareholder, a controlling person of the REIT Manager, a non-independent director, management, or a partner of the audit firm which employs the auditor of the REIT Manager, parent company, subsidiaries, affiliates, major shareholders, or controlling persons of the REIT Manager or juristic persons who may be the connected persons both at present and at least 2 years prior to taking the independent directorship;
- 6) Neither being nor was any professional service provider including legal or financial advisor who receives the annual service fee in the amount of more than THB 2 million from the REIT Manager, parent company, subsidiaries, affiliates, major shareholders, or controlling persons of the REIT Manager or juristic persons who may be the connected persons, and nor being a significant shareholder, a controlling person, a non-independent director, management, or partner of such professional service provider both at present and at least 2 years prior to taking the independent directorship;
- 7) Not representing a director of the REIT Manager, major shareholders, or shareholders connecting to the major shareholders;
- 8) Not operating business with the same nature and in competition with the REIT Manager, or its subsidiaries, nor being a significant partner in a partnership or a director involved in administration or an employee, officer, salaried advisor or holding shares more than 1 percent of the total shares with voting rights of other company with the same nature and in competition with the REIT Manager or its subsidiaries;
- 9) Not being a person in the list made by the Stock Exchange of Thailand stating that such person shall not be an executive or management in accordance with the requirement of the Stock Exchange of Thailand and/or not having prohibited characteristics as specified in the Notification of the Capital Market Supervisory Board concerning the Prohibited Characteristics of Personnel in Capital Market Industry, *mutatis mutandis* under Clause 12(4) of the Notification of the Office of the Securities and Exchange Commission No. SorChor. 29/2555 Re: Rules, Conditions and Procedures for the Approval of REIT Manager and Standard Conduct and its amendments or under other regulations to be further changed by the Office of the SEC;
- 10) Never been under court ruling that he or she has breached or violated the Securities and Exchange laws including any laws related to fund management business, securities and credit business, banking, insurance, money laundering, and/or any other financial business

prescribed by relevant authorities in any jurisdictions, either Thailand or others; provided that such breach or violation be unfair trade practices in connection with securities trading, or fraud, bad faith in managing the Company; and

- 11) Having no other things restricting him or her from giving opinions independently in connection with the operation of the REIT Manager.

In this respect, the terms “parent company”, “subsidiary”, “same-level subsidiary”, “affiliate”, “connected person”, “management”, “major shareholder”, “controlling person”, and “person with conflict of interest” shall have the same definitions to such terms as defined in the Notification of the Capital Market Supervisory Board regarding Application for and Approval of Offer for Sale of Newly Issued Shares.

The Board of Directors of the REIT Manager and the independent director shall have the duties of supervising and providing necessary advice to the REIT Manager; meanwhile, the Chief Executive Officer shall have the authorities, duties, and responsibilities in controlling, monitoring, and overseeing the management of the REIT Manager to ensure that the performance of duties as the REIT Manager conforms to the established policy, Trust Deed, REIT Manager Appointment Agreement, Registration Statement, prospectus, regulations, and relevant laws regarding management of CPNREIT.

4. Duties and Responsibilities of the Chief Executive Officer

The REIT Manager formulates the duties and responsibilities of the Chief Executive Officer as described below.

- 1) To formulate the operation plan in the management of CPNREIT, management of the capital structure, decision-making on investment, establishment of the strategy and policy for selection and procurement of benefits from real properties under the policy of the REIT Manager;
- 2) To consider and approve the audit plan, and to review the annual operation;
- 3) To consider, select, and approve the employment, and approve the termination of employment, as well as other matters related to the employment of personnel by the REIT Manager;
- 4) To oversee the operation and/or daily management

as the REIT Manager, as well as to supervise the overall operation of the REIT Manager, and evaluate the work performance of the personnel of the REIT Manager to ensure that it conforms to the corporate governance policy defined by the REIT Manager, resolutions of the Board of Directors of the REIT Manager, Trust Deed, REIT Manager Appointment Agreement, filing, prospectus, regulations, resolutions of the unitholders’ meeting, and laws related to the operation of the REIT Manager;

- 5) To consider and approve the disclosure of information connected to the REIT Manager and the operation of CPNREIT;
- 6) To consider and approve the legal proceedings suitable to the disputes occurred which are significant and under authority limit of the Chief Executive Officer;
- 7) To represent the REIT Manager, and to have the authority to assign other persons to contact with the relevant government agencies and supervisory authorities;
- 8) To have the authority to issue, amend, add, or revise the rules, orders, and regulations in connection with the working of the REIT Manager under the policy given by the Board of Directors;
- 9) To have any authorities, duties, and responsibilities in accordance with the assignment or policy given by the Board of Directors of the REIT Manager; and
- 10) To have the authority in granting the sub-delegation and/or to assign other persons to perform any particular work on behalf of him/her. Such sub-delegation and/or assignment shall be under the scope of delegation as stated in the Power of Attorney and/or in accordance with rules, regulations, or orders stipulated by the Board of Directors of the REIT Manager. In this regard, the authorization of the duties and responsibilities by the Chief Executive Officer must not be in the manner of granting the delegation or the sub-delegation which enables the Chief Executive Officer or such person delegated by the Chief Executive Officer to approve the transactions in which he/she or the person who may have conflict or interest, or receive the benefits in any way or may have other conflicts of interest with CPNREIT.

Management team

1	<p>Ms. Pirinee Pringsulaka Chief Executive Officer</p> <p>Education</p> <ul style="list-style-type: none"> • Master of Science in Finance, University of Illinois at Urbana - Champaign • Master of Arts in International Economics and Finance, Chulalongkorn University • Bachelor of Business Administration in International Business Management, Chulalongkorn University <p>Work Experience</p> <p>2017 - Present Chief Executive Officer, CPN REIT Management Company Limited</p> <p>2006 - 2017 Senior Vice President, Corporate Finance, Central Pattana Public Company Limited</p> <p>2005 - 2006 Manager, Investment Banking, Equity Capital Markets, DBS Vickers Securities (Thailand) Company Limited</p>
2	<p>Ms. Pattamika Pongsurayamas Deputy Chief Executive Officer and Vice President of Operation Support Department (Acting)</p> <p>Education</p> <ul style="list-style-type: none"> • Master of Science in Investment Management, City University, London, UK • Master of Arts in International Financial Analysis, University of Newcastle upon Tyne, UK • Bachelor of Accountancy (Accounting Information System), Chulalongkorn University <p>Work Experience</p> <p>2019 -Present Deputy Chief Executive Officer and Interim Vice President of Operation Support, CPN REIT Management Co., Ltd.</p> <p>2015 -2019 Vice President, Corporate Finance, Central Pattana Public Company Limited</p> <p>2013 - 2014 Senior Manager, Investor Relations, Thoresen Thai Agencies Public Company Limited</p> <p>2008 - 2013 Vice President, Investor Relations, Kiatnakin Bank Public Company Limited</p> <p>2005 - 2008 Vice President, Investor Relations, TISCO Bank Public Company Limited</p>
3	<p>Ms. Wanlapa Woonprasert Vice President of Operation Support Department (resigned on 31 October 2019)</p> <p>Education</p> <ul style="list-style-type: none"> • Master of Arts in Economic Law, Chulalongkorn University • Bachelor of Accountancy, Thammasat University <p>Work Experience</p> <p>2017 - 2018 Manager, Accounting Department, Berli Jucker Public Company Limited</p> <p>2015 - 2017 Supervisor, Financial Analysis and Reporting, DKSH (Thailand) Limited</p> <p>2009 - 2015 Senior Audit Assistant, KPMG Phoomchai Audit Ltd.</p>
4	<p>Ms. Prapairat Teekaput Vice President of Risk Management and Compliance Department</p> <p>Education</p> <ul style="list-style-type: none"> • Master of Accountancy, Ramkhamhaeng University • Bachelor of Accountancy, Ramkhamhaeng University <p>Work Experience</p> <p>2017 - Present Vice President of Risk Management and Compliance Department, CPN REIT Management Company Limited</p> <p>2008 - 2017 Senior Manager, Risk Management Department, Central Pattana Public Company Limited</p> <p>1996 - 2007 Manager, Accounting Department, Central Pattana Public Company Limited</p>

Personnel of the REIT Manager

The REIT Manager comprises 7 staff members in total as listed below.

Department	Key Responsible Persons	Work Experience
Business Development	Ms. Pirinee Pringsulaka Chief Executive Officer	- Senior Vice President, Corporate Finance, Central Pattana Public Company Limited (2006 – 2017) - Manager, Investment Banking, Equity Capital Markets, DBS Vickers Securities (Thailand) (2005 – 2006)
	Ms. Nattiya Pholvarin Vice President	- Assistant Manager, Corporate Finance, Central Pattana Public Company Limited (2011 – 2017)
Operation Support	Ms. Pattamika Pongsurayamas Deputy Chief Executive Officer and acting Head of Department	- Vice President, Corporate Finance, Central Pattana Public Company Limited (2015– 2019)
	Ms. Wanlapa Woonprasert Vice President (resigned on 31 October 2019)	- Manager, Accounting Department, Berli Jucker Public Company Limited (2017 – 2018) - Supervisor, Financial Analysis and Reporting, DKSH (Thailand) Limited (2015 – 2017) - Senior Audit Assistant KPMG Phoomchai Audit Ltd. (2009 – 2015)
	Ms. Plubpla Charoensombutamorn (appointed on 13 February 2020)	- Audit Assistant KPMG Phoomchai Audit Ltd. (2016 – 2019)
	Ms. Untika Godard Assistant Vice President	- Assistant Manager, Fund Account, Ticon Industrial Connection Public Company Limited (2013 – 2017) - Senior Accountant, Golden Land Property Development Public Company Limited (2006 – 2013)
Risk Management and Compliance	Ms. Prapairat Teekaput Vice President	- Senior Manager, Risk Management, Central Pattana Public Company Limited (2008 – 2017) - Manager, Accounting Department, Central Pattana Public Company Limited (1996 – 2007)

Duties of the REIT Manager

The REIT Manager has the primary duty and responsibility to manage CPNREIT entrusted by the Trustee, as well as to invest in the properties of CPNREIT. The REIT Manager shall perform its functions under supervision of the Trustee with the following scope of authority, duties, and responsibilities.

1. Duties to CPNREIT

1.1 The REIT Manager shall conform to the principle of business conduct as follows:

- 1) To perform its duties with knowledge and skills that may reasonably be expected as a professional, and with care and integrity. In this regard, the REIT Manager shall treat the trust unitholders fairly for the best interest of the trust

unitholders as a whole. Additionally, the REIT Manager shall comply with the Trust Deed, REIT Manager Appointment Agreement, objectives of establishing CPNREIT, resolutions of the trust unitholders, and relevant laws.

- 2) To maintain sufficient capital to operate the business, and to compensate for any detriment, which may occur from performing the duties as the REIT Manager.
- 3) To disclose, give opinion, or provide important and relevant information which is sufficient for making investment decision by the investors. In this regard, such information must be clearly communicated, not be distorted, and not misleading.

- 4) Not to exploit any information gained from performing the duties of the REIT Manager for its own interest, or in manner of damage or impact to the interests of CPNREIT.
- 5) To perform its duties with prudence to avoid conflicts of interest. In the event of conflicts, the REIT Manager shall perform the actions to ensure that the investors shall be treated fairly and appropriately.
- 6) To comply with the securities laws and other relevant laws on the operation of CPNREIT, code of ethics, and standards of professional conduct as defined by associations related to securities business or by organizations in connection with securities business recognized by the Office of the SEC, *mutatis mutandis*. In addition, the REIT Manager shall not conspire, employ, or collaborate with anyone to violate such laws or regulations.
- 7) To cooperate with the Trustee or the Office of the SEC in performing their duties, and to disclose information which may significantly affect the management of CPNREIT or other information they should be notified.

1.2 The REIT Manager shall arrange to have proper operation procedures, including an efficient check and balance system, in place, to support the work under its responsibility entirely. To ensure proper and efficient management of CPNREIT entrusted by the Trustee, the operation procedures shall at least cover the following issues:

- 1) The determination of the management policy of CPNREIT, structuring of the investment capital of CPNREIT, and formation of policy and strategy relating to the procurement of benefits from core properties in order that the management of investment entrusted by the Trustee is under prudence, care, and in conformation to the investment policy stipulated in the Trust Deed, and in compliance with securities laws and relevant laws on the operation of CPNREIT, as well as to protect the interest of CPNREIT and the trust unitholders as a whole.
- 2) A system to manage the risks associated with the management of CPNREIT as assigned so as to prevent and mitigate the risks effectively.

- 3) To prevent the conflicts of interest, especially between CPNREIT and the REIT Manager and connected persons with the REIT Manager, including measures or guidelines of keeping the best interest of CPNREIT or the trust unitholders as a whole, when a conflict of interest is inevitable.
- 4) Selection of personnel of the REIT Manager and service providers for functions related to the operation of CPNREIT (if any) to ensure that the knowledgeable and skilled personnel with appropriate qualifications are suitable to the nature of work allocated to them.
- 5) Supervision of performance of the REIT Manager and related personnel including the service providers of outsourced functions related to the management of CPNREIT to ensure the compliance with the securities laws, relevant laws, and Trust Deed.
- 6) Disclosure of complete, accurate, and adequate information of CPNREIT in compliance with the provisions stipulated in the Trust Deed and securities laws.
- 7) A back-office system.
- 8) An internal audit and control system.
- 9) Investor relation, and handling of investors' complaints.
- 10) Handling of legal disputes.

The REIT Manager may assign other persons to proceed with the issues related to management as the REIT Manager provided that such assignment is in accordance with the established criteria.

1.3 The REIT Manager may assign other persons to proceed with the issues related to management and operation of the REIT Manager as it deems necessary in order to enhance the effectiveness of the REIT Manager's operation. The outsource must be under established criteria.

1.4 The REIT Manager shall prepare financial statements of CPNREIT in accordance with financial reporting standards as stipulated by the law on accounting profession, and submit such financial statements to the Office of the SEC within three months from the end of each fiscal year.

- 1.5 The REIT Manager shall not undertake any actions that may restrain the Trustee from performing its duties independently; for instance, investing in real properties owned or possessed by the connected persons of the Trustee.
- 1.6 The REIT Manager shall procure liability insurance possibly occurred from the performance of its functions as the REIT Manager, as well as the performance of its directors, executives, and personnel, throughout the terms of the Trust Deed, which is in accordance with the operating procedures of the REIT Manager.
- 1.7 The REIT Manager shall convene the unitholders' meetings to consider and vote for issues specified in the Trust Deed such as amendment of the Trust Deed, capital increase of CPNREIT, change of the Trustee, etc.
- 1.8 In case where an advisor is appointed to provide advice or recommendations related to investment and management in real properties, the REIT Manager shall act in accordance with the following regulations:
 - 1) Arrange for the advisor to declare his/her conflicts of interest in issues under consideration; and
 - 2) Not allow the advisor with direct or indirect conflicts of interest to be involved in decision making on such issues.
- 1.9 For transactions related to real properties for CPNREIT, the REIT Manager shall comply with the following criteria:
 - 1) To proceed to ensure that the sales, disposal of, transfer of real properties, or entering into an agreement relating to real properties for CPNREIT is done appropriately and is enforceable by law.
 - 2) To proceed to ensure that the investment in real properties of CPNREIT is done appropriately, and to perform at least the following actions:
 - a) To conduct self-assessment on preparedness to manage the investment in that property before accepting the assignment as the REIT Manager or before making any additional investment in such real properties for CPNREIT, as the case may be.
 - b) To carry out an analysis and feasibility study, and to undertake due diligence for the real properties including the assessment of various risks that may arise from the investment in those real properties together with the risk management guideline. Such risk exposures shall include the risk associated with the development or construction of real properties (if any) such as risk from the delayed construction and the inability to procure benefits from real properties, etc.
- 1.10 To arrange for the core properties invested by CPNREIT to be appraised by an appraisal company authorized by the Office of the SEC in accordance with the relevant laws, under the regulations stipulated in the Trust Deed and relevant laws; for example, appraisal prior to an acquisition or disposal of the core properties of CPNREIT, review of the appraised value of the core properties of CPNREIT, periodical appraisal of the value of the core properties in compliance with the relevant laws, etc.
- 1.11 To arrange for the properties to be invested by CPNREIT to be professionally examined and reviewed in accordance with the relevant laws including the condition of the property, capability of the counterparty of agreement, financial and legal information, appropriateness of other aspects, etc., which shall be used to support decision-making on investment and information disclosure of CPNREIT. Under any circumstance where the REIT Manager is unable to perform its duty, the Trustee shall manage CPNREIT as deemed necessary in order to prevent, refrain, or limit any severe damage to the interest of CPNREIT or the entire unitholders. In this regard, the Trustee may appoint other person to manage CPNREIT instead during such period.
- 1.12 To perform any actions to acquire the core properties or real properties to be additionally invested by CPNREIT within 60 (sixty) days from the complete establishment of CPNREIT in case of IPO; or from the closing date of the offering of trust units in case of offering of trust units for capital increase of CPNREIT.

- 1.13 The property investment shall apply to the acquisition of ownership or possessory right of the property only. In case of possessory right, it shall be the acquisition of document of entitlement in the form of Nor.Sor.3 Kor or the acquisition of leasehold right with the document of ownership or document of possessory right in the form of Nor.Sor. 3 Kor only.
- 1.14 The real properties acquired shall not be under the enforcement of real rights, or have any disputes unless the REIT Manager and the Trustee have provided the opinion in writing that such enforcement of real right or disputes do not have any significant impact on the provision for benefits from such properties and the conditions for the acquisition of such properties are still beneficial to the trust unitholders as a whole.
- 1.15 The agreement pertaining to the acquisition of real properties shall not have any provision or obligation that may obstruct CPNREIT to sell such real properties at a fair price at the time of selling, such as the agreement granting the right of first refusal to the counterparty in purchasing property from CPNREIT with the purchasing price fixed in advance; or may cause CPNREIT to bear more responsibility than what should be under normal situation when the lease agreement expires.
- 1.16 To arrange for CPNREIT to maintain non-life insurance or insurance covering benefits of the trust unitholders similar to or replacing the non-life insurance against damage caused by the core properties as mutually agreed by the counterparty and not contrary to the relevant laws, third party liability insurance against damage caused by the core properties or operations related to the core properties. Such insurance shall be procured from an acceptable insurer with an insured sum at least sufficient and appropriate for the provision for benefits from the core properties
- 1.17 To provide opinion on transactions related to the acquisition of the core properties together with rationale and related supporting information in the document seeking approval from the trust unitholders or the invitation letter calling the unitholders' meeting to consider capital increase for additional investment in the core properties by CPNREIT.
- 1.18 Upon disposal of the core properties, to arrange for an appraisal company to appraise the value of the core properties, call the unitholders' meeting for approval resolution, obtain consent from the Trustee, and disclose the information according to the regulations specified in the Trust Deed and the relevant laws.
- 1.19 In case of a change in the REIT Manager, to arrange the new REIT Manager to agree to perform the duties in accordance with the Trust Deed and relevant laws, except in the case where the unitholders' meeting passes the resolution of appointing a new REIT manager as nominated by the Trustee since the REIT Manager is unable to seek for any person to replace it within the specified period. Meanwhile, the former REIT Manager shall provide necessary cooperation to ensure successfully handover of the works.
- 1.20 In case of a modification or an amendment of the Trust Deed, the REIT Manager shall oversee to ensure that the modification or amendment is in line with the conditions and methods specified in the Trust Deed and relevant laws. Following the completion of the modification or amendment, the REIT Manager shall submit a copy of the new Trust Deed to the Office of the SEC within 15 days from the signing date or the date on which the Trust Deed is modified or amended (as the case may be).
- 1.21 In case of a change in Trustee, the REIT Manager shall notify the trust unitholders and the Office of the SEC of such change within the time frame specified in the Trust Deed.
- 1.22 To apply for approval to offer the units of CPNREIT in case of capital increase by filing related documents and evidence, and duly certifying correctness and completeness of the information regarding the performance of its functions in the filings.
- 1.23 To give opinion on the ability of the revenue guarantor in honoring the obligations under the guarantee of revenue agreement (if any).
- 1.24 To proceed to list the sold units or newly issued units (in case of capital increase) on the Stock Exchange of Thailand within 45 days from the closing date of unit offering.

- 1.25 To proceed to allocate the units to any person or a group of persons in accordance with the ratio and rules stipulated by the relevant laws and regulations.

2. Duties in the Management of CPNREIT and Properties of CPNREIT

- 2.1 To give opinion to the relevant competent officers regarding the qualifications and characteristics of real properties invested by CPNREIT upon request.
- 2.2 To oversee and manage the core properties including the procurement of benefits from such core properties, emergency management, and renovation of the properties as deemed necessary. In case of major renovation, prior notice to the Trustee is required.
- 2.3 To arrange for the core properties to be renovated, restored, and modified as deemed necessary and appropriate without violating or contradicting the Trust Deed and relevant laws including the land lease agreement made with the owner of the land where the core properties are located and its amendments, and the real property sublease agreement, and other related movable property lease agreement with the sub-lessee of the core properties. In this regard, prior notice to the Trustee is required.
- 2.4 To supervise and monitor the sub-lessee to manage, renovate, improve, and maintain the core properties to ensure that they are always in good conditions and ready to use to procure the benefits as specified in the annual actions plan, Trust Deed, and relevant laws.
- 2.5 To manage and procure the benefits from other properties of CPNREIT apart from the core properties, and undertake any necessary actions to ensure that the management of other properties of CPNREIT is in compliance with the annual action plan, Trust Deed, and relevant laws.
- 2.6 To facilitate the examination of the core properties by CPNREIT or other persons designated by the Trustee within the working dates and hours of the REIT Manager. In this regard, the REIT Manager shall also give information and testimony and/or deliver any documents (except for information and testimony and/or any documents related to the property rights of the REIT Manager or its subsidiaries) upon request of the Trustee as deemed necessary and appropriate.
- 2.7 To facilitate the survey of properties of CPNREIT for value appraisal by the property appraisal company or other persons designated by such property appraisal company. The REIT Manager shall also give information and testimony and/or deliver any documents (except for the information and testimony and/or any documents related to the property rights of the REIT Manager or its subsidiaries) upon request of the property appraisal company as deemed necessary and appropriate.
- 2.8 To arrange to have any documents related or relevant to the core properties possessed by the REIT Manager and/or possessed by CPNREIT, including any accounting documents and evidence related or relevant to CPNREIT for the Trustee or the persons designated by the Trustee and/or the auditors to examine within the working dates and hours of the REIT Manager. The REIT Manager shall also deliver any documents related or relevant to CPNREIT requested by the Trustee or the persons designated by the Trustee and/or the auditors (as the case may be) within 15 business days from the date on which such request is acknowledged or should be acknowledged, except on reasonable ground or otherwise agreed by the counterparty of the agreement.
- 2.9 To control, supervise, and monitor the sub-lessee of the core properties, and to cooperate with the Trustee and/or the sub-lessee of such core properties to enable the Trustee and/or the sub-lessee of the core properties to pay fees and property tax (or any other similar taxes) arising from the core properties; and to contact, coordinate, provide information, submit documents, and pay withholding taxes deducted by the Trustee and/or any other taxes related to the management of the REIT Manager to relevant competent officers.
- 2.10 To control, supervise, and monitor the sub-lessee of the core properties to perform its duties as specified in the subleasing agreements and other related agreements, Trust Deed, and relevant laws.
- 2.11 To notify the Trustee of the following issues in due time: (a) existence of any damage or defect of the core properties including other equipment and facilities or upon occurrence of the event that will result in the

reduction in the value of the core properties significantly; and (b) there is a material breach of agreement by the sub-lessee of the core properties.

- 2.12 To undertake any other actions as CPNREIT deems necessary and appropriate to ensure that the core properties are in good condition and ready for procuring the benefits or exactly in line with the objectives of the REIT Manager Appointment Agreement. In addition, the REIT Manager shall also provide advices on market situation in case that CPNREIT wishes to sell or assign the leasehold right, or sublease the core properties.

3. Duties in the Preparation of the Accounting and Reports, and Documents relating to Management and Internal Audits

- 3.1 To prepare and disclose the information of CPNREIT to the Office of the SEC, the Stock Exchange of Thailand, the Trustee, and trust unitholders with the provisions stipulated in the Trust Deed and securities laws; and to submit the annual report of CPNREIT to the Trustee and trust unitholders together with the invitation letter to the annual general meeting.
- 3.2 To arrange to have the accounting and various financial reports related to the management of CPNREIT and its core properties as assigned by the Trustee or as deemed necessary and appropriate, in place; and to submit such accounting reports and documents to the Office of the SEC, the Stock Exchange of Thailand, the Trustee, and trust unitholders within the time frame specified by the Trustee to be in conformity with the securities laws, relevant laws, and orders of relevant competent officers.
- 3.3 In this regard, the REIT Manager shall prepare such accounting reports in accordance with the generally accepted accounting principles by segregating the properties and/or any interests arising from the core properties invested by CPNREIT and/or any other properties that had been accepted and/or should be accepted by the REIT Manager on behalf of CPNREIT from its own properties. In this respect, the REIT Manager shall maintain the documents and evidence

supporting the accounting process and accounting records in the complete condition and ready for examination by the Trustee for at least 1 year.

- 3.4 To deliver the following documents to the Trustee within the time frame assigned by the Trustee in order to comply with the securities laws, other relevant laws, and orders of relevant competent officers:

- 1) A full report on property appraisal to be delivered to the Trustee at least 7 days before the date on which the net asset value of CPNREIT is scheduled to be notified to the trust unitholders.
- 2) Reports on the net asset value and the unit value of CPNREIT at the last business day of each quarter to be delivered to the Trustee for approval before being further submitted to the Office of the SEC within 45 days from the end of each quarter. This shall include the calculation on the net asset value of the core properties at the end of each quarter to be delivered to the Trustee who shall calculate the net asset value of CPNREIT and the value of such trust unit.
- 3) The updated information about the connected persons of the REIT Manager, and information of the connected transactions between CPNREIT and the REIT Manager or the connected persons to the REIT Manager to be delivered to the Trustee within 30 days from 30 June and 31 December of each year and to submit such information for the consideration of the Trustee before entering into each transaction.
- 4) The information of connected transactions between CPNREIT and the REIT Manager or the connected persons of the REIT Manager for the previous and current accounting periods to be published in the annual report and the financial statements of CPNREIT.
- 5) The information about conflicts of interest between CPNREIT and the owner of the core properties invested by CPNREIT together with measures of preventing such conflicts of interest to be notified to the investors on the first day of the initial public offering of the units and upon occurrence of any conflicts.

- 6) The information pertaining to the interest or benefits accepted by the REIT Manager or the connected persons to the REIT Manager from the company or person who is the supplier or service provider of CPNREIT to be disclosed in the filing, the Trust Deed, the invitation letter to the unitholders' meeting seeking approval for various transactions, and the annual report of CPNREIT in order that it shall be used by the unitholders and the Trustee in considering the independence of the REIT Manager in executing the transactions for CPNREIT and the validity of such transactions. The interest or benefits that must be disclosed include the creditors, debtors, guarantors, or recipients of the guarantee, cross shareholding, sharing of the same major shareholders of management, service provision or receipt, intra-group transaction, paying expenses on behalf of another company, etc.
- 7) The updated information related to the acquisition or disposal of the core properties of CPNREIT to be submitted to the Trustee and trust unitholders at least 30 days before executing the transaction, and to be disclosed to the public and the Office of the SEC within 15 days following the date on which the core properties are acquired or disposed of.
- 8) The information of the acquisition or disposal of the core properties and equipment of CPNREIT during the previous and current accounting periods to be disclosed in the annual report and the financial statements of CPNREIT.
- 9) The updated information about borrowing and creation of encumbrances of CPNREIT together with the borrowing agreement to be submitted to the Trustee for acknowledgement before the date on which CPNREIT enters into such agreement.
- 10) The information about borrowing and creation of encumbrances of CPNREIT during the previous and current accounting periods to be disclosed in the annual report and the financial statements of CPNREIT.
- 11) The information related to the transaction deemed by the Trustee as having the material impact on the properties of CPNREIT to be submitted as

requested by the Trustee at least 14 days before executing such transaction.

- 12) The financial statements of the REIT Manager together with the related information to be submitted to the Trustee at least 3 days before the due date of filing the financial statements to the Office of the SEC.

The aforesaid reports are just samples of primary requirement. The counterparties may modify, increase or reduce the number and type of reports, or change the reporting format in the future as mutually determined by the counterparties to comply with the securities laws and relevant laws, and orders of relevant competent officers.

4. Duties in the Execution of Agreements relating to the Procurement of Benefits from Real Properties of CPNREIT

- 4.1 To control, supervise, implement the measures to control and undertake any other actions as deemed necessary and appropriate as the REIT Manager to ensure that the sub-lessee and/or the third persons related to the management of the core properties perform their functions in accordance with the duties, conditions and/or agreements specified in the sublease contract and/or any other agreements related to the core properties, as well as the rules, criteria, regulations, and any provisions of the core properties or policy related to the core properties.
- 4.2 To prepare the lease agreement, the service agreement, the public utilities service agreement, the outsourcing service agreement, and any other agreements related to the core properties (if any).
- 4.3 To proceed and/or arrange for the cash reserve maintained to be sufficient to the projected contract terms and the deposits to be returned in each period.

Management

The REIT Manager has separated all affairs in the Company into 3 departments to ensure that the performance of duties is in line with the Company's policy, Trust Deed, REIT Manager Appointment Agreement, filing, prospectus, rules, and laws related to the management of CPNREIT. The duties and responsibilities of each department are summarized below.

1. Business Development Department

Business Development Department has the main duties of preparing the work plan and strategy to procure the benefits from the core properties of CPNREIT; setting up the marketing plan, sales promotion, public relation, and competition strategy to ensure that the core properties of CPNREIT is able to generate the compensation as expected; examining and reviewing the real properties to be invested by CPNREIT; preparing the investment plan and proposing the capital structure and appropriate fund sources for investment in the core properties by CPNREIT; seeking for and selecting a new Property Manager and/or sub-lessee of the core properties when it is changed; monitoring and evaluating the performance of the Property Manager and sub-lessee of the core properties; and managing and maintaining the core properties of CPNREIT in the appropriate and ready condition for benefit procurement.

2. Operation Support Department

Operation Support Department has the main duties of preparing the budget of CPNREIT; preparing and disclosing the material information of CPNREIT, including but not limited to the quarterly and yearly financial statements, net asset value, and other information about the core properties

to ensure that they comply with the relevant requirements; monitoring and supervising the provision of insurance relating to the operation of the core properties of CPNREIT in accordance with the relevant requirements; and proposing the engagement of the outsourced service providers for both CPNREIT and the REIT Manager to the Chief Executive Officer for approval.

3. Risk Management and Compliance Department

Risk Management and Compliance Department has the main duties of examining and monitoring the risks associated with the operation and investment of CPNREIT; setting up the appropriate measures to mitigate such risks; supervising and monitoring the operation of CPNREIT to ensure that it complies with relevant regulations and the operating manual; overseeing and monitoring the personnel connected to the operation of CPNREIT to have the appropriate qualifications in accordance with their job characteristics and relevant requirements; overseeing and preventing the occurrence of conflicts of interest between CPNREIT and connected persons; setting up the appropriate measures to manage the conflicts of interest; and ensuring the preparation of reports and disclosure of information about CPNREIT are in accordance with the relevant criteria.

Property Manager

1. Information of the Property Manager

Name of the Property Manager	Central Pattana Public Company Limited
Head Office Address	999/9 The Offices at CentralWorld, Rama I Road, Patumwan Sub-District, Patumwan District, Bangkok
Company Registration Number	0107537002443
Registration Date	19 July 1994
Telephone	02-667-5555
Facsimile	02-664-5593
Website	www.cpn.co.th

2. Shareholders' structure

The detail of shareholding structure or organization structure of Central Pattana Public Company Limited (CPN) can be found on the website www.cpn.co.th. The list of directors and executives are as follows:

As at 31 December 2019

Board of Directors		
1.	Dr. Supachai Panitchpakdi	Honorary Chairman
2.	Mr. Suthichai Chirathivat	Chairman
3.	Mr. Karun Kittisataporn	Lead Independent Director
4.	Mr. Paitoon Taveebhol	Independent Director Chairman of the Audit and Corporate Governance Committee Chairman of the Nomination and Remuneration Committee
5.	Mrs. Jotika Savanananda	Independent Director Member of the Audit and Corporate Governance Committee Member of the Nomination and Remuneration Committee
6.	Mr. Veravat Chutichetpong	Independent Director Member of the Audit and Corporate Governance Committee
7.	Mr. Suthikiati Chirathivat	Director
8.	Mr. Sudhisak Chirathivat	Director Advisory of the Nomination and Remuneration Committee
9.	Mr. Sudhitham Chirathivat	Director (Authorized Signature) Member of the Nomination and Remuneration Committee
10.	Mr. Kobchai Chirathivat	Director (Authorized Signature) Member of the Risk Policy Committee
11.	Mr. Prin Chirathivat	Director (Authorized Signature) Member of the Risk Policy Committee Advisory of the Nomination and Remuneration Committee
12.	Mr. Preecha Ekkunagul	Director (Authorized Signature) President & CEO Member of the Risk Policy Committee

Management Team

1. Mr. Preecha Ekkunagul	Director (Authorized Signature) President & CEO Member of the Risk Policy Committee
2. Ms. Wallaya Chirathivat	Deputy Chief Executive Officer
3. Mr. Suthipak Chirathivat	Senior Executive Vice President, Office of the President
4. Ms. Naparat Sriwanvit	Senior Executive Vice President, Finance, Accounting and Risk Management
5. Mr. Chanavat Uahwatanasakul	Senior Executive Vice President, Development Workgroup
6. Mr. Lertvit Pumipitak	Senior Executive Vice President, Property Management

3. Duties and Responsibilities of the Property Manager

Rights, duties and responsibilities of the property manager can be summarized as follows:

1. Rights of the property manager

The property manager has a right to be compensated from CPNREIT for acting as a property manager according to the appointment agreement between CPNREIT and the property manager.

2. Duties and responsibilities of the property manager

The property manager has rights, duties and project responsibilities as follows:

- (1) To be compensated from CPNREIT for acting as a property manager according to the appointment agreement between CPNREIT and the property manager;
- (2) To maintain and manage CPNREIT properties day-to-day operation to be in good condition and always primed for benefit procurement;
- (3) To collect revenues and procure benefits from properties and other related assets;
- (4) To comply with agreements or other duties as specified in the property manager appointment agreement;
- (5) To perform other duties as stipulated by the SEC, the Capital Market Supervisory Board or the Office of the SEC to be duties of the property manager or other duties that the REIT management company assigned.

More information is provided on www.cpn.co.th

Sub-Lessee (Hotel Operator)

1. General Information

CPN Pattaya Hotel, in which CPN hold 99.99% of the total issued shares and is a limited company registered in Thailand on 25 September 2017, acts as the sub-lessee of the hotel building of CPNREIT. Details of the company are as follow;

Name	CPN Pattaya Hotel Co., Ltd.
Objectives	To be the sub-lessee and to operate Hilton Pattaya business under CPNREIT
Registered Capital	THB 200 million, divided into 20,000,000 ordinary share at a par value of THB 10 per share.
List of Directors	1. Mr. Sudhitham Chirativat 2. Mr. Kobchai Chirativat 3. Ms. Wallaya Chirativat 4. Mr. Suthipak Chirativat 5. Mr. Chanavat Uahwatanasakul 6. Mr. Preecha Ekkunagul
Major Shareholder	Central Pattana Public Company Limited (Holding 99.99%)

2. Duties and Responsibilities of the Sub-Lessee

Duties and responsibilities of the sub-lessee can be summarized as follows:

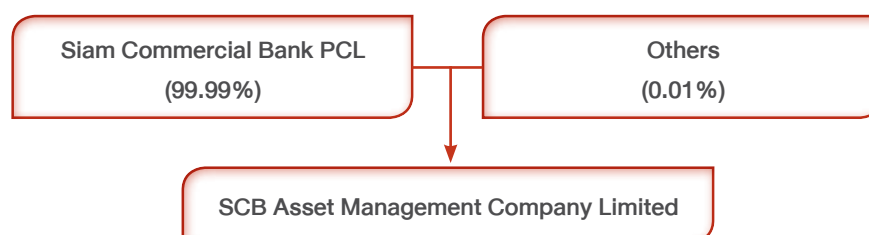
- (1) To select and engage a person to manage hotel business or to perform in any function or duty under the sub-lease objectives as specified in the Sub-Lease Agreement;
- (2) To maintain and manage CPNREIT's properties to ensure they are always be in good condition and primed for benefit procurement;
- (3) To comply with agreements, rules, conditions or other duties as specified in the Sub-Lease Agreement;
- (4) To perform other duties as stipulated by the SEC, the Capital Market Supervisory Board or the Office of the SEC to be duties of the property manager or other duties that the REIT management company assigned.

Trustee

1. General Information

Name of Trustee	SCB Asset Management Company Limited
Head Office Address	18, SCB Park Plaza 1, 7 - 8 th Floor, Ratchadapisek Road, Chatuchak, Bangkok 10900
Company Registration Number	0105535048398
Telephone	02-949-1500
Facsimile	02-949-1501
Website	www.scbam.com
Registered Capital	THB 200,000,000
Paid-up Capital	THB 100,000,000
Related License	The Office of the SEC granted a trustee license to the trustee on 18 September 2013

2. Shareholders' structure



3. Duties and Responsibilities of the Trustee

1. The Trustee has the duty to manage the REIT with integrity and prudence as a professional with expertise by providing fair treatment to the trust unitholders and for the best interest of the trust unitholders, and in accordance with the relevant laws, the Trust Deed, objectives of establishment of the Trust, and the resolutions of the trust unitholders' meetings as well as the additional obligations specified in the statement to the trust unitholders (if any).
2. The Trustee has the duty to attend every unitholders' meeting. If there is a request for a resolution of the unitholders' meeting, to undertake any action the Trustee shall perform the following acts:
 - (2.1) to respond to questions, and provide opinions on such action, particularly whether or not it complies with the Trust Deed or the relevant law; or

(2.2) to make an objection and inform the unitholders that such action is impracticable if the proposed action would be in conflict with the Trust Deed or the relevant laws.

3. The Trustee has the duty to enforce debt repayment or oversee the enforcement of debt repayment to ensure compliance with the agreements between CPNREIT and third persons.
4. The Trustee has the duty to take over the management of the REIT in the absence of the REIT Manager or in the event rendering the REIT Manager being unable to perform its duties until a new REIT Manager is appointed, subject to the criteria prescribed in the Notification Kor.Ror. 14/2555 whereas the Trustee has the duty to manage and operate the REIT as necessary to prevent, inhibit, or limit damage which might adversely affect the benefits of the REIT and trust unitholders as a whole, as well as to perform the

- acts in accordance with the duties specified in the Trust Deed and the Trust Act. The Trustee may appoint another person to engage in the interim management of the REIT in its place, provided that such delegated person complies with the scope, criteria, and conditions specified in the Trust Deed. The Trustee also has the power to appoint a new REIT Manager in accordance with the scope of authorities and duties specified in the Trust Deed and the Trust Act or any relevant notifications or regulations and their amendments.
5. The Trustee shall have other rights, duties, and responsibilities in managing the REIT as prescribed in terms and conditions of the securities laws and other relevant laws.
 6. If the REIT has a policy of investing in other assets other than the core properties of the REIT, the investment in other assets may be managed by the Trustee, the REIT Manager, or the other person assigned by the Trustee or the REIT Manager as prescribed in the Trust Deed. In case of assigning the other person, who is not the REIT Manager to do so, it must be in compliance with the criteria specified in the Notification of the Capital Market Supervisory Board regarding Outsourcing Operational Function relating to Business Operation to Third Party in case the outsourced function is related to investment of a fund *mutatis mutandis*.
 7. In case that the SEC or the Office of the SEC or any other authority, which has the authority by virtue of the relevant laws, issues any law, regulation, notification, rule, order, circulation letter, or exception, cancels or amends, alter, or add any law, regulation, notification, rule or order currently applied, which causes further amendment of the Trust Deed, the Trustee shall take actions as prescribed in the Trust Deed to alter, amend, or add the Trust Deed to be in compliance with such amended or altered law, regulation, notification, rule or order without prior resolution of the trust unitholders.
 8. The Trustee shall be prohibited from setting off the obligations arising beyond the performance of the trusteeship duties owed by the Trustee to a third person against the obligations arising from the management of the REIT owed to the Trustee by the third person. Any set-off of obligations in conflict with this provision shall be void.
 9. In entering into a juristic act or a transaction with a third person for benefits of the REIT, the Trustee shall notify the third person in writing that it acts in the capacity of a trustee.
 10. The Trustee shall prepare the accounts of the assets of the REIT separately from any other accounts under its responsibility. If the Trustee manages several REITs, the Trustee shall prepare the accounts of the assets of each REIT separately. In doing so, the Trustee shall keep such accounts correct and up-to-date. In managing the REIT, the Trustee shall separate the assets of the REIT from the assets which it holds in its own capacity and any other assets in its possession.
 11. If the Trustee fails to perform its duty under Clause 10, which causes the assets of the REIT to be commingled with the assets held in its own capacity to the extent that it is unable to distinguish the REIT's assets from that which the Trustee holds in its own capacity, it shall be presumed that:
 - (11.1) The commingled assets are assets of the REIT;
 - (11.2) The damage and liability arising from the management of the commingled assets shall be borne by the Trustee in its own capacity; and
 - (11.3) The benefits arising from the management of the commingled assets belong to the REIT. The commingled assets as mentioned in paragraph one shall include commingled assets that are transformed into a different form or state.
 12. If the Trustee fails to perform its duty under Clause 10, which causes the assets of several REIT's to be commingled to the extent that it is unable to distinguish to which REIT the assets belong, it shall be presumed that the commingled assets, including those that are transformed into a different form or state, and any benefits or obligations arising from the management thereof shall belong to each REIT proportionately to the amount each REIT contributed to the commingled assets.

13. The Trustee's exercise of power and performance of duties in managing the REIT is its personal duty. The Trustee shall not delegate its duty to other persons except for in the following cases:
 - (13.1) It is otherwise specified in the Trust Deed;
 - (13.2) The transaction is not personal in nature and does not require the professional capability of a trustee;
 - (13.3) The transaction that a reasonable and prudent owner of the assets share the same characteristics as those of the REIT, who manages such assets with similar objectives as those of the REIT, may delegate a third person to manage such assets;
 - (13.4) The safekeeping of assets, preparation of the unitholders register book as well as monitoring, allocation of dividends or provision of support operation services may be delegated to an affiliated company of the Trustee or the REIT Manager or another registrar approved by the SET; and
 - (13.5) Any other cases being under responsibility of and actions by the REIT Manager specified in the Trust Deed or the criteria prescribed in the Notification TorJor. 49/2555, KorRor. 14/2555, and SorShor. 29/2555 or other relevant notifications or requirements and their amendments.
If the Trustee acts in violation of the above, any act taken shall bind the Trustee personally and shall not bind the REIT.
14. If the Trustee lawfully delegates the management of the REIT to the other person in accordance with Clause 13, the Trustee shall exercise prudence and care in selecting such assigned person as well as adequately and thoroughly supervise and review the delegated management in a careful manner. The Trustee shall establish the operational measures in relation to work delegation in compliance with the criteria prescribed in the SEC Notification No. KorKhor. 1/2553 re: Work System, Contact with Investors, and General Business Operation of Trustee as follows:
 - (14.1) Selection of appropriate persons for delegation of duties which takes into account the readiness of the work system and of the delegated persons, as well as any possible conflict of interest between the delegated persons and the REIT;
 - (14.2) Supervision and evaluation of the performance of the delegated persons; and
 - (14.3) Actions to be taken by the Trustee when it appears that the delegated persons are no longer appropriate for further delegation of duties.
The SEC may prescribe and notify the details of the actions to be taken by the Trustee in such event.
15. In case of the change of the Trustee, if the new trustee finds that the previous management of the REIT is not in compliance with the Trust Deed or the Trust Act, and causes damage to the REIT, the new trustee shall take the following actions:
 - (15.1) claim damages from the liable Trustee; and
 - (15.2) recover the assets from the third persons, regardless whether such assets have been directly acquired by the former Trustee and regardless whether the assets had been transformed into a different form or state, except in the event that the third persons had acquired those assets in good faith, in exchange for payment of consideration, and unawareness or there were no reasonable grounds that the third persons should have known that those assets had been acquired as a result of unlawful management of the REIT.
16. For management of the REIT and delegation to the third persons to manage the REIT in accordance with Clause 13, if there are expenses or if the Trustee is required to make payments to or surrender other assets to the third persons out of the monies or assets held in its own capacity due to necessity and appropriateness, the Trustee shall be entitled to obtain reimbursement from the REIT, unless the Trust Deed specifies otherwise.

The Trustee right to obtain reimbursement for monies or assets under the paragraph above shall have priority over the claim of trust unitholders and third persons with property or other rights over the REIT

- and may be immediately exercised and at any time prior to the dissolution of the REIT. If it is necessary to change the form or state of the assets of the REIT in order to obtain monies or assets for reimbursing the Trustee, the Trustee shall be entitled to do so, provided that such act is taken in good faith, and in compliance with the criteria, conditions, and procedures prescribed by the SEC or the Office of the SEC.
17. The Trustee shall be prohibited from exercising the right under Clause 16) unless it has performed all of its obligations in favor of the REIT, except if those obligations can be set off in accordance with the Civil and Commercial Code.
 18. If the Trustee fails to manage the REIT in compliance with the Trust Deed or the Trust Act, the Trustee shall be liable for the damage sustained by the REIT. However, the Trustee may, in the case of necessity and where there are reasonable grounds in the interest of the REIT, apply for the approval of the Office of the SEC prior to undertake any action in the management of the REIT in a manner that is inconsistent with the provisions under the Trust Deed. The Trustee shall not be liable under the paragraph above if it manages the REIT in accordance with the approval of the Office of the SEC in good faith and in the best interest of the REIT.
 19. The Trustee has the duty to ensure that the material details of the Trust Deed are in compliance with the relevant laws. If the Trust Deed is amended, the Trustee shall act in accordance with the following criteria:
 - (19.1) To ensure that any amendment to the Trust Deed complies with the procedures and conditions prescribed in the Trust Deed and the criteria prescribed in the relevant laws;
 - (19.2) If an amendment of the Trust Deed does not comply with Clause 19) and 19.1), the Trustee shall proceed in accordance with the scope of authorities and duties as specified in the Trust Deed and the Trust Act in order to safeguard the rights and benefits of the trust unitholders as a whole; and
 - (19.3) In the case of any subsequent amendment to the criteria relating to the offering for sale of the trust units or management of REIT promulgated under the Securities Act and the Trust Act, and the existing provisions of the Trust Deed are not in compliance therewith, the Trustee shall amend the Trust Deed to be in line with the amended criteria by following the procedures specified in the Trust Deed or as in accordance with the orders of the Office of the SEC under Section 21 of the Trust Act.
 20. The Trustee has the duty to monitor, supervise, and review the performance of duties of the REIT Manager or any other delegated person (if any) to ensure that it shall comply with the Trust Deed, the relevant laws, and any other relevant notifications prescribed by the SEC or the Office of the SEC. The aforementioned duties shall also include the following:
 - (20.1) Ensuring that the management of the REIT by the REIT Manager has obtained the approval of the Office of the SEC for the entire period of existence of the REIT;
 - (20.2) Monitoring, supervising, and undertaking actions as necessary to ensure that the delegated person is fully qualified and complies with the criteria prescribed in the Trust Deed and the relevant laws, including dismissing the current delegated person and appointing another person to replace such person;
 - (20.3) Overseeing the investment of the REIT to be in line with the Trust Deed and the relevant laws as well as the prospectus;
 - (20.4) Overseeing the complete information of the REIT is accurately disclosed as prescribed in the Trust Deed and the relevant laws; and
 - (20.5) Giving opinions relate to undertaking actions or entering into transactions for the REIT by the REIT Manager and other delegated persons (if any) in support of the request for a resolution at a unitholders' meeting or disclosing information about the REIT to the trust unitholders or at the request of the Office of the SEC.

21. If the REIT Manager acts or omits an act causing damage to the REIT, or fails to perform its duties in accordance with the Trust Deed or the relevant laws, the Trustee shall have the following duties:
- (21.1) Reporting the matter to the Office of the SEC within 5 (five) business days from the date on which the Trustee becomes aware of or should have been aware of such fact;
- (21.2) Rectifying, preventing, or mitigating such damage to the REIT as it deems appropriate.
22. If the Trustee is also a trust unitholder of the REIT, the Trustee shall, in casting votes or taking an act as a unitholder, take into account the best interest of the unitholders as a whole by adhering to the principles of good faith and due care, including avoidance of any conflict or impact on the performance of its duties as the Trustee of the REIT.
23. The Trustee has a duty to prepare the trust unitholders register and may assign the SET or a securities registrar under the Securities Act to prepare such register on its behalf. In doing so, the Trustee shall oversee such delegated person to comply with the criteria specified in the Trust Deed and the relevant laws, except the preparation of evidence under a system and rules and regulations of Thailand Securities Depository in respect with a securities registrar.
24. The Trustee shall provide evidence representing the rights in the trust units or trust unit certificate for delivery to the unitholders in accordance with the criteria specified in the Trust Deed and the relevant laws.
25. If the trust unitholders request the Trustee or the securities registrar to issue evidence representing their rights in the trust units or trust unit certificates in order to replace those which have been lost, faded, or materially damaged, the Trustee shall issue such evidence or ensure that the same is issued to the unitholders within a reasonable time period.
- The trust unitholders may study details about the scope of authorities, duties, and responsibilities of the Trustee in the Trust Deed.

Others

1. Auditor

Name	KPMG Phoomchai Audit Ltd.
Head Office Address	50 th – 51 st Floor, Empire Tower, 1 South Sathon Road, Yannawa Sub-District, Sathorn District, Bangkok
Telephone	02-677-2000
Facsimile	02-677-2222

2. Registrar

Name	Thailand Securities Depository Co., Ltd.
Head Office Address	14 th Floor, 93 Ratchadaphisek Road, Dindaeng Sub-District, Dindaeng District, Bangkok
Telephone	02-009-9999
Website	www.set.or.th/tsd

3. Appraisal

Name	Preferred Appraisal Co., Ltd.
Head Office Address	517/5 Asok-Dindaeng Road, Dindaeng Sub-District, Dindaeng District, Bangkok
Telephone	02-664-5323-4
Facsimile	02-664-5325

CORPORATE GOVERNANCE

The REIT Manager recognizes the importance of corporate governance that it is crucial for the management of CPNREIT and the trust unitholders' trust. Corporate governance also enables the trust unitholders, investors, and the public to know and examine the management of the REIT Manager. All this, the REIT Manager shall manage CPNREIT in accordance with the relevant laws, Trust Deed, and other related regulations as well as the principle of good corporate governance in order that the said policy is tangibly implemented.

1. The Meeting of REIT Manager

1.1 Board of Directors Meeting

The REIT Manager imposes that the Board of Directors shall have at least one meeting in each quarter to consider the general affairs of the REIT Manager and CPNREIT. The meeting procedures of the Board of Directors are as follows:

1. The REIT Manager shall deliver the notice to the meeting, meeting agenda items together with other supporting documents with adequate and necessary information to be considered by each director prior to the meeting date in order that he or she has sufficient time to study all information in advance.
2. The agenda items of the board meetings shall be proposed for acknowledgement or approval such as operating performance of the REIT Manager and CPNREIT, annual budget of CPNREIT, distribution of return to the trust unitholders, arrangement of the trust unitholders' meeting, investment in additional assets, entering into connected transactions, preparation of business plan and investment, and progress of business plan implementation, etc.
3. At least over a half of the total number of directors attending each meeting shall constitute a quorum. Each director is eligible to vote. A resolution of the Board of Directors shall depend on the majority votes by the directors present at the meeting. A director with conflict of interest in any matter shall be ineligible to vote on such particular matter.
4. In every meeting, the Chairman shall allocate sufficient time for the management to present documents and information for discussion, and for the Board of Directors to discuss the critical issues. Each director is free to express his or her opinion, and to propose any agenda.
5. The REIT Manager shall record the minutes of each meeting, collect all meeting documents accurately and completely so that the document can be audited, and get the meeting minutes approved by the board meeting for further evidence.

1.2 Noteworthy transactions proposed to the Board of Directors in the past year

For the year ended 31 December 2019, CPNREIT had proposed the following noteworthy transactions for the Board of Directors to consider:

Meeting number	Date	Agenda	Resolution	Rationale
1	26 Feb 2019	<ul style="list-style-type: none"> Distribution of returns of CPNREIT Calling Annual General Meeting of trust unitholders for the year 2019 	1. To pay distribution of returns to trust unitholders at THB 0.4163 on 25 Mar 2019 2. To convene the Annual General Meeting of trust unitholders for the year 2019 on 24 April 2019	<ul style="list-style-type: none"> To comply with CPNREIT distribution payment policy and relevant regulations To comply with relevant regulations
2	14 May 2019	Interim distribution of returns of CPNREIT	To pay distribution of returns to trust unitholders at THB 0.4055 on 11 June 2019	To comply with CPNREIT distribution payment policy and relevant regulations
3	8 Aug 2019	Interim distribution of returns of CPNREIT	To pay distribution of returns to trust unitholders at THB 0.4055 on 6 September 2019	To comply with CPNREIT distribution payment policy and relevant regulations
4	17 Oct 2019	Calling Extraordinary General Meeting of Unitholders No. 1/2019	To convene the Extraordinary General Meeting of Unitholders No. 1/2019 on 22 Nov 2019	To comply with relevant regulations
5	8 Nov 2019	Interim distribution of returns of CPNREIT	To pay distribution of returns to trust unitholders at THB 0.4060 on 6 December 2019	To comply with CPNREIT distribution payment policy and relevant regulations

2. Control on the Use of Inside Information

2.1 Corporate Governance Policy

The REIT Manager's policy is to stringently comply with all and any securities laws, notifications, regulations, orders, or circular letters as amended or issued by the Securities and Exchange Commission ("the Office of the SEC") and the Stock Exchange of Thailand ("SET"). The REIT Manager formulates the policy that every director and executive is required to report his or her conflict of interest and trading of trust units to the Risk Management and Compliance Department and such securities holding report which shall be further submitted to the Office of the SEC.

2.2 Control on the Use of Inside Information

The Risk Management and Compliance Department shall set up the measures and guideline of preventing the conflicts of interest between CPNREIT and persons who may have conflict of interest in order to sustain the best benefits of CPNREIT and the unitholders as a whole. The said measures include:

1) Disclosure of matters in which directors and management may have an interest

- The Risk Management and Compliance Department has the duties of submitting the Disclosure of Interests Form to all directors and executives in order that they disclose their interests prior to taking up office and/or whenever there is a change of any director or the executive to be aware of all connected persons

with CPNREIT; reporting the securities held by them and their spouse as well as their minor children who hold the trust units for which the Company acts as the REIT Manager; and reporting any change of such holding of securities.

2. The directors and executives of the Company have the duty of promptly reporting to the Risk Management and Compliance Department on the interests they and the related persons have as resulted by their management of CPNREIT when they obtain the Disclosure of Interests Form or they become aware of such interest. The Risk Management and Compliance Department requires that the directors and executives report their trading of trust units to the Risk Management and Compliance Department within 3 business days after the purchase, sales, or transfer of trust units.
3. Upon the receipt of the aforesaid information, the Risk Management and Compliance Department has the duty of examining the information disclosed by the directors and executives and/or any change in such interests. The examination shall include the inquiry and checking with websites of the relevant agencies or other reliable public information sources in order to verify completeness and accuracy of information disclosed by the directors and executives in the Disclosure of Interests Form.
4. After checking with the reliable public information sources, the Risk Management and Compliance Department shall record or print out the examination results, which shall be kept as evidence together with the Disclosure of Interests Form disclosed by the directors and executives for further examination

2) Guideline on protection and use of inside information

The REIT Manager sets up the guideline on protection and use of inside information as follows:

1. To define in writing the code of conduct and best practice for the employees of the Company, particularly, the exploitation of inside information, which shall be communicated to its new personnel who must read and sign for acknowledgement on the first date of working in the Company, and re-sign after any change.

2. To limit the receipt and use of inside information. In this regard, the Company operates under the need-to-know basis. The information received by the personnel or department shall be kept confidential and not be disclosed to other unrelated persons.
3. To set up an efficient control system to prevent any unrelated persons to know inside information by:
 - a. arranging for the use of password to access into the electronic data in the computer system, and the said password shall be changed regularly;
 - b. setting up the access control matrix which specifies to which data files can be accessed by each officer. In this regard, the Risk Management and Compliance Department shall review and update the access right if any officer resigns or is reshuffled;
 - c. keeping the documents in a safe place or in a cabinet or a locked room; and destroying all unused documents; and
 - d. setting up a security system in the workplace to prevent the third persons; for instance, rooms can be locked, or room access shall be permitted by an officer card or finger print scan.
4. The officers of the Company who permitted to receive inside information as well as the directors and executives shall report their purchase or sales of trust units to the Risk Management and Compliance Department whenever their holding of trust units is changed within 3 business days. In this regard, the Risk Management and Compliance Department may randomly examine the completeness and accuracy of the said report with any public information sources.
5. The Risk Management and Compliance Department shall perform the following actions to ensure that the executives and officers who have been aware of inside information shall not exploit it in case of making the transaction possibly affecting the price of trust units or other securities, e.g. purchase and sales of properties of CPNREIT:
 - a. To list the securities of which the related transactions must be monitored (Watch List);
 - b. To send e-mail messages to all related executives and officers regarding such securities;

- c) When such list is disclosed to the public, the Risk Management and Compliance Department shall move such list of securities to the account of the restricted list, and send the e-mail message to all related executives and officers under Clause b above, as well as the officers who may have chance to exploit inside information (if any); and
- d) When the personnel who have received inside information of the Company have no chance to exploit such inside information for their purchase and sales of securities, the Risk Management and Compliance Department shall notify the executives and officers under Clause c) above of revoking those securities from the restricted list.

3. Procedures and Factors for Decision Making on Investment and Management of CPNREIT

In making decision on investment in any property, the REIT Manager shall select and conduct due diligence on the property to be invested by CPNREIT with prudence and care and in conformity with the investment policy as stated in the Trust Deed, filing, prospectus, objectives of establishing CPNREIT, as well as the relevant rules and laws. All information about the selection, examination, and decision whether to invest or not in any property shall be recorded and kept for reference under the following working procedures:

3.1 Working Procedures

- 1) The REIT Manager shall select the core properties to be invested by taking into account the prospect and feasibility of investment and business operation, risks associated with investment or acquisition of such core properties, as well as preliminary details about the location and type of assets, and capital structure management of CPNREIT in investing in those assets, which shall be in accordance with the following criteria and procedures:
 - 1.1) It is the investment in the property to acquire ownership or possessory right. Acquisition of possessory right shall be one of the followings:
 - a) Acquisition of the property through issuance of Nor.Sor. 3 Kor; or
 - b) Acquisition of leasehold right in the property through issuance of instrument of ownership or possessory right in the form of Nor.Sor. 3 Kor. However, if CPNREIT wishes to invest in the leasehold right of the property in a way of sublease, the REIT Manager shall provide certain measures on risk prevention or mitigation of possible damage from the breach of the lease agreement or the failure to enforce the rights under the lease agreement.
 - 1.2) The acquired property is not subject to the real right or dispute unless the REIT Manager and the Trustee have made an opinion in writing that the real subject to the property right or the dispute does not significantly affect the procurement of benefits from such property; meanwhile, the conditions on acquisition of such property remain beneficial to the trust units as a whole.
 - 1.3) The agreement entered into the acquisition of the property is not required any agreement or obligation which may deprive CPNREIT to dispose of the property at a fair price (when the disposal is made) such as the agreement granting the right of first refusal to the counterparty in purchasing property from CPNREIT with the purchasing price fixed in advance; or may cause CPNREIT to bear more responsibility than what should be under normal situation when the lease agreement expires.
 - 1.4) The property acquired together with the properties that CPNREIT has previously owned shall be ready to procure the benefits not less than 75 percent of the value of trust units offered plus the amount of loans (if any). CPNREIT may invest in a project under construction ; however, the value of the investment to be acquired and to complete the property for further procurement of benefits shall not be greater than 10 percent of the total asset value of CPNREIT (after offering for sale of the trust units) and it is shown that there is sufficient working capital for such development without any impact to the continuity of CPNREIT.

- 2) The REIT Manager may engage certain advisors with specific expertise, e.g. financial advisor, auditor, legal advisor, or engineering consultant, etc. to study various issues relating to decision on property investment, and examination or due diligence on the property to be invested by CPNREIT in accordance with the criteria stipulated in Clause 3.2. The REIT Manager shall assess various possible risks deriving from investment in such property, and also provide the guideline of mitigating them. Such risks shall include those relating to the property development or construction (if any) to ensure that the REIT Manager has studied and considered all information and important factors associated with its decision on property investment thoroughly, accurately, and adequately.
- 3) After taking into account the study result under Clause 2) and the REIT Manager is of opinion that such property passes the established criteria, the REIT Manager shall undertake the actions in accordance with the procedures for the acquisition of additional core properties under Clause 3.3, and also take the actions to obtain consent from the Trustee that the investment and/or acquisition of such property complies with the provisions stipulated in the Trust Deed, relevant agreements, and relevant laws, and to ask for approval in conformity with the criteria stipulated in the Trust Deed and relevant laws.
- 4) In considering the disposal of the core properties, the REIT Manager shall assess those to be disposed of by considering the strength, weakness, and opportunities of making profit, as well as risks from disposing of such core properties. In this regard, the REIT Manager shall follow the procedures for the disposal of the core properties under Clause 3.4, which includes the actions to obtain consent from the Trustee that the investment and/or acquisition of such property complies with the provisions stipulated in the Trust Deed, relevant agreements, and relevant laws, and to ask for approval in conformity with the criteria stipulated in the Trust Deed and relevant laws.

3.2 Examination and Due Diligence on the Property to be Invested by CPNREIT

When the REIT Manager selects the core properties to be invested in accordance with the determined procedures, it shall, prior to each acquisition of the core properties and equipment (if any), examine or conduct due diligence on all information and agreements related to the core properties and equipment (if any) such as financial and legal information, etc. to ensure the right decision and disclosure of true information. For the said examination and due diligence, the REIT Manager shall examine and conduct due diligence on the following matters:

1) Examination on property and counterparty

- 1.1) To study the counterparty's capability to perform a juristic act, as well as completeness, accuracy, and enforceability of the documents of entitled rights or relevant documents. In case of the property to be invested is located in other country, the REIT Manager shall examine and review the capability of CPNREIT in acquiring and possessing the property under the relevant laws of that country. The opinion of the legal advisor specializing in laws of such country is also required to be enclosed with the examination and review to ensure that the purchase, sales, transfer, or making the agreements relating to the property for CPNREIT is lawful and valid.
- 1.2) To study the state of the property to be invested by CPNREIT that should involve at least the following issues:
 - 1) To consider the location, economic status, and previous competition of that type of property, as well as tendency, continuity, and consistency of income from such type of property in the future. For example:
 - a) To consider the occupancy rate at least for the past 3 years (in case of the property having been operated less than 3 years, consider the information from the commencement of its operation) in order to compare its competitiveness with other competitors.

- b) To compare the past rental rate or rental price of such property with other competitors in order to assess the probabilities of income generating, and of adding returns in the future.
 - c) To analyze other information related to the market condition of such property, e.g. economic growth affecting both demand and supply in the market.
- 2. To consider the property value, which should be high enough to provide the economy of scale in the management of CPNREIT.
- 3. To analyze the track record on financial status, operating performance, and net benefit at least for the past 3 years, and consider, during the last 2 years, the operating performance in each month to assess the seasonal effect to the revenue (in case of the property having been operated less than 3 years, consider the information from the commencement of its operation).
 - a) To analyze the expenses and profit from the previous lease whether they are higher or lower or close to other properties in the same or similar type in order to formulate a plan to control and revise the expenses to make the good return to CPNREIT.
 - b) To consider the operating performance of other similar properties located nearby, as well as the demand and supply of that type of property in order to assess the risks, income fluctuation, and appropriateness of long-term investment in case of the property that has been newly constructed and has no track record or it has been operated less than 3 years.
 - c) If the property is situated on the location with potential of obtaining more rental than the track record whereas the building is still in good condition and ready for use to procure benefits without adding much investment, if CPNREIT wishes to invest in it, the REIT Manager shall provide a clear plan regarding the improvement of the management or marketing plan to enable such property to procure more benefits in the future.
- 4. To analyze and assess previous information about the tenants, e.g. records of rental payment, renewal of the lease agreement by the existing tenants, rental increase, tenants' types of business and nationalities, proportion of major tenants, etc. in order to identify possible risks from the lease ; and to set up the risk prevention measures, and disclose the risk factors in the filing and the prospectus of CPNREIT to the investors.
- 5. To arrange the inspection on the condition of building and construction, and state of assets in the building and construction to ensure that they are in good condition to procure the benefits promptly; to check the record of repair or renovation whether it has been done under the engineering principle or not ; to check the record of inspection and maintenance for infrastructure and facilities in the building and construction to ensure that they are undertaken in the appropriate period for their long life.
- 6. To examine the compliance with laws on building and construction control as follows:
 - a) To examine the documents indicating that the construction is in line with the generally accepted safety standards.
 - b) To examine whether the previous repair and renovation of construction are in line with the generally accepted safety standards required by the government authorities or not.
 - c) If there was the earthquake in such area or the fire in such building and construction, the REIT Manager shall proceed with the special examination on strength of the building and construction, facilities systems in the building (e.g. fire prevention system, fire exit, lift, escalator, air-conditioning system in the building, etc.) whether they have been checked and maintained on the appropriate period or not.

After the property purchase, the REIT Manager shall arrange the annual examination to ensure that the real property invested by CPNREIT complies with all requirements prescribed in laws on building and construction control.

7. To examine the compliance with laws on environment; for example, examining whether the buildings and construction to be invested are required by law to prepare the environmental impact assessment report to be submitted to the relevant government authorities before construction or not, and whether it has been applied at the present.
8. To examine ownership and/or the possessory right in any property, construction, or assets thereon whether the person who sells such property to CPNREIT holds the lawful ownership or not, and other documents used in registering the transfer or accepting the assignment of right, or the documents giving consent in the purchase and sales of such property are prepared properly as required by law or not.
9. To examine the scope of land to be purchased or leased whether or not the cadastral survey has been done to make the boundary mark clearly, which shall prevent the problems of land intrusion or not receiving the entire land as indicated in the title deed in case of investment in ownership and/or possessory right in the property.
10. To examine to ensure that the property is free from encumbrance under any laws or agreements; or to examine if there is any dispute which shall restrict further procurement of benefits. For example:
 - a) If a government authority denies renewing the lease agreement for the owner of leasehold right in the properties to be sold to CPNREIT, which makes the procurement of benefits on leasehold right of such property terminate, or the model of benefit procurement must be changed.

- b) There are complaints from the tenants or occupants surrounding such property, which shall take effect to further lease of area by CPNREIT, etc.

11. To examine whether the property to be purchased has the entrance and exit or not. If not and the entrance and exit belongs to the other person, the REIT Manager shall arrange for CPNREIT the registration of servitude, encumbrance, or any other rights enabling such property to use the entrance and exit of the other person. If the REIT Manager obtains the information that such entrance and exit are the public place, the REIT Manager shall examine whether they are actually the public place as informed or not.
 12. To consider appropriateness of the purchase price of the property or the price of leasehold property whereas such price must give the worthwhile returns for long-term investment and be relevant to the conditions on benefit procurement as agreed with the Sponsor. In this regard, the REIT Manager shall take into account any expenses to be borne by CPNREIT after such purchase (e.g. expenses for repair and renovation of buildings as they have fallen into much dilapidation that the procurement of benefits after purchase is affected, or expenses in demolishing the constructions after the expiration of the lease agreement), and also determine the discount rate from the present value of the future net income so that it is suitable to the risk from the fluctuating rental income in the future.
 13. To examine whether taxes or other expenses on the property have been paid to the relevant authorities completely and accurately or not.
- 1.3) In case that CPNREIT has leased out the core properties to the sub-lessee, the REIT Manager shall analyze the status of such sub-lessee, as well as readiness to manage the properties of CPNREIT such as the counterparty's ability in entering into the transactions, readiness of working system, readiness of personnel and related experience, etc.

2) Examination on considerations in executing the agreements

2.1) In case that CPNREIT makes investment in leasehold right, the terms and conditions for the benefits of CPNREIT shall be considered; for example:

1. The lease agreement has no provision that impose the extra obligations to CPNREIT more than a normal lessee should receive.
2. There is no condition permitting the lessor to terminate the lease agreement made with CPNREIT immediately although CPNREIT has not breached any conditions set forth therein.
3. There is the condition granting the right to CPNREIT to terminate the lease agreement with the lessor immediately if the lessor breaches any condition set forth therein.
4. The details, conditions, and rights of CPNREIT are clearly specified in the renewed leased agreement.
5. The conditions and the right of first refusal to CPNREIT for the purchase of such leased property at a price not higher than that proposed by other person are specified provided that the lessor wishes to sell that property.
6. There are the conditions and the right of CPNREIT for sale of leasehold right (if, later, the price of such property becomes higher and CPNREIT earns more profit from selling than from leasing the property, CPNREIT may decide to sell such property, etc.).

2.2) To examine taxes or other expenses on such property by stating clearly that they shall be borne by CPNREIT or the Sponsor.

2.3) To apply the measures for prevention of potential conflicts of interest; for example, the Sponsor undertakes any business of which the nature is in competition with the business of CPNREIT in the nearby area, etc.

2.4) In case that CPNREIT wishes to acquire the leasehold right of the property in the form of sublease, the REIT Manager shall apply the relevant measures for risk prevention or indemnity against any losses that CPNREIT may suffer as a result of the breach of the

lease agreement or failure to enforce obligations under such lease agreement.

2.5) Prior to the payment by CPNREIT to purchase or lease the property, the REIT Manager shall examine to ensure that the ownership in the property has been transferred to CPNREIT (in case of investment in freehold property), or the registration of leasehold right has been completed (in case of investment in leasehold property), and/or the acquisition of any other assets in the property invested, and has been delivered the assets placed as the collateral to CPNREIT, bank guarantee, and/or guarantee agreement, as well as the registration of any servitude on the property for the procurement of benefits by CPNREIT completely as required by laws, and relevantly to the information disclosed to the investors. If the property accepted by CPNREIT includes the buildings, constructions, furniture and/or equipment, the REIT Manager shall have the fixed assets register maintained in order that completion, accuracy, and existence of each asset to be accepted by CPNREIT can be checked. Such asset register shall be submitted to the Trustee for its review of work performance of the REIT Manager.

The REIT Manager shall record and keep the information as well as other evidence relating to the selection, examination, and decision on investing or not investing in any asset of CPNREIT.

3.3 Acquisition of the Core Properties

When the REIT Manager selects the core properties to be invested, and finalizes its property examination whereas it deems appropriate to invest in such property, the actions undertaken to acquire the core properties shall be in accordance with the following criteria:

1) For investment in or acquisition of the properties or leasehold rights to procure the benefits from such real estate or leasehold rights, the REIT Manager shall perform the following acts:

1.1) To arrange for the appraisal of properties by a property appraiser; and perform other acts in compliance with the criteria of investment in assets as stipulated in the notification of the office of the SEC. In this regard, the REIT Manager shall submit the list of properties preliminarily selected to the property appraiser to appraise the property value to be invested by CPNREIT. The appraisal criteria shall be as follows:

1. The property appraiser shall be an independent appraiser approved by the Office of the SEC in accordance with the Notification of the office of the SEC regarding Granting of Approval of Valuation Companies and Principle Valuers for Public Use; and
 2. It shall be a full appraisal with evidence of verification of entitled rights, and for the purpose of public use for the disclosure of the relevant information to the investors. Such appraisal shall be performed by at least two appraisers.
- 1.2) To consider the capital structure of the investment or acquisition of the property or leasehold property.
- 1.3) To consider the substance of the transaction as follows:
1. in accordance with the Trust Deed and relevant laws
 2. for the best interest of CPNREIT
 3. reasonability and fair prices
 4. those with conflict of interest in the transaction shall not be involved in the decision on the transaction entered.
 5. expenses paid to prepare the transaction collected from CPNREIT (if any) are at the fair and suitable rate.
- 1.4) To perform other acts in order to comply with the criteria of investment in the property as stipulated in the notifications
- 2) For ongoing investment in and acquisition of the properties or leasehold property, the REIT Manager shall perform the following acts :
- 2.1) In respect with substance of the transaction, the nature of the transaction shall be as follows:
1. in accordance with the Trust Deed and relevant laws
 2. for the best interest of CPNREIT
 3. reasonability and fair prices
 4. expenses paid for the preparation of the transaction collected from CPNREIT (if any) are at the fair and suitable rate.
 5. those with conflict of interest in the transaction shall not be involved in the decision on the transaction entered.
- 2.2) With respect to the system, the approval is required to go through the following process:
1. In case that the owner, the lessor, or the transferor of the leasehold right of the property is not the REIT Manager or the person related to the REIT Manager:
 - a) It is approved by the Trustee that the transaction is in accordance with the Trust Deed and the relevant laws; and
 - b) For acquisition of the core properties which is the noteworthy transaction, the criteria relating to entering into the noteworthy transaction must be complied with.
 2. In case that the owner, the lessor, or the transferor of the leasehold right of the property is the REIT Manager or the connected persons to the REIT Manager, the REIT Manager shall undertake the actions to make the transaction obtain approval from the Trustee, and in conformity with the Trust Deed and relevant laws. The consideration and approval procedure before entering into the transaction has to undergo the following steps:
 - a) Receive approval by the Trustee that the transaction is in compliance with the Trust Deed and relevant laws.
 - b) In case the value of the transaction exceeds 1 (one) million baht or is 0.03 (zero point zero three) percent of the total net asset value of the REIT or more, whichever value is higher, or in accordance with the criteria stipulated in the notification to be amended in the future, the approval of the Board of Directors of CPNREIT is required or it is in accordance with the approval limit as stipulated in the relevant notifications.
 - c) In case the value of the transaction exceeds 20 (twenty) million baht or more than 3 (three) percent of the total net asset value of the REIT, whichever value is higher, or in

accordance with the criteria stipulated in the notification to be amended in the future, the resolution of approval of the trust unitholders' meeting passed by at least three out of four (three-fourths) of the total votes of the trust unit holders attending the meeting and eligible to cast the vote is required or it shall be in accordance with the approval limit as stipulated in the relevant notifications. In addition, the REIT Manager shall arrange to obtain the opinion of the financial advisor about the analysis of data on the aforesaid property for the purpose of decision making and disclosure of fair information.

- 3) In case that the resolution of the meeting of trust unitholders is required, the invitation letter for such meeting must include the financial advisor's opinion for the purpose of passing such resolution. The invitation letter shall be delivered to the trust unitholders prior to the meeting date in accordance with the Notification, No. BorJor/Ror 29-00 regarding Listing, Disclosure of Information and Delisting of Investment Trust Units B.E. 2558, and the Notification of the SEC Office, No. SorRor. 26/2555 regarding Provisions relating to Particulars, Terms and Conditions in a Trust Instrument of Real Estate Investment Trust and their amendments.

3.4 Disposal of the Core Properties

When the REIT Manager finalizes the selection of the core properties to be disposed of and it deems appropriate to dispose of them, the disposal of such core properties shall be in compliance with the following steps:

- 1) The REIT Manager shall arrange for an evaluation of the core properties in accordance with the relevant provisions.
- 2) The REIT Manager shall arrange for an open disposal, which includes disclosure of the substance of the transaction under Clause 3.3 2) 2.1 regarding an acquisition of additional core properties, and the approval process under Clause 3.3 2) 2.2) regarding an acquisition of additional core properties, mutatis mutandis.

- 3) The disposal of the core properties in the following manners shall comply with the provision under Clause 2) and be a necessary and appropriate case which is approved by the Board of Directors of the REIT Manager as well:

3.1) Any disposal of core properties prior to 1 year as from the date of the acquisition of such core properties by CPNREIT; and

3.2) Any disposal of acquired core properties back to its former owner.

4. Selection of Property Manager and/or a sub-lessee

The REIT Manager shall evaluate and select a property manager and/or a sub-lessee. When considering entering into a contractual agreement with a property manager and/or a sub-lessee, the REIT Manager shall follow the following procedures:

- 1) The REIT Manager shall assess and evaluate the qualifications of each property manager and/or sub-lessee according to the criteria specified in the REIT Manager operating procedures.
- 2) The REIT Manager shall select the property manager and/or sub-lessee who have/has the highest weighted-average score and summarize the selection result as well as rationale to propose to the Board of Directors for approval. In the event that the score of the property manager with the highest weighted-average score does not reach a specified threshold or the scores for Capabilities and Past Experiences, and Effective Internal Control/ Maintenance of Assets are less than half, the property manager will not be considered as pass and the REIT Manager will have to re-run the selection procedure for a property manager. A sub-lessee whose score is less than half of the total score will not be considered as pass.

Nevertheless, the selection procedure for property manager mentioned above will not be applied for the first investment in core properties.

- 3) In entering into an agreement with a property manager and/or a sub-lessee, the REIT Manager shall arrange for the appointment agreements with a property manager and/or sub-lessee to have, as a minimum, the following terms:

- 3.1) Allow CPNREIT to terminate the agreement and change the property manager and/or the sub-lessee if the property manager and/or the sub-lessee do/does not comply with the terms, or take(s) certain actions or fail(s) to take certain actions that results in lack of credibility to perform duties in accordance with the agreement, or neglect to maintain the assets in good condition, or the sub-lessee causes damages to CPNREIT's properties or neglect to maintain the assets to be in good condition and appropriate for use according to objectives stated in the agreement;
- 3.2) Specify that the property manager and/or the sub-lessee have/has duty to maintain and repair CPNREIT's assets to ensure long-term procurement of benefit;
- 3.3) Specify that if the REIT Manager finds that the property manager and/or the sub-lessee take(s) certain actions or fail(s) to take certain actions which causes the breach of either the property manager appointment agreement or, the sub-lease agreement, or the sub-lessee does not maintain the sub-leased assets to be in good condition and appropriate for use as specified in the agreement, the REIT Manager shall proceed to terminate the property manager appointment agreement and/or the sub-lease agreement of core properties (as the case may be), in order for the REIT Manager to be able to step in to operate, or to re-select a property manager and/or a sub-lessee to replace the former one;
- 3.4) Specify that the property manager and/or the sub-lessee must be able to demonstrate to the REIT Manager that the property manager and/or the sub-lessee have/has, at a minimum, the following internal control processes:
 - 1) There are manual and standard operating procedures in place. Trainings are provided to employees to ensure that they understand the procedures and can appropriately perform their duties.
 - 2) There is a clear segregation between personnel who manages CPNREIT's assets such as leasing department, from other departments and personnel of a property manager and/or a sub-lessee and/or a hotel manager (if any) who manage assets in the same business sector as CPNREIT. Alternatively, there must be other policies or operating procedures to prevent conflict of interest, and access and exploitation of CPNREIT information.
 - 3) There is segregation of duties to prevent a single individual to carry out critical tasks from start to finish. Critical tasks that need to be segregated are, for example: procurement, acceptance of goods or service, accounting, properties and taking stock of properties, etc. For these critical tasks, one person should be designated as a maker and another as a checker. Moreover, there should be another party to randomly review the work of makers and checkers, creating a checks and balance system so that the risk of mistakes or fraud can be mitigated.
 - 4) There is a monitoring and auditing system on employees operating results to prevent erroneous operation or operations that do not comply with the designed controls.
 - 5) All transactions are recorded and all supporting document are kept for subsequent audit and prevention of potential frauds or errors.
 - 6) There is a secure cash receipt and payment system in place that can effectively prevent leakage or fraud attempts.
 - 7) The property manager must have in place a revenue collection system to ensure completeness of tenant revenue collection and have in place a system to prevent duplicate and fraudulent expense reimbursement as well as to ensure that the supporting documents and rationales for expense reimbursement comply with Trust Deed, filing, prospectus and relevant contracts.
 - 8) Documents are pre-numbered for transactions related to assets or payments and receipts such as purchase orders, receipts, invoices for goods or services etc. to prevent the avoidance of auditing and transactions control check points (i.e. receive of cash without issuing receipt or issuing fictitious receipt to customers)

- 9) Controls and security system are in place for CPNREIT's revenue and expense data that are stored in a computerized system to enable retrospective audit of the persons who had accessed the system.
- 10) High value assets must be stored in secured location with restricted access to the area. Access to the area must be approved by management and closed circuit cameras may be deployed to guard the assets.
- 11) Controls over assets are in place. An asset register must be maintained, and updated when investment in additional assets takes place. The updated register must be submitted to the REIT Manager for reconciliation with cash payment, regular physical count of assets and preparation of asset count report. The REIT Manager shall maintain another set of assets register.

Nevertheless, the REIT Manager may have the property manager and/or the sub-lessee be liable for any damages which may occur to the benefit of CPNREIT due to the negligence of the property manager and/or the sub-lessee in the internal control systems that are prone to fraud.

- 3.5) In entering into an agreement with the sub-lessee, the REIT Manager and trustee may arrange to have the following additional conditions (as the case may be) to alleviate or mitigate risks to CPNREIT :
 - 1) Specify that CPNREIT can terminate the sub-lease agreement with the sub-lessee if the sub-lessee does not strictly comply with the terms of the sub-lease agreement, particularly in paying rent according to the sub-lease agreement;
 - 2) Specify the sub-lessee's undertaking, such as incurring of commitment, change in company's objective, etc.
- 3.6) Specify that the REIT Manager has a right to audit the performance of duties of the property manager and/or the sub-lessee to ensure compliance with this operating manual, property manager appointment agreement, sub-lease agreement, undertaking agreement and other relevant agreements.

3.7) Specify that the property manager and/or the sub-lessee must have a control system to monitor as well as randomly check to ensure that the property manager and/or the sub-lessee collect(s) and submit(s) revenues to CPNREIT in full, and do/does not charge from CPNREIT more than necessary expenses which must be within the framework that the Trust Deed, filing, prospectus, and relevant agreements allow.

- 4) In appointing the property manager and/or sub-lessee, the REIT Manager will arrange a mechanism to control, oversee, audit and evaluate their performances as indicated in the REIT Manager operating procedure manual to ensure that the property manager and/or the sub-lessee have/has accurately and thoroughly collected and submitted rental revenues to CPNREIT according to the terms in Property Manager Appointment Agreement/the sub-lease agreement, and that internal control systems operate effectively and are able to prevent fraud, or instantly detect fraud and non-compliance operations.

5. Evaluation of Work Performance of the Property Manager

5.1 System for Control, Supervision, and Evaluation of Work Performance of the Property Manager

The main objective of the Company as the REIT Manager is to provide the stable returns to the trust unitholders by taking into account the benefit to be acquired from the properties invested by CPNREIT. Therefore, the Company establishes a system for control, supervision, and evaluation of work performance of the Property Manager. The Company and the Property Manager shall work closely to enhance potential of the properties invested by CPNREIT.

The Business Development Department shall be in charge of controlling, supervising, and evaluating the work performance of the Property Manager whether or not it conforms to the terms and conditions specified in the Property Manager Appointment Agreement. The actions on this matter include:

- 1) The Business Development Department and the Property Manager shall mutually prepare the annual budget plan of CPNREIT, which specifies the revenues

and expenses in details, determines the target of income procurement, and supervises and monitors all revenues and expenses of CPNREIT to be in line with the target or projection.

- 2) The Business Development Department and the Property Manager shall mutually consider or review the strategic plan of the Property Manager to ensure that more income would be earned while the risk associated with the fluctuating rental income of CPNREIT would be mitigated, as well as to monitor the performance of the Property Manager to ensure that it is in line with the established plan and strategy.
- 3) The Company together with the Property Manager and the Trustee shall mutually examine the assets to ensure that the core properties of CPNREIT is complete, in normal condition, ready to use, not added or lost beyond the REIT Manager's approval.
- 4) The Business Development Department and the Property Manager shall mutually monitor the repair and maintenance of the real properties of CPNREIT, utilities system, and essential equipment in the said properties to ensure that they are in good condition and can be used to procure the benefits consistently, and that they shall have the characteristics or qualification prescribed by laws, e.g. safety system, care for environmental quality, energy saving, etc., as well as all other related contracts under the determined budget, joint consideration between the REIT Manager and the Property Manager, and approval of the Trustee.
- 5) Every department of the REIT Manager shall regularly have the joint meeting with the Property Manager to evaluate the operating performance of CPNREIT, and to find out the appropriate measures to prevent the operating problems of CPNREIT.
- 6) The Business Development Department shall prepare the performance evaluation form for the Property Manager. The evaluation criteria consist of two sections:
 1. Section relating to duties of the Property Manager in accordance with the Property Manager Appointment Agreement
 2. Section relating to work performance of the Property Manager in respect with property management

7) The Business Development Department shall control and supervise the operation as described below.

1. To review the relationship between monthly revenues and expenses whether there are any irregular matters or not
2. To choose at random the supporting evidence of transaction to examine the transaction existence, accuracy, and completeness in recording payments to the account of CPNREIT with the rental report paid by customers in each month
3. To review the aging of accounts receivable to ensure that it is in normal condition with no significant increase
4. To examine at random whether or not the Property Manager performs its duty fairly and transparently by giving no special benefits to any particular tenant
5. To review an increase or decrease of fixed assets that the approval procedure is appropriate
6. To review any transaction that are special, rarely occur, or involve the high value to ensure that they are undertaken for a maximum benefit of the trust unitholders
7. To review the list of expenses charged by the Property Manager to CPNREIT to ensure that no unnecessary or duplicated expenses are charged to CPNREIT, and that they are under the scope mutually agreed
8. To regularly arrange for the evaluation of the internal control system of the Property Manager. In this regard, the Company may require the auditor of the Property Manager or the external advisory company to regularly report the weakness or defect of the internal control system of the Company, as well as remedy and improvement measures.

5.2 Property Manager Performance Evaluation

The REIT Manager has evaluated the performance of the Property Manager for the period ended 31 Dec 2018. The Property Manager has unerringly and thoroughly performed their duties according to the Property Manager Appointment Agreement. No mistakes that would significantly affect CPNREIT's operation was noted.

6. System for Monitoring the Benefits of CPNREIT

The REIT Manager has the main objectives to make the trust unitholders earn the benefits from investment in CPNREIT consistently and continuously in the long term with consideration on benefits generated from the development and enhancement of quality of the core properties invested by CPNREIT. The REIT Manager has the measures and systems to monitor and look after the benefits from the core properties to be invested by CPNREIT as follows:

- 1) For core properties in part of shopping mall and office building, CPNREIT has policy of procuring the benefits from such type of property by leasing certain areas of such properties, and providing other services relating to the leased area to tenants who are business operators. For core properties in the part of hotel, CPNREIT shall procure the benefits by subleasing such real property, and leasing other related movable properties to a sub-lessee.
- 2) The REIT Manager and the Trustee shall monitor the annual performance of CPNREIT in comparison with the annual budget of CPNREIT, including the operating results of CPNREIT in the previous year. If the performance of the properties invested by CPNREIT has not reached the target, the REIT Manager, the Trustee, and the Property Manager (for the property in part of shopping malls and office buildings) or the sub-lessee (for the property in part of Hilton Pattaya) shall work together to analyze the causes, and to closely work with the Property Manager or the sub-lessee (as the case may be) to develop the operating plan to improve the performance of the properties invested by CPNREIT to achieve the target or the forecast.
- 3) The REIT Manager shall jointly work with the Property Manager to drive the business growth and build good relationship with tenants, together with management of occupancy rate and rental charge at the level that CPNREIT obtains the maximum benefits while the REIT Manager shall jointly work with the Property Manager to supervise and manage the operating cost as well as risks and negative factors to the management of the shopping mall and office buildings by CPNREIT.
- 4) The REIT Manager shall cooperate with the Property Manager to enhance efficiency in property management and procurement of benefits from the properties invested by CPNREIT in part of shopping mall and office building by determining the targeted customers of the property, the leased areas and appropriate service, the pricing of the rental charge and space service charge suitable to the needs of targeted customers, together with the supervision and management of the operating expenses without any impact on quality of the leased areas and services. In addition, the REIT Manager shall care for and maintain the areas of the properties invested by CPNREIT such as improvement of the common area and specific areas suitable for their functioning, and improvement of the property image, and property maintenance up to the standard and their appropriate function to satisfy the customers.
- 5) The REIT Manager shall work together with the sub-lessee to enhance the business growth and good relationship with customers who use the hotel service, and also manage the occupancy rate and accommodation room rate of the core properties in part of Hilton Pattaya at the level that CPNREIT obtains the maximum benefits.
- 6) The REIT Manager shall work together with the sub-lessee to enhance the potential of the core properties in part of Hilton Pattaya. Such management shall include care and maintenance of the core properties up to the standard and their appropriate function, as well as the image of the core properties to satisfy the customers.
- 7) The REIT Manager shall procure insurance for the properties of CPNREIT in conformity with the business practice and the provisions of relevant laws as follows:
 - 7.1) Insurance is sufficient and suitable to the interest of CPNREIT in the properties invested to cover the damage possibly incurred to CPNREIT by determining that CPNREIT is the beneficiary or co-beneficiary with approval from the Trustee.
 - 7.2) Insurance against the third party possibly damaged by the defect of the building, premise or construction. If the lessor or the person granting the right in the properties to CPNREIT or

the sub-lessee of the properties has made insurance already, CPNREIT is required to arrange the insurance only for the case that CPNREIT may be claimed for liability.

7.3) Insurance procured by CPNREIT is required to cover the period that CPNREIT has invested in such property.

8) Transactions with related persons to be entered are required to be in accordance with the following criteria:

8.1) To enter into a transaction with the REIT Manager and/or the connected persons to the REIT Manager, the REIT Manager is required to undertake the work in accordance with the Trust Deed and related laws and for the best interest of CPNREIT.

8.2) The transaction with related persons is made at the fair and reasonable price.

8.3) The person with conflict of interest, whether directly or indirectly, is not allowed to participate in decision making whether to enter into the transaction or not.

8.4) Expenses incurred from the transaction entered into with the connected persons shall be based on the fair and reasonable price and rate.

7. Remuneration of the REIT Manager

The REIT shall pay the fee and expenses to the REIT Manager for the duties performed as the REIT Manager in accordance with terms and conditions set forth in the agreement, which shall be calculated on a monthly basis. Such remunerations exclude the value added tax, specific tax, or other taxes in similarity as follows:

1) Fee for the duties performed as the REIT Manager in accordance with terms and conditions set forth in the agreement shall not be over 1.00 (one point zero) percent per annum of the total asset value. If the fee as calculated under this Clause in each year (excluding other fees deriving from the acquisition or disposal of the properties of CPNREIT incurred on that year (if any) in Clause 2) below) is less than THB 15 million (fifteen million baht) on the last month of any fiscal year, the Trustee shall pay the REIT Manager at the minimum of THB 15 million (fifteen million baht) per annum. The REIT Manager shall revise such amount of fee on the

last month of that fiscal year to make the fee calculated by CPNREIT in each year be equal to 15 million baht (fifteen million baht) per annum.

In case that the REIT Manager has not performed its duties for the whole fiscal year of CPNREIT, which makes the calculation of the fee on that fiscal year impossible, the REIT Manager shall calculate the management fee on that fiscal year based on the actual time it has performed the duties (Pro Rata Basis) by fixing the minimum management fee at 15 million baht (fifteen million baht) per annum and a period of 1 (one) year shall be equal to 365 (three hundred and sixty-five) days.

2) Fee for an acquisition of the properties of CPNREIT shall be 1.50 percent of the value of the property acquired by CPNREIT. Fee for a disposal of the property of the REIT shall be 0.75 percent of the value of the properties disposed by CPNREIT. However, such fee shall be paid to the REIT Manager only for the acquisition or disposal of the property of CPNREIT that has been undertaken by the REIT Manager, or has been proposed by the REIT Manager to CPNREIT for consideration only. These remunerations shall be paid when the acquisition or disposal of the properties of CPNREIT is completed.

3) The REIT Manager may claim other expenses incurred in the examination of the properties of CPNREIT, e.g. traveling cost, accommodation cost, and other expenses actually incurred during the property examination as appropriate, but not exceeding THB 30,000 (thirty thousand Baht) per time. If the actual expenses exceed the limit specified, the parties shall have the mutual agreement on a case-by-case basis.

For the years ended 2019, CPNREIT paid the REIT Manager in an aggregate amount of THB 134.66 million

8. Disclosure of Information to the Trust Unitholders

The REIT Manager recognizes the importance of the adequate, accurate, complete, precise, timely, and transparent disclosure of information to the trust unitholders. Every trust unitholder has the equitable rights to receive the information. The disclosure of information by CPNREIT must be in conformity with the criteria and requirements on disclosure of information prescribed by the Office of the SEC and the SET.

Immediately	<ul style="list-style-type: none"> - Information taking the material effect to the unit price, decision-making on investment, benefits of the trust unitholders - Information about operating performance, e.g. distribution payment - Report upon the occurrence of any event causing the dissolution of CPNREIT - Report upon the occurrence of any event specified in the Trust Deed as grounds of the dissolution of CPNREIT or other events enabling to foresee the dissolution of CPNREIT - Report promptly upon an acquisition or disposal of real properties or the trust unitholders hold the trust units more than the limit portion.
Within 3 business days	<ul style="list-style-type: none"> - Information not taking the direct effect, but should be disclosed to the investors, e.g. change of the director(s), change of the auditor, etc.
Within 14 days	<ul style="list-style-type: none"> - Information to be compiled by the SET for reference, e.g. copy of the minutes of meeting of the trust unitholders, report on the allocation of capital-increase trust units.
Within 15 days	<ul style="list-style-type: none"> - Report on the reduction of paid-up capital of CPNREIT - Report on acquisition or disposal of real properties
Within 30 days	<ul style="list-style-type: none"> - Progress report on investment in under construction properties
Disclosure by specified periods	<ul style="list-style-type: none"> - Quarterly financial statements - 45 days after the end of the accounting period - Yearly financial statements - 2 months after the end of the accounting period (in case the fourth quarterly financial statements are not prepared) - Management Discussion and Analysis - Copy of 56-REIT - within 3 months after the end of the accounting period - An annual report together with Notice to the Annual General Meeting of trust unitholders within 4 months after the end of the accounting period - NAV – within 45 days after the end of the accounting period

9. Obtaining resolution and trust unitholders' meetings

- 1) The REIT Manager can obtain resolutions from trust unitholders only by means of holding a trust unitholders' meeting.
- 2) Causes for obtaining resolutions and calling trust unitholders' meetings have to comply with the followings and the REIT Manager has to convene a trust unitholders' meeting in the following circumstances:
 1. When the REIT Manager deems appropriate to call a trust unitholders' meeting for the benefit of managing the business affairs of CPNREIT.
 2. When the trust unitholders whose collective holding are more than 10% of issued trust units, request in writing to the REIT Manager a call for a trust unitholders' meeting by clearly specifying the matters to be considered, the REIT Manager has a duty to call a trust unitholders' meeting within one

month since receiving the written request. If the REIT Manager does not convene a trust unitholders' meeting within one month as stated in clause one above, the trustee can proceed to convene a meeting.

3. Calling trust unitholders' meetings

The REIT Manager shall prepare meeting notice by specifying place, date, time, agenda and matters to be proposed to the meeting with sufficient details. Each matter shall be clearly specified whether it is a matter for information, matter for approval or matter for consideration as the case may be, and furnished by the REIT Manager's opinion as well as impact that might affect the trust unitholders from voting in that particular matter. To distribute the meeting notice to trust unitholders, the REIT Manager shall proceed as follows:

- 3.1 In general case, to distribute to the trust unitholders no less than 7 days ahead of the meeting;
- 3.2 In case that there is specific regulations regarding the timing of distribution of meeting notices, to distribute according to that regulation.

In all circumstances, the meeting notice shall be publicized in at least one local newspaper not less than three days ahead of the meeting.

4. Proxies

4.1 For the trust unitholders' meeting, a trust unitholder may appoint another individual as his/her proxy to attend a meeting and cast votes on his/her behalf. The proxy form must be dated and signed by trust unitholders who wish to appoint as proxy for another individual.

4.2 The proxy forms shall be deposited to the REIT Manager or a designated person by the REIT Manager at the meeting venue before the proxies attend the meeting.

5. Quorum

5.1 To constitute a quorum in the trust unitholders' meetings, there must be at least 25 attendees, both eligible and authorized trust unitholders; or not less than half of total trust unitholders holding no less than one third of the issued units.

5.2 In any trust unitholders' meeting, if within an hour from the time appointed for the meeting, a quorum is not present as specified in section 5.1 and if the trust unitholders' meeting is called due to the trust unitholders' request according to section 2) 2. (2), the meeting shall be cancelled. However, if the meeting is not called according to the trust unitholders' request according to section 2) 2. (2), the REIT Manager shall call another meeting and disseminate meeting notice to trust unitholders before the meeting by at least not less than the time allowed for the last meeting. The adjourned meeting is not required to be in full quorum.

6. Meeting chairperson

The REIT Manager shall appoint one of the directors who is a representative of the REIT Manager to be a meeting chairperson. The meeting chairperson has power and duty to ensure that a meeting is conducted smoothly and accurately as specified in section 15. However, if the REIT Manager has interest in the matter being considered, trustee or representative of trustee shall appoint another person to be a chairperson in that matter.

7. Vote count

A trust unitholder has one vote for each trust unit holds and a trust unitholder who is entitled to vote must not have special interest in any matter being considered.

8. Trust unitholders' resolution

8.1 An ordinary resolution may be passed by a simple majority of the votes of trust unitholders present and entitled to vote.

8.2 In the following circumstances, a resolution may only be passed by more than three-quarters of trust units held by trust unitholders present and entitled to vote except for the agenda and voting of the trust unitholders whose trust units are divided into different classes according to section 9.

(1) In case of acquisition or disposal of core properties with total transaction size of at least 30% of total assets of CPNREIT;

(2) In case of paid-up capital increase or reduction that is not pre-specified in the trust deed;

(3) In case of an increase in capital through general mandate;

(4) In case of entering into transactions with the REIT Manager or connected persons with the REIT Manager with total transaction size of at least Baht 20,000,000 (twenty million), or 3 (three) % of total assets of CPNREIT or more, whichever is the greater;

(5) In case of change in the distribution of return and the return of the trust unitholders' capital;

(6) In case of dismissal or appointment of trustee according to the clauses regarding the change in trustee as specified in the trust deed;

(7) In case of dismissal or appointment of REIT Manager according to the clauses regarding the change in the REIT Manager as specified in the trust deed and REIT Manager Appointment Agreement.

(8) In case of amendment of the Trust Deed in the matters that significantly impact the right of the trust unitholders;

(9) In case of termination of CPNREIT;

- 8.3 The trust unitholders' resolution shall not be taken into effect if the consequences of the resolution cause CPNREIT or the management of CPNREIT to be in conflict or not in compliance with the Trust Deed or other regulations according to the Securities and Exchange Act or Trust Act.
- 8.4 In the circumstances that there are specific guidelines regarding obtaining resolutions and trust unitholders' meetings, the practice shall follow those guidelines.
9. Obtaining resolution and voting of trust unitholders in the circumstances that trust units are divided into several classes
- 9.1 When obtaining a resolution in the matters that affect the right of all classes of trust unitholders such as termination of CPNREIT, the resolution has to be passed with more than half of the votes in each class of trust unitholders present and eligible to vote.
- 9.2 In obtaining a resolution in the matters that affect the right of certain classes of trust unitholders such as an increase in fees and expenses of each class of trust units, the REIT Manager shall obtain resolutions only from that class of trust unitholders.

10. Selection and Appointment of Directors and Executives

The REIT Manager has 1 (one) Board of Directors, which comprises of at least 3 (three) qualified directors, at least one third of whom must be independent directors. The independent directors must possess qualifications according to the criteria as specified in the Notifications of the Capital Market Supervisory Board concerning the Application for and an Approval of Offer for Sale of Newly Issued Shares. Moreover, the Board of Directors and executives who are authorized to manage the REIT Manager

must not possess characteristics which are prohibited under the Notification of the Capital Market Supervisory Board concerning Prohibited Characteristics of Personnel in Capital Market Industry according to clause 12(4) of Notification of the Office of the Securities and Exchange Commission No. SorChor. 29/2555, Re: Rules, Conditions and Procedures for the Approval of REIT Manager and Standard Conduct and its subsequent amendments or other relevant regulations that the Office of the SEC may subsequently amend.

Two directors (not independent directors) are authorized to bind the REIT Manager through joint-authorization with company's seal affixed. The Board of Directors may assign one or many directors or other persons to act on the Board's behalf in any matter. Nevertheless, delegation of authority shall not include the delegation or sub-delegation that enables directors or assigned persons by directors to approve transactions that they or other people might have conflict or interests or other benefits in any forms that conflicts with the benefit of CPNREIT.

The REIT Manager has appointed an independent director to be Chairman of the Board to oversee and ensure that the composition and operation of the Board foster deliberation in decision making. The Chairman of the Board has duties to:

- 1) Oversee, monitor and ensure that the Board functions effective and achieves objectives and goals;
- 2) Jointly propose meeting agenda through discussion with the Chief Executive Officer and have measures to ensure that noteworthy matters are included in the agenda;
- 3) Ensure that the time allotted is sufficient for the management to propose the agenda and for the Board to thoroughly discuss noteworthy matters, and promote thorough deliberation and freely express of opinion.

The Board of Directors may appoint a professional with knowledge and skills to be an advisor to the Board through approval of two out of three directors and provide remuneration as approved in the shareholders' meeting. The Advisor to the Board has duties to attend meetings, provide advice, suggestion or opinion that is beneficial to the decision making of the Board of Directors, and can request the management to ensure that matters are thoroughly examined. Nevertheless, the Advisor to the Board shall not be involved in the decision-making, and in the circumstances that the matters being considered may involve conflict of interests, the Advisor to the Board shall abstain from attending the meeting for that particular matters. The Risk Management and Compliance Department together with the Independent Director shall evaluate matters with conflicts of interests and inform the Advisor to the Board.

11. Remuneration for Auditors.

The auditor's remuneration for the operation period ended 31 December 2019, details as follows;

1. Remuneration for Auditors THB 0.76 Million
2. Other Service fee THB 0.05 Million



CORPORATE SOCIAL RESPONSIBILITY

CPN REIT Management Company Limited as the REIT Manager pays attention to corporate social responsibility either directly or indirectly related to CPNREIT. To elaborate, the business operation of the Company is coupled with equality, anti-corruption, respect to human rights, fair treatment to employees, retention of quality of life of individuals, employees, every sector or in general public, responsibility to consumers, environmental care, involvement in community or social development, and dissemination of innovations from the operations under responsibilities to the society, environment, and stakeholders.

1. Fair Business Practices

Fair business practices are the business ethics emphasized and implemented by the REIT Manager in its management of CPNREIT. The REIT Manager has stringently carried out the management of CPNREIT in accordance with the relevant laws, e.g. Securities and Exchange Act, B.E. 2535 and its amendments, Trust for Transactions in Capital Market Act, B.E. 2550 and its amendments, regulations of any regulatory authorities, and Trust Deed. The REIT Manager also adheres to the Principle of Good Governance, avoids any actions possibly causing conflicts of interest, promotes fair and free business competition, provides fair treatment to every tenant, and gives no false advertisement or inaccurate information possibly causing misunderstanding and damage to the trust unitholders and general investors.

The Property Manager also strictly respects and conforms to the commercial conditions and contracts made with other business partners for fair and equitable business competition.

2. Respect to Human Rights and Fair Treatment to Employees

The REIT Manager regards individuals' fundamental rights as an important matter, and it recognizes that respect to human rights is a foundation for human development. Therefore, the REIT Manager has encouraged employees and the organization not to participate or involve in the violation of human rights. In this regard, the rights to life, freedom of expressions, equality in law enforcement, rights in work based on laws, rights in standard health, rights in social welfare, and employee recruitment with no discrimination of race, religion and gender are clearly defined for the said equality.

3. Responsibility to Consumers

CPNREIT has invested in various assets, which include CentralPlaza Rama 2 Project, CentralPlaza Rama 3 Project, CentralPlaza Pinklao and Pinklao office building Tower A and Tower B Project, CentralPlaza Chiangmai Airport Project, and CentralFestival Pattaya Beach Project and Hilton Pattaya. The REIT Manager, therefore, has appointed Central Pattana Public Company Limited as the Property Manager. In the management of the said assets, the Property Manager pays attention to the fair treatment and responsibility to all tenants and considers their safety and health. The Property Manager focuses on the building management, retention of service standards, and delivery of quality and safe service to all tenants and service users.

4. Environmental Care

CPNREIT realizes the importance of environment and preservation of natural resources. The REIT manager has tried to mitigate the impact on the environment in each shopping mall and surrounding areas by selecting the equipment that can save energy and is easy for maintenance in the long term. CPNREIT has also conducted the campaigns for recycle process, energy saving, and strict compliance with the environmental laws.

INTERNAL CONTROL AND RISK MANAGEMENT

1. Internal Control

For the operation of the Company as a REIT Manager to run effectively and achieve its objectives, the REIT Manager has implemented key audit and internal control systems to check and ensure that the operations of each department comply with the REIT Manager's policy, Trust Deed, REIT Management Appointment Agreement, trust unitholders' resolutions, filing, prospectus, regulations, rules and applicable laws, and arranged for a mechanism to be regularly monitored, audit and evaluate internal control systems of the property manager and/or the sub-lessee to ensure that the internal control systems are effective, and able to prevent fraud or instantly detect fraud and non-compliant operations. For example, specify that the internal auditor must assess the internal control systems of the property manager and/or sub-lessee at least once a year and report internal control weaknesses or deficiencies to the REIT Manager. The REIT Manager shall oversee the following key systems:

1) Annual budgeting system

CPNREIT is managed through an annual operating plan to achieve the set objectives. The annual operating plan shall align with the strategic trust management plan.

2) Special expenditure approval system and/or capital expenditure not included in annual operating budget

When the REIT Manager sees that it is necessary for CPNREIT to incur special expenditures and/or expenditures exceeding the annual operating budget and/or other essential capital expenditures exceeding annual operating budget approved by the trustee, the REIT Manager has an evaluation and approval of special expenditure system that can be audited.

3) Rental collection monitoring system

The REIT Manager shall arrange for a rent collection monitoring system to ensure that the rent collected by the property manager is completely ceded to CPNREIT, accounts receivable are regularly followed up, and the

write-off of accounts receivable complies with the property manager's procedures.

In the case that the REIT Manager leases the core properties to the sub-lessee, the REIT Manager shall oversee that the sub-lessee pays rent according to the payment schedule specified in the lease agreement by following up with the sub-lessee before due dates in the lease agreement to prevent payment overdue or breach of lease agreement.

4) Procurement system

The REIT Manager maintains sound procurement procedures and processes as well as the audit of procurement procedure of the REIT Manager to ensure that the procurement procedure is compliant with best practices and regulations, transparent, fair and for the benefit of the CPNREIT.

The REIT Manager shall assess the effectiveness of internal controls over procurement system of the property manager by auditing the validity of assets or services by tracing back to the acquisition procedures of tools, appliance, equipment and the procurement of services, and cross-checking with approved annual operating budget to ensure that goods or services that the property manager procures comply with the policy, have been authorized according to the regulations concerning compliance of contracts, the evaluation and selection of appropriate seller/contractor so that CPNREIT receives goods or services that commensurate with the money paid. The REIT Manager shall randomly audit the procurement system of CPNREIT together with the audit of CPNREIT expenses.

5) Payment control system

The REIT Manager has established a procedure for payment control system so that operators can be informed of the payment procedure that is standardized, compliant with regulations, transparent and fair. The workflow is divided into:

1. The expense payment system of CPNREIT;
2. The audit of the expense payment system of the property manager.

Apart from this, the REIT Manager shall audit the allocation of expenses between the asset owner and CPNREIT to ensure compliance with Property Manager Appointment Agreement and that no extra expenses are charged beyond the benefits that CPNREIT receives.

- 6) Monitoring and evaluating system of expenses charged from CPNREIT by the property manager

Expenses that the property manager can reimburse from CPNREIT comprises of administrative and property management expenses or operating account, property management fee and liability compensation from disputes. For each type of expenses charged from CPNREIT, the REIT Manager maintains sound monitoring and evaluating mechanism to ensure that expenses are incurred for CPNREIT and within reasonable amount in the following expense categories:

1. Administrative and property management expense or operating account
2. Property management fee
3. Liability compensation from disputes

- 7) Safekeeping of CPNREIT's documents and evidences

The REIT Manager arranges to have a document filing system that is effective, convenient, efficient and accurate. The safekeeping system must be easy to classify, file and search for documentation efficiently.

- 8) Internal audit system

In the circumstances that the independent director deems fit, the independent director shall consider and select an external party to be an internal auditor by following the REIT Manager's criteria in selection of CPNREIT personnel and external service provider, and the procedures in evaluating and selecting consultants that are relevant to REIT management business. The internal audit must audit and review the REIT Manager's internal controls and assess risks that may impact to CPNREIT.

The REIT Manager shall retain the internal audit result report and remediation progress report to accommodate the audit from regulatory bodies.

2. Risk Management

The REIT Manager pays attention to risk management to safeguard trust unitholders' interest and CPNREIT's assets. The Board of Directors has duties to establish risk management policy that encompasses all CPNREIT's operations and oversee to ensure that the risk management procedures can effectively prevent and mitigate risks. The REIT Manager, through Risk Management and Compliance Department, adopts an Enterprise Risk Management Framework to identify potential events or risks that may happen as well as mitigating measures that can manage risks to tolerable levels to enable the REIT Manager to achieve its REIT management objectives.

The REIT Manager's risk management comprises the following steps:

1. Objective setting
2. Event identification
3. Risk assessment and risk response

The REIT Manager adopts the following criteria in assessing the priority of each risk and its impact:

- 1) Likelihood
- 2) Impact
4. Control activities
5. Monitoring
6. Reporting

PREVENTION OF CONFLICT OF INTEREST

For the purpose of preventing potential conflict of interest and ensuring CPNREIT's compliance with relevant rules and regulations, a policy on entering into transactions between CPNREIT and the REIT Manager and/or its connected persons and a policy on entering into transactions between CPNREIT and the Trustee and/or its connected persons are set out as follows:

1. Policy on Entering into Transactions between CPNREIT and the REIT Manager and/or Connected Persons of the REIT Manager

1. Connected persons of the REIT Manager

A connected person of the REIT Manager shall be defined as a connected person prescribed under the relevant notifications relating to the criteria on entering into connected transactions.

2. General terms and conditions for transactions between CPNREIT and the REIT Manager and/or its connected persons are as follows:

- The transaction shall be proceeded in accordance with terms and conditions as stipulated in the Trust Deed and provisions of applicable laws, and shall be in the best interests of CPNREIT.
- The transaction must be reasonable and at a fair value, whereby costs and expenses charged to CPNREIT (if any) for entering into the transaction are fair and appropriate. Interested persons, either directly or indirectly, shall not involve in the decision making.
- If the law provides that whichever transactions to be entered into by CPNREIT shall require prior approval from the Board of Directors meeting of the REIT Manager and/or the trust unitholders meeting of CPNREIT, the REIT Manager must arrange for the independent director to give an opinion on such transaction, and that such opinion will be presented to the Board of Directors meeting of the REIT Manager and/or

the unitholders meeting of CPNREIT, to ensure that such transaction is in the best interests of CPNREIT and its unitholders. If the independent director lacks necessary expertise for considering and providing opinion regarding the transaction, the REIT Manager shall procure an independent expert, for example, an independent financial advisor, asset appraiser or auditor to give an opinion on such connected transaction. This will be used as supporting information for consideration and decision-making by the board of directors meeting of the REIT Manager and/or the unitholders meeting of CPNREIT, as the case may be. Persons who have special interest in the transaction are not entitled to vote on the matters in which they have the conflict of interest. Consideration and approval of the transactions of CPNREIT, regardless whether by the Board of Directors meeting of the REIT Manager and/or the unitholders meeting of CPNREIT, shall be in accordance with provisions of relevant rules. Connected transaction must also be disclosed in the notes to the financial statements of CPNREIT reviewed or audited by the auditor.

2. Policy on Entering into Transactions between CPNREIT and the Trustee and/or Connected Persons of the Trustee

In the event that CPNREIT will enter into a transaction with the Trustee and/or a connected person of the Trustee, the REIT Manager must consider necessity and reasonableness of the transaction. The independent director must give an opinion on the necessity and benefit (s) that CPNREIT will gain from entering into the transaction. The steps for consideration and approval of the transaction shall be in accordance with provisions of relevant rules. Persons who have special interest in the transaction are not entitled to vote on the matters in which they have conflict of interest. CPNREIT will disclose the details on the transaction with the Trustee and/or connected persons of the Trustee to be in compliant with regulatory requirements.

FINANCIAL STATUS AND PERFORMANCE INCOME

Business Overview

At the end of 2019, the average occupancy rate of shopping malls and office buildings in CPNREIT was at 95.8%, slightly increased from 95.2% at the end of 3Q19. The increase of occupancy rate was seen at CentralPlaza Rama 3 (97.0%), CentralPlaza Pinklao (99.8%), and Pinklao Tower A and Tower B (90.0%), and CentralPlaza Chiangmai Airport (96.7%), and the slightly decrease of occupancy rate was at CentralPlaza Rama 2 (95.2%), and CentralFestival Pattaya Beach (98.1%). Meanwhile, Hilton Pattaya's average occupancy rate in 2019 was 88.8%.

Operating Performance in 2019

Income

In 2019, CPNREIT reported total income of Baht 5,141.6 million, an increase of Baht 214.2 million or 4.3%yoy. Rental and service income totaled Baht 5,111.2 million, increased by 4.1%yoy, mainly resulting from strong performance of CentralPlaza Rama 3, CentralPlaza Pinklao, and CentralPlaza Rama 2 with continuous high occupancy rate, an increase in rental rate according to the lease agreement, revenue from common area utilization.

The rental income from sublease of Hilton Pattaya increased from both fixed rent increase in accordance with the sublease agreement and variable rent increase due to the hotel's good performance. Also, the hotel's fixed rental income recognition on the straight-line basis over the 9-years lease term contributed the additional Baht 57 million, which was the non-cash adjustment for 2018 and 2019. Moreover, interest income increased by 172.7%yoy, resulting from the management of cash and deposits at banks to invest in securities that provide higher returns than bank deposits.

Expense

In 2019, CPNREIT reported total expense of Baht 1,385.5 million, increased by 2.7%yoy. Property expense totaled Baht 705.7 million, decreased by 8.9%yoy, from all types of expense, consisting of

1. cost of rental and service totaling Baht 121.8 million, mainly dropped by 13.9%yoy due to lower repair and maintenance expense.
2. administrative expense amounting to Baht 112.2 million, decreased by 6.8%yoy, from lower advertising and marketing expense as in 2018 there was the Grand Opening of CentralPlaza Rama 3.
3. property management fee of Baht 471.7 million, decreased by 8.0%yoy due to lower leasing commission fee resulting from less new and renewed tenancy contracts.
4. Meanwhile, interest expense was Baht 502.4 million, increased by 25.4%yoy due to an issuance of debentures, which has a longer-term and higher coupon rate, to repay outstanding short-term loans with lower interest rate.

Net Investment Income

In 2019, net investment income was Baht 3,756.1 million, increased by Baht 178.4 million or 5.0%yoy from Baht 3,577.7 million in 2018. This was attributable to strong performance of CentralPlaza Rama 3 after major renovation, CentralPlaza Rama 2, and CentralPlaza Pinklao, as well as efficient cost management.

Profitability

Net property income margin for 2019 stood at 86.2%, an increased by 1.9%yoy. This is mainly contributed by the increase of property income by 4.2%yoy, while property expenses decreased by 8.9%yoy. While net investment income margin stood at 73.2%, increased by 0.5% from 2018, as net investment income increased by 5.0%yoy while property income increased by 4.2%yoy.

Balance Sheet Movement

As of 31 December 2019, CPNREIT reported total assets of Baht 46,687.0 million, decreased by Baht 162.8 million from total assets at the end of 2018. Investment in properties at fair value declined by Baht 278.0 million, or 0.6%yoy mainly from CentralPlaza Pinklao, and CentralPlaza Rama 2, with the lease expiry in 2024 and 2025 respectively. Investment in securities and cash and cash at bank totaled Baht 1,411.6 million, increased by 5.3%yoy from cash from operations.

Total liabilities were Baht 17,985.8 million, slightly increased by 0.8%yoy, comprising of debentures amounting to Baht 14,524.1 million, increased by 44.8%yoy, from CPNREIT issued additional bonds totaling Baht 4,495.0 million in 2019 to repay bank loans. At the end of 2019, the outstanding debentures were as follows:

Bond	Value (Baht million)	Issued Date	Due Date	Tenor (year)	Coupon (%)
CPNREIT218A	2,650	17 Aug 2018	17 Aug 2021	3	2.70
CPNREIT288A	7,390	17 Aug 2018	17 Aug 2028	10	3.80
CPNREIT212A	2,700	8 Feb 2019	8 Feb 2021	2	2.54
CPNREIT232A	1,795	8 Feb 2019	8 Feb 2023	4	3.30
Total	14,535				

As of 31 December 2019, Net Asset Value ("NAV") was recorded at Baht 29,701.2 million or Baht 13.4244 per unit, decreased from Baht 13.5573 per unit as of 31 December 2018.

The Distribution of Returns to Unitholder

CPNREIT has announced distribution of returns for 2019 totaling Baht 1.6230 per unit. CPNREIT announced the distribution per unit for 4Q19 performance at Baht 0.4060 per unit, equivalent to Baht 898.3 million, with the XD sign posted on 4 March 2020, followed by Book Closing Date on 6 March 2020, and distribution of returns payment will be made on 20 March 2020.

Summary of distribution of returns payment for the operational performance in 2019 is as follows:

Operating Performance	Baht per unit	Payment Date
1 Jan – 31 Mar 2019	0.4055	11 Jun 2019
1 Apr – 30 Jun 2019	0.4055	6 Sep 2019
1 Jul – 30 Sep 2019	0.4060	6 Dec 2019
1 Oct – 31 Dec 2019	0.4060	20 Mar 2020

FINANCIAL HIGHLIGHT

TABLE 1: Balance Sheet

Unit: Baht Million	CPNREIT				
	31 Dec 19	30 Sep 19	30 Jun 19	31 Mar 19	31 Dec 18
Investment at fair value					
1) CentralPlaza Rama 2	6,359.0	6,962.0	6,962.0	6,962.0	6,962.0
2) CentralPlaza Rama 3	11,447.0	10,698.0	10,698.0	10,698.0	10,698.0
3) CentralPlaza Pinklao and Pinklao Tower A and B	5,216.0	5,678.0	5,678.0	5,678.0	5,678.0
4) CentralPlaza Chiangmai Airport	10,655.0	10,658.0	10,658.0	10,658.0	10,658.0
5) CentralFestival Pattaya Beach	7,290.0	7,289.0	7,289.0	7,289.0	7,289.0
6) Hilton Pattaya	3,505.0	3,465.0	3,465.0	3,465.0	3,465.0
Total investment in properties	44,472.0	44,750.0	44,750.0	44,750.0	44,750.0
Investment in securities	901.6	1,849.6	1,005.8	1,002.5	999.4
Cash on hand and at banks	509.9	227.8	427.6	423.5	341.7
Other assets	803.5	785.7	771.6	747.6	758.7
Total assets	46,687.0	47,613.1	46,955.0	46,923.6	46,849.8
Deposits received from customers	1,583.6	1,571.8	1,557.2	1,545.0	1,543.6
Borrowings	0.0	726.2	0.0	0.0	4,468.7
Debentures	14,524.1	14,523.2	14,522.3	14,521.4	10,030.4
Other liabilities	878.2	763.1	852.7	849.8	811.9
Total liabilities	16,985.8	17,584.3	16,932.3	16,916.3	16,854.6
Net asset	29,701.2	30,028.8	30,022.7	30,007.3	29,995.2
Capital received from unitholders	29,016.4	29,016.4	29,016.4	29,016.4	29,016.4
Equalisation account	216.1	216.1	216.1	216.1	216.1
Retained earning	468.7	796.3	790.2	774.8	762.7
NAV per unit (Baht)	13.4244	13.5725	13.5697	13.5627	13.5573

TABLE 2: Statement of Income

Unit: Baht Million	FY2019	FY2018	Change (%)
Property income	5,131.0	4,923.5	4.2
Rental and service income	5,111.2	4,912.0	4.1
Other income	19.7	11.5	72.1
Interest income	10.6	3.9	172.7
Total income	5,141.6	4,927.3	4.3
Property expenses	705.7	774.9	(8.9)
Cost of rental and service	121.8	141.5	(13.9)
Selling and administrative expenses	112.2	120.4	(6.8)
Property management fee	471.7	513.0	(8.0)
Interest expense	502.4	400.7	25.4
Other management fees and expenses	177.4	174.0	1.9
Total expense	1,385.5	1,349.6	2.7
Net investment income	3,756.1	3,577.7	5.0
Net realised gain (loss) from changes in investment value	(0.8)	(3.3)	257.7
Net unrealised gain (loss) from changes in investment value	(435.7)	252.2	272.8
Net increase in net assets from operations	3,756.1	3,577.7	5.0
Income available for distribution			
Distribution	3,590.8	3,577.6	0.4
Distribution per unit (in Baht)	1.6230	1.6170	0.4
Net property income margin	86.2%	84.3%	1.9
Net investment income margin	73.2%	72.7%	0.5

Reference: 1) Condensed Interim financial statement for the three-month periods. 2) Financial statements for the year ended

Table 3: Leasable Area and Occupancy

Project	Area (sqm)		Occupancy rate ¹ (%)			
	GFA	NLA	31 Dec 19	30 Sep 19	30 Jun 19	31 Mar 19
CentralPlaza Rama 2	251,182	82,930	95.2	95.5	95.5	95.3
CentralPlaza Rama 3	169,740	36,495	97.0	95.7	97.0	94.1
CentralPlaza Pinklao	137,692	27,656	99.8	99.2	96.5	98.3
Pinklao Tower A and B	50,653	34,307	90.0	89.3	90.2	89.8
CentralPlaza Chiangmai Airport	122,991	37,806	96.7	94.1	94.9	93.7
CentralFestival Pattaya Beach	70,095	29,404	98.1	98.4	98.4	98.4
Total/Average	802,353	248,598	95.8	95.2	95.3	94.8
Hilton Pattaya ²	49,686	302 rooms	83.9	88.5	90.3	92.5

Note: ¹ Anchor and in-line tenants only

² Average quarterly occupancy rate

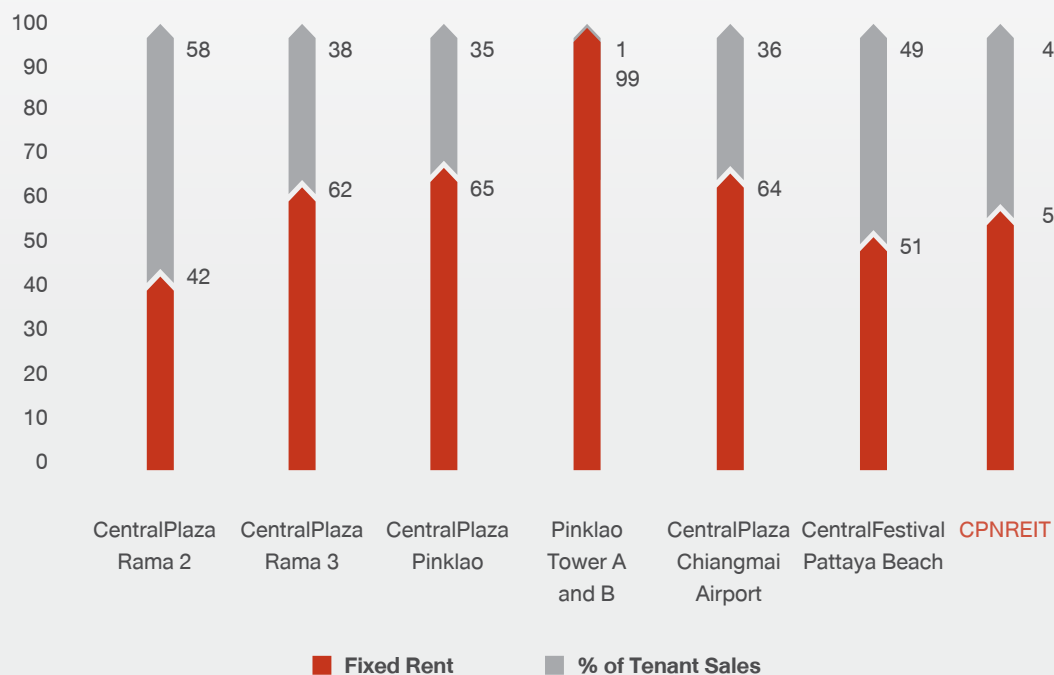
Table 4: Renewals and New Leases

Project	From 1 January to 31 December 2019		
	Renewals and New Leases ¹		
	No. of Leases	Area (sqm)	% of Total ²
CentralPlaza Rama 2	91	8,242	10
CentralPlaza Rama 3	25	3,617	10
CentralPlaza Pinklao	34	5,557	20
Pinklao Tower A and B	52	12,752	41
CentralPlaza Chiangmai Airport	96	8,434	23
CentralFestival Pattaya Beach	23	2,815	10
Total	321	41,417	17

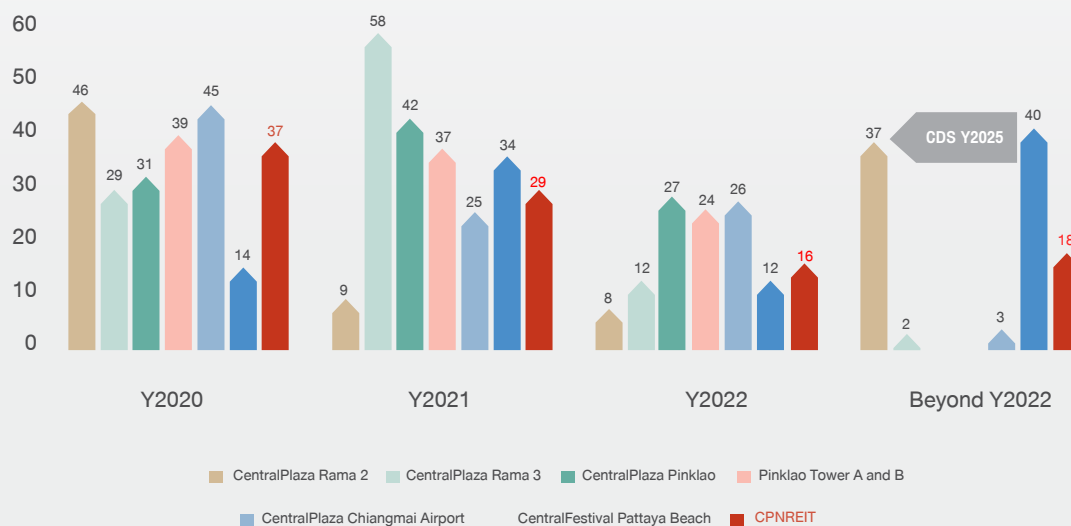
Note: ¹ Exclude rental agreements < 1 year and Anchor tenants

² Percentage of leasable area at 31 December 2019

Rental Structure as of 31 December 2019 (%)



Lease Expiry Profile as of 31 December 2019 (%)



TRUSTEE REPORT



TRUSTEE REPORT

March 27, 2020

To: Trust Unitholders

CPN Retail Growth Leasehold Real Estate Investment Trust

SCB Asset Management Company Limited (the "Trustee"), as the Trustee of CPN Retail Growth Leasehold Real Estate Investment Trust (the "REIT") which managed by CPN Reit Management Co., Ltd. (the "REIT Manager"), would like to inform you that for the period of January 1, 2019 to December 31, 2019, the REIT manager had managed the REIT properly and efficiently as well as in compliance with applicable laws, regulations and the trust deed in a way that protects interests of the REIT and Trust unitholders as a whole.

Yours faithfully,

SCB Asset Management Company Limited

(Mrs. Tipaphan Puttarawigorn) (Miss Rassamee Ponsukcharoen)

Trustee

บริษัทหลักทรัพย์จัดการกองทุน ไทยพาณิชย์ จำกัด (สำนักงานใหญ่)
ชั้น 7-8 อาคาร 1 ไทยพาณิชย์บิโอร์ด พลาซ่า เลขที่ 15 ถนนรัชดาภิเษก แขวงจตุจักร เขตจตุจักร กรุงเทพฯ 10000
โทรศัพท์ 0 2949 1500 โทรสาร 0 2949 1501

SCB Asset Management Co., Ltd. (Head Office)
7-8 SCB Park Plaza 1 Fl. 18 Ratchadaphisek Rd., Chatuchak, Bangkok 10900 Thailand, Tel. 0 2949 1500 Fax 0 2949 1501

WWW.SCBAM.COM

SUMMARY

OF TRUST DEED

Parties

1. CPN REIT Management Co., Ltd., as the Settlor and the REIT Manager
2. SCB Asset Management Co., Ltd., as the Trustee

Description of CPNREIT and Management Mechanism

1. CPN Retail Growth Leasehold REIT (CPNREIT) is a real estate investment trust that investment in leasehold rights under the Trust for Transactions in the Trust Act which was converted from the CPN Retail Growth Leasehold Property Fund (CPNRF). CPNREIT was, thus, established by the operation of the Trust Deed. In this regard, the establishment of CPNREIT shall have full force and effect upon the Settlor's creating rights and duties in the assets for the Trustee by entering into an agreement under which the Settlor is committed to procure that CPNREIT acquires all assets and liabilities of CPNRF which have been converted in consideration for CPNRF to acquire the newly-issued trust units of CPNREIT.
2. CPNREIT does not have a status of a juristic person, but is a pool of assets under the name and management of the Trustee.
3. The management of CPNREIT shall be acted by the Trustee and the REIT Manager delegated by the Trustee under the Trust Deed. Scope of authorities, duties and responsibilities of the Trustee and the REIT Manager are stated in the relevant parts in the Trust Deed. In this regard, the REIT Manager has major authorities, duties, and responsibilities for managing CPNREIT and investing in core assets of CPNREIT. Meanwhile, the Trustee has major authorities, duties, and responsibilities of supervising the performance of the REIT Manager and other delegated person(s) (if any) to ensure that their performance is in compliance with the Trust Deed and the securities law, and safeguarding the assets of CPNREIT. Additionally, any management of investment

in non-core assets shall be conducted by the Trustee, the REIT Manager, or any person(s) delegated by the Trustee or the REIT Manager as specified in the Trust Deed or any relevant agreements.

4. The REIT Manager and the Trustee shall perform their duties as entrusted professionals, with due care and in good faith for the best interest of the unitholders as a whole, and in accordance with the Trust Deed and relevant laws, as well as commitments additionally given in the documentation disclosed in the offering for sale of the trust units circulated to the investors (if any) and/or the resolutions of the unitholders' meetings.

Name, Term, and Type of the Trust

Thai name :	ทรัสต์เพื่อการลงทุนในสิทธิการเช่าอสังหาริมทรัพย์ CPN รีเทล โกรท
English name :	CPN Retail Growth Leasehold REIT
Abbreviation :	CPNREIT
Term :	Indefinite
Type :	Closed-end

Objectives of CPNREIT

CPNREIT has objectives which are to invest in the core assets by purchasing and/or leasing and/or subleasing and/or accepting transfer of leasehold rights, and/or sub-leasehold rights in the core assets. CPNREIT shall use the core assets to seek benefits in the form of income from rental fees and service fees, or any other income of a similar nature. In addition, CPNREIT shall cause improvement, change, enhancement, development and/or disposal of the assets for the purposes of generating income and returns to CPNREIT in the continuous interests of the unitholders in the long-term. CPNREIT also intends to make additional investment in the assets in order to achieve the continuous growth of its income, including investment in other assets and/or securities and/or seeking of other benefits from any other methods in accordance with the securities law and/or any other relevant laws.

In addition, the key objectives of CPNREIT are specified as follows:

1. To accommodate the conversion of CPNRF into CPNREIT

1.1 CPNREIT is established under the Trust Act in order to facilitate the conversion of CPNRF into CPNREIT with the objectives to issue and offering for sale the newly-issued trust units in consideration for the assets and liabilities of CPNRF, and to list the newly-issued trust units as the listed securities on the SET.

1.2 In issuing and offering for sale the newly-issued trust units, the Settlor shall follow criteria, procedures, and conditions prescribed under the securities laws and specified in the registration statement for offering for sale of trust units. After CPNREIT is successfully established under the Trust Act, the Settlor shall act as the REIT Manager and file an application with the SET for the listing of the newly-issued trust units as the listed securities on the SET within the period of 15 business days from the end of the offering period for sale of the newly-issued trust units.

2. To invest in the Additional Assets No. 1

The REIT Manager shall consider invest in the Additional Assets No. 1 by obtaining loans. The proceeds derived therefrom shall be transferred to CPNREIT's account under the name of the Trustee for safekeeping. In this regard, the REIT Manager shall, in accordance with the criteria, procedures, and conditions additionally specified in the Trust Deed and relevant laws, use the funds to invest in the Additional Assets No. 1.

3. To invest in the core assets in the future after the investment in the Additional Assets No. 1 is made.

3.1 The REIT Manager may consider investing in the core assets in the future by issuance and offering for sale of the newly-issued trust units and/or obtaining loans, as well as issuing and offering for sale the instruments which bear as their true objective or substance the obtaining of a loan. The proceeds derived therefrom shall be transferred to CPNREIT's account under the name

of the Trustee for safekeeping and future investment in the core assets. With respect to the issuance and offering for sale of the newly-issued trust units, the REIT Manager shall apply for the listing of the newly-issued trust units to be the listed securities on the SET.

3.2 In issuing and offering for sale the newly-issued trust units or the instruments which bear as their true objective or substance the obtaining of a loan, the REIT Manager shall comply with the criteria, procedures, and conditions specified under the securities laws, the registration statement for offering for sale of trust units, or the registration statement for offering for sale of such relevant securities (if any) for each issuance and offering. Subsequently, the REIT Manager shall file an application with the SET for the listing of the newly-issued trust units as the listed securities on the SET within the period of 45 days from the end of the offering period of the newly-issued trust units.

Establishment Date of CPNREIT and Effective Date of Trust Deed

The establishment of CPNREIT shall have full force and effect upon the Settlor's creating the rights and duties of the assets to the Trustee by entering into an agreement with a commitment that the Settlor shall ensure that CPNREIT acquires all assets and liabilities of the CPNRF which have been converted in consideration for CPNRF acquiring the newly-issued trust units of CPNREIT.

Trust Unitholders

1. Being a unitholder does not give rise to a juristic relationship in terms of principal and agent between the unitholder and the Trustee, and in terms of a partnership or other juristic relationship among the unitholders.

2. Being a unitholder does not cause the unitholder to be liable if the assets of CPNREIT are insufficient for repayment of the debt to the Trustee, the REIT Manager, or the creditors of CPNREIT. In this regard, the Trustee, the REIT Manager, and the creditors of CPNREIT have the right to claim only from the assets of CPNREIT.

3. A unitholder shall be entitled to claim from CPNREIT for a distribution of returns in an amount of not exceeding the income after deducting reserves, and the returns on capital in the amount of not exceeding the capital amount adjusted by the excess or the under-value of the trust units. If the trust units are divided into classes, such right to receive the distribution of returns or returns on capital of the unitholder of each class of the trust units shall also conform to the relevant terms and conditions as stated for each class.
4. In any case, the Trust Deed shall in no way be interpreted in such a way that it contradicts or is in conflict with the terms and conditions under Clauses 1, 2, and 3 above.
5. Being a unitholder does in no way grant him/her/it the sole and exclusive ownership of or a right of claim over the assets of CPNREIT, whether in whole or in part. A unitholder does not have the right to demand that the assets of CPNREIT be transferred to him/her/it. The unitholder may be entitled to recover the assets of CPNREIT from third persons in accordance with the criteria prescribed in the Trust Act if the management of CPNREIT by the Trustee and/or the REIT Manager does/do not comply with the Trust Deed or the Trust Act which results in the disposal of the assets of CPNREIT to such third persons.
6. The unitholder shall be entitled to receive the returns on capital, benefits, or other assets in relation thereto upon the dissolution of CPNREIT in accordance with the criteria and procedures specified in the Trust Deed. The Trustee or a person acting on its behalf or the assignee of the Trustee or another person acting on its behalf, as the case may be, shall allocate the returns on capital, benefits, or other assets in relation thereto to the unitholders upon the dissolution of CPNREIT. A unitholder shall be entitled to demand the returns on capital in the amount of not exceeding the capital amount adjusted by the excess or the under-value of the trust units in any case
7. A unitholder shall be entitled to receive the returns on capital following the decrease in paid-up capital of CPNREIT in accordance with the criteria prescribed in Clause 5 of the Trust Deed.
8. A unitholder may lawfully pledge the trust units by complying with the criteria and procedures determined by the Trustee and/or the trust unit registrar.
9. A unitholder shall be entitled to transfer the trust units, subject to the criteria specified in the Trust Deed.
10. A unitholder shall be entitled to attend and cast votes at unitholders' meetings in accordance with the criteria specified in the Trust Deed.
11. A unitholder shall not be held liable to the REIT Manager or the Trustee in respect of payment of other monies to CPNREIT after having paid the price of the trust units in full, and shall not bear any other additional liability for the trust units held.

Investment by CPNREIT and its Investment Policy

The investments of CPNREIT shall be made in accordance with the criteria prescribed in the Notification TorJor. 49/2555 and other relevant notifications, as well as the Trust Deed. CPNREIT will focus on its investments in immovable properties, leasehold rights in immovable properties, and sub-leasehold rights in high-end immovable properties, particularly shopping malls. CPNREIT will also invest in other types of immovable properties that are related to or complement immovable properties in the category of shopping malls, such as assets for commercial purposes, office buildings, hotels, and serviced apartments, etc., as to be the core assets of CPNREIT. CPNREIT will do so by means of purchasing and/or leasing and/or subleasing and/or accepting transfer of leasehold rights and/or sub-leasehold rights in the core assets, and place emphasis on the generation of benefits in the form of income from rental fees and service fees, or any other income of a similar nature. In addition, CPNREIT shall cause improvement, change, enhancement, development, and/or disposal of assets for the purposes of generating income and returns to CPNREIT in the continuous interests of the unitholders in the long-term. Furthermore, CPNREIT also intends to make additional investments in the assets in order to achieve the continuous growth of its income and so as to diversify risks through investment in immovable properties in different locations, as well as to invest in other assets and/or securities and/or to seek other benefits from any other methods in accordance with the securities law and/or any other relevant laws.

Acquisition of the Core Assets and Equipment (if any)

CPNREIT shall make both direct and indirect investment in accordance with the following criteria:

1. Direct investment, being the investment in the core assets which will be in accordance with the following criteria:

1.1 CPNREIT shall invest in immovable properties in order to acquire the ownership or possession, whereby the acquisition of possession shall be in accordance with the following cases:

1.1.1 Acquisition of immovable properties for which certificates of utilization (Nor.Sor. 3 Gor.) have been issued;

1.1.2 Acquisition of the leasehold rights and/or sub-leasehold rights of immovable properties for which documents of title or possession in the category of Nor.Sor. 3 Kor. have been issued. In the case where CPNREIT invests in the leasehold rights of immovable properties that demonstrate the nature of subleasing, the REIT Manager shall put in place measures for risk mitigation or remedy of damage which may occur due to the breach of the lease agreement or the failure to exercise the rights under the lease agreement.

1.2 The acquired immovable properties shall not be subject to any enforcement of property rights or any dispute unless the REIT Manager and the Trustee, after consideration, have expressed their opinions in writing that such enforcement or dispute does not materially affect the seeking of benefits from such immovable properties, and the conditions for acquiring such immovable properties are beneficial to the unitholders as a whole;

1.3 The contract for the acquisition of the immovable properties shall not contain any agreement or commitment which may render CPNREIT unable to dispose of the immovable properties at a fair value (at the time of disposal), for instance, the agreement granting the right of first refusal with

a pre-fixed price, etc., or which may impose undue obligations on CPNREIT other than those an ordinary lessee should bear at the end of the lease;

1.4 The acquired immovable properties shall be ready to be used for seeking of benefits with the aggregate value of no less than 75 percent of the total value of the trust units offered for sale, including the amount of loan (if any).

In this regard, CPNREIT may invest in a project under construction, provided that, the investment value for the acquisition and completion of the development project shall not exceed 10 percent of the total asset value of CPNREIT (after the offering for sale of the trust units), and CPNREIT must be able to demonstrate that it has sufficient working capital to pay the cost of the development project without affecting the going concern issue of CPNREIT;

1.5 The REIT Manager shall arrange for the appraisal of the immovable properties intended for investment, whereby the appraisal shall be fully conducted with the verification of the documents of title, and for the purposes of public use for disclosure to investors. The appraisal reports must have been made within 6 months before the date of the filing of application for the offering for sale of the trust units. Such appraisal shall be performed by at least 2 appraisal companies considered appropriate by the REIT Manager and the financial advisor who shall mutually prepare the application for the offering for sale of the trust units (if any) so that they will be able to conduct reliable and satisfactory appraisals to reflect the true value of the assets. The appraisal companies shall demonstrate the following:

1.5.1 The appraisal companies must have been approved by the SEC Office;

1.5.2 If the immovable properties to be invested in are located abroad, the appraisal companies to perform the appraisal on such immovable properties can be those whose names are in the approved list of the government or regulatory authorities

of the country where such immovable properties are located. In this regard, if there is no such list, the appraisal companies must demonstrate any of the following:

- (a) The appraisal companies must practice the profession of asset valuation and be widely-recognized in the country in which those assets are located;
- (b) The standards for operations and work systems adopted by the appraisal companies are internationally recognized; and
- (c) The appraisal companies are part of an international network of appraisal companies (International Firm).

In this regard, the criteria under this Clause 1.5 shall be applicable to the immovable properties transferred from CPNRF which have been converted, and which have been appropriately appraised under the criteria prescribed under the Notification of the Capital Market Supervisory Board No. TorJor. 34/2559;

- 1.6 The acquired immovable properties shall have an aggregate value of not less than THB 500 million, and in the case where the amount of funds raised from the offering for sale of the trust units is less than the value of the immovable properties to be invested in, the REIT Manager must be able to demonstrate that there are other sufficient sources of funds to support the acquisition of such immovable properties.

In addition, in acquiring the core assets and equipment, CPNREIT shall comply with the procedures specified under the Trust Deed.

2. Indirect investment, being the investment in the core assets of CPNREIT through having shareholdings in a company established for the purposes of an operation similar to that of CPNREIT, in accordance with the Notification of the Capital Market Supervisory Board No. TorJor. 49/2555. The investment shall be made in accordance with the following criteria:

- 2.1 CPNREIT must hold no less than 99 percent of the total issued shares of such company, and no less than 99 percent of the total voting rights of such company.

- 2.2 CPNREIT may grant a loan to the company under Clause 2.1 by means of holding of debt instruments or entering into an agreement which constitutes the granting of a loan. The granting of a loan to such company shall be deemed as an indirect investment in the core assets.

- 2.3 The immovable properties that CPNREIT indirectly invests in, whether in its own capacity, or by the company in which CPNREIT holds shares, shall be appraised as follows:

- 2.3.1 The appraisal of the assets held by CPNREIT shall be in accordance with the criteria set out in Clause 1.5 above. Consideration shall be given to the tax obligations borne by the company in which CPNREIT holds shares, as well as other factors that may affect the price of the immovable properties in which CPNREIT indirectly invests;

- 2.3.2 The appraisal of the assets by the company in which CPNREIT holds shares shall be in accordance with the criteria set out in Clause 1.5 above;

- 2.3.3 Other assets invested by the company in which CPNREIT holds shares shall be appraised in accordance with the following criteria:

- (a) The appraisal shall be based on the fair value calculated in accordance with the criteria on the determination of the fair value of investment capital issued by the Association of Investment Management Companies, *mutatis mutandis*;
- (b) If the criteria as mentioned in (a) above do not recognize the fair value of any asset, the value determined by the generally-accepted professional principles or international standards shall be applied;

2.3.4 If CPNREIT invests in debt instruments or agreements that constitute indirect investments, the value of those instruments or agreements shall be appraised in accordance with the criteria set out herein;

2.3.5 The REIT Manager must be able to demonstrate that there are measures or mechanisms in place for the Trustee and the REIT Manager to be able to supervise and control the company to ensure that it complies with the criteria applicable to CPNREIT in its direct investments in the core assets. This shall be exclusive of the criteria relating to the borrowing limit specified in the Trust Deed, which shall only apply to investments by CPNREIT in its own capacity.

3. CPNREIT may acquire the non-core assets by investing in any other assets which CPNREIT is allowed to invest in or hold in accordance with the criteria specified under the Trust Deed.

4. CPNREIT shall not enter into any agreement with respect to the investment in the core assets with the following persons, which may result in any involvement in the management of CPNREIT by any of such persons or any person under such persons' control, except for the case where such person is a company with its securities listed on the SET, whereby the consideration thereof shall be in accordance with Clause 4.1.1

4.1 Within 5 years prior to the date on which the application for the offering for sale of the trust units is filed, such person shall possess none of the following characteristics:

4.1.1 Having a record of a material violation of the criteria or conditions relating to the offering for sale of securities;

4.1.2 Having been denied approval for the offering for sale of newly-issued shares by the SEC Office due to there being material grounds to believe the following in respect of the management mechanism of such person:

(a) Being potentially unable to treat the shareholders in a fair manner, particularly due to giving preferential treatment to a particular group of shareholders, thus inappropriately giving them advantages or privileges over other shareholders;

(b) Being potentially unable to safeguard the rights of the shareholders by causing a person to receive additional monetary benefits other than those due in the ordinary course of business or that cause the company to lose benefits to which it is entitled;

4.1.3 Having been denied approval for the offering for sale of newly-issued securities by the SEC Office due to there being material grounds to believe that the disclosure of information to the public is incomplete, inadequate for decision-making, or contained misleading information for the investors, which constitutes concealment or withholding of material information, or creation of fictitious information that does not form a part of the clauses or actions of the company;

4.1.4 Having its application for approval for the offering for sale of newly-issued securities withdrawn due to its failing to give any clarification to the SEC Office under Clause 4.1.2 or Clause 4.1.3 above, or whereby clarifications were given without demonstrating the reasonable facts or grounds for disproving the suspicions set out in Clause 4.1.2 or Clause 4.1.3;

4.2 Within 10 years prior to the date on which the application for the offering for sale of the trust units is filed, such person had been subject to a final court judgment on the basis of an offense relating to assets, particularly due to deceitful, fraudulent or dishonest acts that cause widespread damage, regardless whether under Thai or foreign laws;

- 4.3 Being named in a complaint or subject to legal proceedings in respect of the commission of an offence relating to assets by the relevant agencies, particularly due to the performance of work of a deceitful, fraudulent, or dishonest nature that causes widespread damage, regardless whether under Thai or foreign laws;
- 4.4 There are reasonable grounds to believe that such person had acted in such a manner so that the persons possessing the prohibited characteristics under Clause 4.1, Clause 4.2, or Clause 4.3 could evade the application of the criteria in Clause 4.1, Clause 4.2, or Clause 4.3 by the SEC Office against those persons.

Procedures on the Acquisition of the Core Assets and Equipment (if any)

Prior to acquisition of the core assets each time, the REIT Manager has to proceed as follows:

1. Conduct due diligence on the information and agreements relating to the core assets and equipment (if any), for instance, financial and legal information, for the benefit of investment decision-making and disclosure of accurate information. If the owner, lessor, transferor of the leasehold rights, or transferor of the sub-leasehold rights, is a connected person of the REIT Manager, the REIT Manager has to arrange for a financial advisor to give an opinion on the analysis of such information:
 - 1.1 Appraisal of the core assets at least in accordance with the provisions as prescribed under the Trust Deed;
 - 1.2 If CPNREIT plans to invest in the leasehold rights of immovable properties by subleasing, the REIT Manager shall put in place measures for risk mitigation or remedy of damage which may occur due to the breach of the lease agreement or the failure to exercise the rights under the lease agreement.
2. The acquisition of the additional core assets shall be in accordance with the following conditions:
 - 2.1 With respect to the essence of the transaction,

- 2.1.1 The acquisition must be in compliance with the Trust Deed and relevant laws;
- 2.1.2 The acquisition must be in the best interest of CPNREIT;
- 2.1.3 The acquisition must be reasonable and at a fair price;
- 2.1.4 The expenses collected from CPNREIT (if any) must be at a fair and reasonable rate; and
- 2.1.5 The acquisition must be decided by a person who does not have any special interest with regard to the transaction of acquisition thereof.

- 2.2 With respect to the approval procedure, the REIT Manager shall ensure that:

- 2.2.1 The acquisition must be approved by the Trustee to ensure that the transaction is in compliance with the Trust Deed and relevant laws;
- 2.2.2 The acquisition must be approved by the Board of Directors of the REIT Manager in the case of acquiring additional core assets with the value equivalent to 10 percent of the total asset value of CPNREIT or greater; and
- 2.2.3 The acquisition must be approved by the resolution of a unitholders' meeting with at least three-quarters majority votes of the attending unitholders with voting rights, in the case of acquiring additional core assets with the value equivalent to 30 percent of the total asset value of CPNREIT or greater.

The value of the core assets specified under this Clause shall include the total acquisition value of the total assets of each project available for generating income, as well as the value of any related assets.

- 2.3 In seeking an approval from the Trustee or the unitholders, the REIT Manager and the Trustee have duties as follows:

- 2.3.1 The REIT Manager has the duty to prepare the documents for seeking an approval or meeting notice, as the case may be, and to give an opinion on descriptions of transactions under Clause 2.1 together with a clear rationale and supporting information;
- 2.3.2 The Trustee has the duty to attend the unitholders' meeting and give an opinion on the descriptions of transactions as to whether or not the proposed transactions comply with the Trust Deed and relevant laws.

Investment Policy in Other Assets

1. CPNREIT may invest in other assets in accordance with the following criteria:
 - 1.1 The types of other assets to be invested in by CPNREIT shall comply with Clause 2 and Clause 3 below;
 - 1.2 The investment ratio in other assets shall comply with the criteria prescribed in the relevant notification on the ratio of investment in assets in general mutual funds issued under the Securities Act, mutatis mutandis;
 - 1.3 In the case where the debtor under the instrument invested in by CPNREIT is in default of debt repayment or there are circumstances whereby the debtor will not be able to repay the debt, the REIT Manager shall comply with the same criteria prescribed for general mutual funds issued under the Securities Act, mutatis mutandis;
2. The types of other assets to be invested in by CPNREIT:
 - 2.1 Government bonds;
 - 2.2 Treasury bills;
 - 2.3 Bonds or debentures issued by a state enterprise or a juristic person established under specific laws whereby the principal and interest are fully and unconditionally guaranteed by the Ministry of Finance;
 - 2.4 Cash deposits in a bank or a secondary mortgage corporation;
 - 2.5 Certificates of deposit issued by a bank or a finance company without the characteristics of structured notes.
 - 2.6 Bills of exchange or promissory notes which are issued or certified, or an aval granted or guaranteed by a bank, a finance company or a credit foncier company without the characteristics of structured notes. The certification, granting of an aval, or provision of a guarantee, as the case may be, under this Clause must constitute a certification for an indefinite term, an aval for the entire amount, or an unconditional guarantee of the principal and interest in full.
 - 2.7 Investment units or warrants to purchase investment units of a fixed income fund or other mutual funds with a policy to invest in debt instruments or cash deposits. In the case of investment units of a foreign investment fund, the investment units must satisfy the following conditions:
 - 2.7.1 Being investment units of a foreign investment fund under the supervision of the regulatory authority on the securities and exchange which is an ordinary member of the International Organization of Securities Commissions (IOSCO), or being investment units of a foreign investment fund which are traded on the exchanges which are the members of the World Federation of Exchanges (WFE);
 - 2.7.2 That foreign investment fund has a policy to invest in the same types and kinds of assets in which CPNREIT may invest or hold; and
 - 2.7.3 That foreign investment fund is established for general investors.
 - 2.8 Investment units of a property fund or units of other REITs which are established under Thai law only.
 - 2.9 Instruments of a REIT established under foreign law, whether in the form of a company, a REIT or any other form, provided that the REIT must have the following features:

- 2.9.1 That the REIT is established for general investors and under the supervision of a regulatory agency supervising securities and securities exchanges which are ordinary members of the International Organization of Securities Commissions (IOSCO);
- 2.9.2 That the REIT has the main objective to invest in immovable properties, ordinary shares of companies listed in the immovable properties sector in the exchanges which are members of the World Federation of Exchanges (WFE), or in ordinary shares of companies engaged in a business similar to those in the immovable properties sector;
- 2.9.3 The instruments are traded on the exchanges which are members of the World Federation of Exchanges (WFE), or the instruments, otherwise being redeemable with it;
- 2.10 Derivatives only for hedging purposes of CPNREIT;
- 2.11 Other assets, securities, or instruments prescribed and notified by the SEC Office, the SEC, or the Capital Market Supervisory Board.
3. Investment in shares of juristic persons who are the lessees and/or sub-lessees of the core assets of CPNREIT.

CPNREIT may invest in shares of the juristic persons who are the lessees and/or sub-lessees of the core assets of CPNREIT when the following conditions are satisfied:

- 3.1 The lease agreement provides that the rental fee is based on the operating results of the core assets of CPNREIT; and
- 3.2 It is an investment in no more than one golden share in the interests of granting approvals on certain operations of the juristic person as prescribed in its articles of association.

Benefit Procurement of CPNREIT

1. CPNREIT may procure benefits from the core assets by means of leasing out, sub-leasing out, granting the use of, or providing services in a similar nature of leasing out of immovable properties, as well as providing related services. CPNREIT is prohibited from undertaking any act which constitutes the use of CPNREIT to operate any other business that CPNREIT itself is unable to undertake directly such as a hotel business or a hospital business, etc.
2. CPNREIT may lease out and/or sublease out any immovable property to any person who will use such immovable property in a business operation that CPNREIT itself is unable to undertake, such as a hotel business or a hospital business, etc., provided that a large portion of the rental fee must be fixed in advance, and if there is any portion of the rental fee is based on the operating results of the lessees and/or the sub-lessees, the maximum rental fee based in the operating results shall not be greater than 50 percent of the rental fee fixed in advance.
3. CPNREIT shall not lease out and/or sublease out any immovable property to any person, and there is reasonable suspicion that person shall use that immovable property in any business operation which is against good morals or is unlawful. There must be a provision that enables CPNREIT to terminate the lease and/or sublease agreement should the lessee and/or the sub-lessee use such immovable property for such business.
4. The REIT Manager has a duty to keep the core assets in a serviceable condition for generating income, as well as to procure sufficient insurance coverage throughout the term CPNREIT invests in the core assets. The insurance must at least provide coverage against loss to the immovable property and third party liabilities against damage arising out of the immovable property or undertaking any act in the immovable property.
5. The management of CPNREIT shall be undertaken by the Trustee and the REIT Manager delegated by the Trustee, who is appointed by the Trust Deed. The scope of authorities, duties, and responsibilities of the Trustee

and the REIT Manager is described in the Trust Deed. In this regard, the REIT Manager has major authorities, duties, and responsibilities for managing CPNREIT and investing in core assets of CPNREIT. Meanwhile, the Trustee has major authorities, duties, and responsibilities of supervising the performance of the REIT Manager and other delegated person(s) (if any) to ensure that their performance is in compliance with the Trust Deed and the securities law, and safeguarding the assets of CPNREIT. Additionally, any management of investment in non-core assets shall be conducted by the Trustee, the REIT Manager, or any person(s) delegated by the Trustee or the REIT Manager as specified in the Trust Deed or any relevant agreements. If the Trustee is desirous to amend any terms and conditions in an agreement relating to managing interests from the core assets and/or non-core assets, the Trustee will be able to do so after it has mutually agreed with the REIT Manager first. If no mutual agreement is reached, the parties reserve the right to convene a meeting of the unitholders to resolve the issue. The REIT Manager shall convene the unitholders' meeting in accordance with the procedure for convening meetings and obtaining resolutions specified in the Trust Deed.

Loan Obtaining and Creating of Encumbrance on CPNREIT's Assets

1. CPNREIT may obtain loans or create encumbrance on the condition that such loan or encumbrance must be for the management of CPNREIT and the assets of CPNREIT, which include the following objectives:
 - 1.1 to invest in immovable properties or leasehold rights of immovable properties;
 - 1.2 to invest in additional immovable properties or leasehold rights of immovable properties;
 - 1.3 to invest in other assets to be prescribed and notified by the SEC Office, the SEC and/or the Capital Market Supervisory Board as the core assets;
 - 1.4 to undertake the management of the assets of CPNREIT;
 - 1.5 to make improvement or repair of the immovable properties of CPNREIT, or the immovable

properties in which CPNREIT has the leasehold rights or possession to ensure that they are in a good and serviceable condition for generating income, as well as to improve the image of the immovable properties;

- 1.6 to make improvement, repair, or replacement of moveable properties or equipment related to the immovable properties of CPNREIT, or the immovable properties in which CPNREIT has the leasehold rights or possession to ensure that they are in a good and serviceable condition for generating income;
- 1.7 to make addition to, or cause additional construction on the buildings located on the existing land which are invested in by CPNREIT, or the buildings to which CPNREIT has the leasehold rights or possession for benefit procurement of CPNREIT;
- 1.8 to use as working capital of CPNREIT;
- 1.9 to make repayment of the loans or encumbrances of CPNREIT;
- 1.10 to restructure loans for repayment of existing loans or encumbrances (Refinance);
- 1.11 to restructure the capital of CPNREIT;
- 1.12 to prevent currency exchange risks and/or interest rate risks due to obtaining loans or issuing debt instruments;
- 1.13 any other objectives the REIT Manager deems appropriate for the management of CPNREIT.

In obtaining loans, the REIT Manager will take into consideration the interests of CPNREIT and the unitholders. If CPNREIT invests in the leasehold rights and/or sub-leasehold rights of immovable properties or movable properties, or the obtaining of loans for the objectives specified in Clause 1.5, Clause 1.6 or Clause 1.7 above, the REIT Manager must consider the remaining lease term under the relevant lease agreement.

2. CPNREIT may obtain loans or create encumbrance over the assets of CPNREIT as follows:

2.1 Obtaining loans, applying for credit facilities, overdrafts from juristic persons, financial institutions in the country and/or abroad, as well as insurance companies established under the laws relating to insurance. CPNREIT may consider placing security against repayment of such loans. In addition, CPNREIT may enter into forward contracts or trade derivative products to prevent risks against CPNREIT regarding exchange rates and/or the interest rates incurred from obtaining loans, whether in whole or in part, such as cross currency swap or interest rate swap, etc.

2.2 CPNREIT may obtain loans or create any encumbrance over the assets of CPNREIT, by any one or more methods at any given time, including issuing instruments or entering into any form of contract of which the true essence or subject matter constitutes obtaining loans as follows:

2.2.1 Obtaining loans, applying for credit facilities, overdrafts from juristic persons, financial institutions in the country and/or abroad, as well as insurance companies established under the laws relating to insurance. CPNREIT may consider placing security against repayment of such loans. In addition, CPNREIT may enter into forward contracts or trade derivative products to prevent risks against CPNREIT regarding exchange rates and/or the interest rates incurred from obtaining loans, whether in whole or in part, such as cross currency swap or interest rate swap, etc.; or

2.2.2 Issuing instruments, debt instruments, whether long term or short term, for offering to individual investors and institutional investors under the relevant notifications of the SEC or the SEC Office, and CPNREIT may consider placing security against issuing such instruments.

The REIT Manager will take into consideration the necessity and suitability in obtaining loans, changing or creating encumbrances over the assets of CPNREIT in the interests of CPNREIT and the unitholders in compliance with the criteria and procedures prescribed

in the Trust Deed and the relevant law without obtaining approval from a unitholders' meeting as long as it is not in conflict with the law and the Trust Deed. However, if CPNREIT places the core assets of CPNREIT as security against repayment of the loans, as well as increasing the guaranteed amount in favor of the existing lender in accordance with the procedure in Trust Deed, the REIT Manager shall comply with other relevant laws.

In entering into a contract to obtain a loan, change or create encumbrance over the assets of CPNREIT, the Trustee shall sign to bind CPNREIT or may authorize the REIT Manager to sign to bind CPNREIT. If the Trustee is desirous to amend any terms and conditions with respect to the loan or encumbrance over the assets of CPNREIT, the Trustee shall be able to do so after it has mutually agreed this with the REIT Manager. If no mutual agreement is reached, the parties reserve the right to convene a unitholders' meeting to resolve the issue. The REIT Manager shall convene the unitholders' meeting in accordance with the procedure for convening meetings and obtaining resolutions specified in the Trust Deed.

3. CPNREIT may not obtain loans in the following cases:

3.1 The terms and conditions are similar to those of perpetual bonds;

3.2 The terms and conditions of the loan grant the right to convert into shares;

3.3 The terms and conditions are described as structured notes with the exception of the following:

3.3.1 The bond allows the debtor to make debt repayment before the date of maturity (callable), or allows CPNREIT to demand the debtor to make debt repayment before the date of maturity (puttable);

3.3.2 The interest rate or rate of return are either fixed or variable based on the interest rates of financial institutions or other interest rates.;

3.3.3 No provision on paying additional interest or giving additional returns based on other underlying factors.

3.4 The terms and conditions are described as securitization.

4. In the case of borrowing by CPNREIT, the indebtedness amount shall not exceed any of the following proportions, with the exception where the indebtedness amount which is greater than the specified proportion is not due to additional borrowing:

- 4.1 35 percent of the total asset value of CPNREIT;
- 4.2 60 percent of the total asset value of CPNREIT if the most recent credit rating of CPNREIT is deemed to be at the investment grade rated by a credit rating agency approved by the SEC Office within a period of 1 year before the date of the borrowing.

The borrowing of CPNREIT shall include any issuance of instruments or entering into contracts in any form with the true intention or essence of a borrowing transaction.

5. An encumbrance of CPNREIT shall be created only when it is necessary and related to the management of the assets of CPNREIT as follows:

- 5.1 An encumbrance created in connection with entering into material agreements to which CPNREIT is allowed to enter in accordance with the provisions of Notification No. TorJor. 49/2555 and other relevant laws, such as placing the assets of CPNREIT as security against debt repayment under the Trust Deed.
- 5.2 An encumbrance created within the normal commercial customs or in the ordinary course of business.

Distribution of Returns to Unitholders

1. The REIT Manager shall make at least 2 distributions of returns to the unitholders at the rate of 90 percent of the adjusted net income of the fiscal year within 90 days from the end of the fiscal year or the relevant accounting period, as the case may be.

The adjusted net income under this Clause shall mean the income adjusted by the following Clauses:

- (1) Unrealized gain from the valuation or review of the value of the assets of CPNREIT, as well as other Clauses in accordance with the guidelines of the SEC Office to be consistent with the cash flow status of CPNREIT;
- (2) Reserve for repayment of the loans or encumbrance of CPNREIT specified in the registration statement and prospectus or the annual report, as the case may be.
2. If CPNREIT has accumulated income in any accounting period, the REIT Manager may make distribution of returns to the unitholders from the accumulated income.
3. If the REIT Manager is unable to make any distribution of returns in any period, the REIT Manager shall inform the unitholders via the information system of the SET.
4. If CPNREIT has suffered losses, the REIT Manager shall not make any distribution of returns to the unitholders.
5. In making distribution of returns, if the returns per unit to be distributed during any fiscal year or accounting period is equivalent to or less than THB 0.10, the REIT Manager reserves the right not to make distribution of returns in such period. The returns shall be distributed together with the next distribution in accordance with the specified procedure.
6. The REIT Manager shall comply with the criteria on the distribution of returns, unless otherwise amended, added to, notified, instructed, approved and/or waived by the SEC, the SEC Office, and/or other competent authorities, in which case the REIT Manager shall comply accordingly.
7. The REIT Manager shall make distribution of returns to the unitholders in accordance with the unitholding proportion of each unitholder. The REIT Manager reserves the right to make distribution of returns to the unitholders whose unitholding proportion exceeds the limit specified in the Notification No. TorJor. 49/2555 only for the portion exceeding the limit or not complying with the criteria. Any returns not distributed to the unitholders shall be distributed to other unitholders in accordance with the relevant unitholding proportion.

8. The REIT Manager shall notify the declaration of returns, the book closing date, and the rate of returns by notifying the unitholders whose names are recorded in the unitholder register as at the book closing date via the information system of the SET and notifying the Trustee in writing.
9. The REIT Manager shall make distribution of returns by means of fund transfer into the accounts of the unitholders or crossed cheque made payable to the unitholders in accordance with the names and addresses in the unitholders register.
10. If a unitholder fails to exercise the right to any return within the period of prescription of claims under the Civil and Commercial Code, the REIT Manager shall not use such returns for any purpose other than that of CPNREIT.
4. A unitholder or group of same persons, whose unitholding exceeds the limits in Clause 1 or Clause 2, shall be subject to the restriction on the distribution of returns, that is, the unitholder or group of same persons shall not be entitled to the distribution of returns from the exceeding portion of the trust units or the portion that does not comply with the criteria. Any returns not distributed to the unitholder shall be distributed to other unitholders in accordance with their relevant unitholding proportion
5. The following unitholders shall be subject to the restrictions on voting:
 - 5.1 The unitholders whose unitholding proportion exceeds the limit or does not comply with the criteria in Clause 1 or Clause 2. The restriction shall apply only to the exceeding portion of the trust units or the portion that does not comply with the criteria in Clause 1 or Clause 2
 - 5.2 The unitholders who have special interests in the matters on which resolution is sought

Restrictions of Rights to Receive Distributions of Returns, Management of Returns, and Voting Rights of Unitholders

1. The allocation of the trust units to any person, groups of same persons, the Settlor, the Trustee, the REIT Manager, or foreign investors must comply with the ratio or criteria prescribed in Notification No. TorJor. 49/2555 or other relevant notifications.
2. If CPNREIT invests in immovable properties in Thailand which are subject to the restriction on the investment proportion by foreigners by the relevant laws, rules, or requirements, the REIT Manager shall allocate the trust units in compliance with those laws, rules, or requirements. If CPNREIT invests in several immovable property projects which are subject to different restrictions on the investment proportion by foreigners, the REIT Manager shall allocate the trust units at the minimum limit prescribed by those relevant law, rules, or requirements.
3. If the unitholding proportion by a unitholder exceeds the limits referred to in Clause 1 or Clause 2, the REIT Manager shall notify, without delay, the unitholder of the restriction on the voting and the distribution of returns specified in the Trust Deed, and shall report the same to the SEC Office within 5 business days from the date on which the REIT Manager is aware of or should be aware of such event.

Rights, Duties, and Responsibilities of the Trustee

1. The Trustee shall be fully qualified, possess no prohibited characteristics, and shall have been granted approval to engage in the business of acting as a trustee by the SEC Office. In performance of duties as the Trustee of CPNREIT, if the facts subsequently surface that the Trustee lacks independence in accordance with the securities law and other relevant laws, the Trustee shall inform the SEC Office thereof, with evidence of reasonable and reliable measures demonstrating that the Trustee would be able to perform its duties independently within 15 days from the date on which those facts surface, and take acts in accordance with those measures unless as otherwise instructed by the SEC Office.
2. The Trustee shall perform its duties with prudence and integrity in the best interest of the REIT unitholders as a whole, and in compliance with the Trust Deed, all relevant laws, and the additional obligations in documents disclosed to the investors (if any). There shall be no provision exempting the Trustee from liability arising from the failure to perform such duties.

3. The Trustee has a duty to monitor and oversee that the REIT Manager or any other delegated person (if any) comply with the Trust Deed and other relevant agreements.
4. The Trustee shall attend every unitholders' meeting, and provide opinions on whether the matters, for which a resolution of approval is sought, are in compliance with the Trust Deed and the relevant laws. If there is a request for a resolution of the unitholders' meeting with respect to any proposed action, the Trustee shall respond to questions and provide opinions on such action, particularly whether or not it complies with the Trust Deed or the relevant laws, or to make an objection and inform the unitholders that such action is impracticable. If the proposed action would be in conflict with the Trust Deed or the relevant laws.
5. The Trustee has a duty to enforce debt repayment or oversee the enforcement of debt repayment to ensure compliance with the agreements between CPNREIT and third persons.
6. The Trustee has a duty to take over the management of CPNREIT in the absence of a REIT Manager or in the event rendering the REIT Manager being unable to perform its duties, subject to the criteria prescribed in Notification KorRor. 14/2555 and other relevant laws.
7. The Trustee shall have other rights, duties, and responsibilities as prescribed in Notification KorRor. 14/2555 and other relevant laws.
8. The Trustee is charged with the management and seeking of benefits from assets other than the core assets of CPNREIT, and undertaking any other necessary act in order to ensure that the management of the non-core assets of CPNREIT is in compliance with the Trust Deed and the relevant laws. The Trustee may also delegate to the REIT Manager the management of the investment in the non-core assets in its place.
9. The Trustee has a duty to amend the Trust Deed as instructed by the SEC Office.
10. The Trustee shall be prohibited from setting off the obligations arising beyond the performance of the trusteeship duties owed by the Trustee to a third person against the obligations arising from the management of CPNREIT owed to the Trustee by the third person. Any set-off of obligations in conflict with this provision shall be void.
11. In entering into a juristic act or a transaction with a third person, the Trustee shall notify the third person in writing that it acts in the capacity of a trustee and expressly specify as such in the documentation evidencing that juristic act or transaction.
12. The Trustee shall prepare the accounts of the assets of CPNREIT separately from any other accounts under its responsibility. If the Trustee manages several REITs, the Trustee shall prepare the accounts of the assets of each REIT separately. In doing so, the Trustee shall keep such accounts correct and up-to-date. In managing CPNREIT, the Trustee shall separate the assets of CPNREIT from the assets which it holds in its own capacity and any other assets in its possession. If the Trustee manages several REITs, the Trustee shall separate the assets of one REIT from one another.
13. If the Trustee fails to perform its duty under Clause 12, which causes the assets of CPNREIT to be commingled with the assets held in its own capacity to the extent that it is unable to distinguish CPNREIT's assets from that which the Trustee holds in its own capacity, it shall be presumed that:
 - 13.1 The commingled assets are assets of CPNREIT;
 - 13.2 The damage and liability arising from the management of the commingled assets shall be borne by the Trustee in its own capacity; and
 - 13.3 The benefits resulting from the management of the commingled assets belong to CPNREIT.The commingled assets as mentioned above shall include commingled assets that are transformed into a different form or state.
14. If the Trustee fails to perform its duty under Clause 12, which causes the assets of several REITs to be commingled to the extent that it is unable to distinguish to which REIT the assets belong, it shall be presumed that the commingled assets, including those that are transformed into a different form or state, and any benefits or obligations arising from the management thereof shall belong to each REIT proportionate to the

amount each REIT contributed to the commingled assets.

15. The management of CPNREIT is the Trustee's personal duty. The Trustee shall not delegate its duty to other persons except for in the following cases:

15.1 It is otherwise specified in the Trust Deed;

15.2 The transaction is not personal in nature and does not require the professional capability of a trustee;

15.3 The transaction that a reasonable and prudent owner of the assets of the same characteristics as those of CPNREIT, who manages such assets with similar objectives as those of CPNREIT, may delegate a third person to manage such assets;

15.4 The safekeeping of assets, preparation of the unitholders register book, or provision of support operations services may be delegated to an affiliate company of the Trustee or a third person;

15.5 Any other cases being under the responsibility of and action by the REIT Manager in accordance with the Trust Deed or the criteria prescribed in Notification TorJor. 49/2555, KorRor. 14/2555, and SorShor. 29/2555. This shall include the cases where the SEC prescribes and notifies provisions requiring that the management of specific matters be assigned to third persons or any other requirements in this respect. If the Trustee acts in violation of the above, any act taken shall bind the Trustee personally and shall not bind CPNREIT.

16. If the Trustee lawfully delegates the management of CPNREIT to a third person in accordance with Clause 15, the Trustee shall exercise prudence and care in selecting such person as well as adequately and thoroughly supervise and review the delegated management in a careful manner. The Trustee shall establish operational measures in relation to work delegation in compliance with the criteria prescribed in the SEC Notification No. KorKhor. 1/2553 re: Work System, Contact with Investors and General Business Operation of Trustees as follows:

16.1 Selection of appropriate persons for delegation of duties which takes into account the readiness of the work system and of the delegated persons, as well as any possible conflict of interest between the delegated persons and CPNREIT;

16.2 Control and evaluation of the performance of the delegated persons; and

16.3 Actions to be taken by the Trustee in the event that the delegated persons are no longer appropriate for further delegation of duties.

The SEC may prescribe and notify the details of the actions to be taken by the Trustee in such an event.

17. In the case of the change of the Trustee, if the new trustee finds that the previous management of CPNREIT was not in compliance with the Trust Deed or the Trust Act, and caused damage to CPNREIT, the new trustee shall claim damages from the liable Trustee and recover the assets from the third persons, regardless whether such assets had been directly acquired by the former Trustee and regardless whether the assets had been transformed into a different form or state. The latter shall not apply if the third persons had acquired those assets in good faith, in exchange for payment of consideration, and did not know or there were no reasonable grounds that the third persons should have known that those assets had been acquired as a result of unlawful management.

18. In managing CPNREIT and delegating third persons to manage CPNREIT in accordance with Clause 15, if there are expenses or if the Trustee is required to make payments to or surrender other assets to third persons out of the monies or assets held in its own capacity due to necessity and appropriateness, the Trustee shall be entitled to obtain reimbursement from CPNREIT, unless the Trust Deed specifies that such payment of funds or other assets shall be borne by the Trustee.

The right to obtain reimbursement for the monies or assets under the paragraph above shall have priority over the claim of a beneficiary and the claim of a third person with property or other rights over CPNREIT, and may be immediately exercised and at any time prior to the dissolution of CPNREIT. If it is necessary to change the form or state of the assets of CPNREIT in

order to obtain monies or assets for reimbursing the Trustee, the Trustee shall be entitled to do so, provided such act is taken in good faith.

In the interests of protecting the assets of CPNREIT, the SEC shall be authorized to prescribe and notify criteria, conditions, and methods for compliance by the Trustee in relation to the payment of monies or surrender of other assets held in its own capacity to a third person in accordance with the first paragraph or the exercise of rights of the Trustee under the second paragraph.

19. The Trustee shall be prohibited from exercising the right under Clause 18 unless it has performed all of its obligations in favor of CPNREIT, except if those obligations can be set off in accordance with the Civil and Commercial Code.

20. If the Trustee fails to manage CPNREIT in compliance with the Trust Deed or the Trust Act, the Trustee shall be liable for the damage sustained by CPNREIT. However, the Trustee may, in the case of necessity and where there are reasonable grounds in the interests of CPNREIT, apply for the approval of the SEC Office prior to undertaking any action in the management of CPNREIT in a manner that is inconsistent with the provisions under the Trust Deed. The Trustee shall not be liable if it managed CPNREIT in accordance with the approval of the SEC Office in good faith and in the best interests of CPNREIT.

21. The Trustee shall ensure that the material details of the Trust Deed are in compliance with the relevant laws. If the Trust Deed is amended, the Trustee shall act in accordance with the following criteria:

21.1 To ensure that any amendment to the Trust Deed complies with the procedures and conditions prescribed in the Trust Deed and the criteria prescribed in the relevant laws;

21.2 If an amendment to the Trust Deed does not comply with Clause 21.1, the Trustee shall proceed in accordance with its scope of authorities and duties as specified in the Trust Deed and the Trust Act in order to safeguard the rights and benefits of the unitholders as a whole; and

21.3 In the case of any subsequent amendment to the criteria relating to the offering for sale of the trust units or management of REIT promulgated under the Securities Act and the Trust Act, and the existing provisions of the Trust Deed are not in compliance therewith, the Trustee shall amend the Trust Deed to be in line with the amended criteria by following the procedures specified in the Trust Deed or as in accordance with the orders of the SEC Office.

22. The Trustee shall monitor, supervise, and review the performance of duties by the REIT Manager or any other delegated person (if any) to ensure compliance with the Trust Deed and the relevant laws. In particular, the aforementioned duties shall also include the following:

22.1 Ensuring that the management of CPNREIT by the REIT Manager has obtained the approval of the SEC Office for the entire period of existence of CPNREIT, with the exception of the event set out in Clause 24;

22.2 Monitoring, supervising, and undertaking actions as necessary to ensure that the delegated person is fully qualified and complies with the criteria prescribed in the Trust Deed and the relevant laws, including dismissing the current delegated person and appointing another person to replace such person;

22.3 Overseeing the investment of CPNREIT complies with the Trust Deed and the relevant laws;

22.4 Overseeing the complete information of CPNREIT is accurate disclosed as prescribed in the Trust Deed and the relevant laws; and

22.5 Giving opinions relating to undertaking actions or entering into transactions for CPNREIT by the REIT Manager and other delegated persons (if any) in support of the request for a resolution at a unitholders' meeting or disclosing information about CPNREIT to the investors or at the request of the SEC Office.

23. If the REIT Manager acts or omits an act causing damage to CPNREIT, or fails to perform its duties in accordance with the Trust Deed or the relevant laws, the Trustee shall report the matter to the SEC Office within 5 business days from the date on which the Trustee becomes aware of or should have been aware of such fact. In such a case, the Trustee shall rectify, prevent, or mitigate such damage to CPNREIT as it deems appropriate.
24. If the REIT Manager is unable to perform its duties, the Trustee shall take over the management of CPNREIT as necessary in order to protect against, prevent, or limit serious damage to CPNREIT or the unitholders as a whole, and shall proceed in accordance with the scope of authorities and duties specified in the Trust Deed and the Trust Act in appointing a new REIT manager. In taking over the management of the REIT Manager as mentioned above, the Trustee may appoint another person to engage in the interim management of CPNREIT in its place, provided that such delegated person complies with the scope, criteria, and conditions specified in the Trust Deed.
25. If the Trustee is also a unitholder of CPNREIT, the Trustee shall, in casting votes or taking any act as a unitholder, take into account the best interests of the unitholders as a whole by adhering to the principles of good faith and due care, including the avoidance of any conflict with impact on the performance of its duties as the Trustee of CPNREIT.
26. The Trustee shall prepare the unitholders register and may also assign a securities registrar to prepare such register on its behalf. The preparation of the unitholder register shall contain at least the following particulars:
- 26.1 General information comprising:
- 26.1.1 Names of the REIT Manager and Trustee;
- 26.1.2 Number of trust units, par value, paid-up capital, and date of issuance of the trust units;
- 26.1.3 Restrictions on transfer (if any).
- 26.2 Information of the unitholders:
- 26.2.1 Name, nationality, and address of the unitholders;
- 26.2.2 Serial number of trust units (if any) and number of trust units held (if any);
- 26.2.3 Date of registration or cease to be the unitholders;
- 26.2.4 Date of cancellation of trust unit certificates and issuance of replacement certificates (if any);
- 26.2.5 Application numbers of the requests to amend or record particulars of the registration (if any);
- 26.2.6 Pledge/release of the attachment of the trust units/release of mortgage (if any).
27. The Trustee shall provide evidence representing the rights in the trust units for delivery to the unitholders, which shall convey at least the following information, unless where such evidence is prepared in accordance with the securities depository system, in which case the particulars of the said evidence shall be as determined by the securities depository center.
- 27.1 Necessary and sufficient information for use by the unitholders as evidence in claiming their rights against the Trustee, the REIT Manager, and third persons;
- 27.2 Contact information of persons related to the management of CPNREIT, such as the Trustee, the REIT Manager, and the securities registrar;
- 27.3 Information showing that unitholders are unable to sell trust units back to CPNREIT or redeem the trust units, and if there are other restrictions on the rights of unitholders, such restrictions shall be clearly specified.
28. Subject to the provision under Clause 27, if unitholders request the Trustee or the securities registrar to issue evidence representing their rights in the trust units in order to replace the ones which have been lost, faded, or materially damaged, the Trustee shall issue such evidence or ensure that the same is issued to the unitholders within a reasonable time period.

The REIT Manager and its Duties

1. The REIT Manager shall be fully qualified, possess no prohibited characteristics, and shall have been granted approval from the SEC Office to act as a REIT manager in accordance with Notification SorChor. 29/2555.
2. The REIT Manager shall have the duties as delegated by the Trustee in the management of CPNREIT, particularly in respect of the business operations of CPNREIT, which shall include: investments; borrowing; any change or creation of encumbrances over the assets of CPNREIT; entering into agreements; and undertaking of various acts for CPNREIT, including preparation and disclosure of information of CPNREIT and delivery thereof to the Trustee. The latter shall be inclusive of the information as prescribed in Section 56 and Section 57 of the Securities Act. All of the above shall be subject to the scope, criteria, and conditions provided in the REIT Manager Appointment Agreement
3. The REIT Manager may assign a third person to perform work under its responsibilities on its behalf, provided that the REIT Manager specifies the scope of authorities and duties of the delegated person(s) in the relevant agreements. The REIT Manager shall exercise prudence and care in selecting the delegated person(s), and shall also supervise and review the performance of duties by the delegated person(s). Such delegation shall not be in materially contradictory to or in conflict with the laws governing securities and exchange or other relevant laws.
4. The REIT Manager shall be able to disburse expenses from CPNREIT's assets provided such disbursement is made from CPNREIT's daily operating account under the limit approved by the Trustee. The REIT Manager shall prepare and submit reports on the disbursements to the Trustee for verification and disbursement within 5 business days from the date on which the REIT Manager submits the report to the Trustee.
5. If the REIT Manager holds trust units, the REIT Manager shall exercise its right to vote by taking into account the best interests of the unitholders as a whole in the event of a request for a resolution at a unitholders' meeting.
6. In engaging in the business of managing CPNREIT, the REIT Manager shall adhere to the following principles of business conduct:
 - 6.1 To perform duties by applying knowledge and skills as may reasonably be expected as a professional, and with diligence, care, and honesty. The REIT Manager shall treat all unitholders equitably and shall act in the best interests of the unitholders as a whole. It shall also comply with the laws, the Trust Deed, the objectives for establishing CPNREIT, and the resolutions of the unitholders;
 - 6.2 To continuously maintain sufficient fund capital for operating the business and for bearing any potential liability arising from the performance of duties as the REIT Manager;
 - 6.3 To disclose, give opinions on, or provide sufficient information being important for and relevant to the decision-making of the unitholders on investments. Such information shall be conveyed clearly and shall not be distorted or misleading;
 - 6.4 Not to inappropriately use the information acquired in the course of the performance of its duties as the REIT Manager for its personal gain or in a manner that damages or affects the overall benefits of CPNREIT;
 - 6.5 To exercise with due care in the performance of work in order to avoid conflicts of interest. In the event of a conflict of interest, the REIT Manager shall ensure that the investors receive equitable and appropriate treatment;
 - 6.6 To comply with the provisions in the Securities Act, the Trust Act, and other relevant laws relating to the operation of CPNREIT, as well as adhere to the code of ethics and standards for professional conduct determined by the associations related to the securities business or by organizations in connection with the securities business recognized by the SEC Office, mutatis mutandis. In addition, the REIT Manager shall not encourage, instruct, or collaborate with any other person in violating any such laws or requirements.

- 6.7 To give its cooperation to the Trustee or the SEC Office in their performance of duties, including disclosing information which may materially affect the management of CPNREIT or other information that should be notified to them.
7. In entering into a transaction concerning immovable properties for CPNREIT, the REIT Manager shall comply with the following criteria:
 - 7.1 To ensure that the disposal of the immovable properties of CPNREIT or the entering into of agreements in connection with immovable properties for CPNREIT are correct, valid and legally enforceable;
 - 7.2 To ensure that the investment in the immovable properties of CPNREIT is reasonable, whereby the following steps must be taken at a minimum:
 - 7.2.1 Conducting an assessment of its readiness in managing the investment in the immovable properties prior to accepting to act as the REIT Manager or before making additional investment in such immovable properties for CPNREIT, as the case may be; and
 - 7.2.2 Conducting a feasibility study and due diligence on the immovable properties, including an assessment of various risks that may arise from the investment, along with arranging risk management guidelines. In this regard, such risks shall include risks associated with the development or construction of immovable property (if any), e.g. potential risks arising from delays in the construction and the inability to generate benefits from the immovable property.
8. The REIT Manager shall convene unitholders' meetings in accordance with the Trust Deed.
9. If an advisor is appointed to give advice or recommendations on investment and management of the immovable property, the REIT Manager shall appoint an advisor who has no interests in the matters relating to its performance of duties as an advisor. If it is evident that the advisor has conflicts of interest in such matters, the REIT Manager shall comply with the following criteria:
 - 9.1 The advisor shall report the conflicts of interest in the matter being considered to the REIT Manager;
 - 9.2 The advisor who has conflicts of interest in the matter being considered, whether directly or indirectly, shall be prohibited from participating in the consideration of such issue.
10. The REIT Manager shall prepare the following financial information and operational results of CPNREIT in compliance with the criteria prescribed in Notification No. TorJor. 51/2555 and other relevant laws and submit the same to the SEC Office or the relevant agencies within the prescribed time period:
 - 10.1 Registration statement of CPNREIT (Form 56-REIT);
 - 10.2 Financial statements of CPNREIT, which shall be in compliance with the accounting standards as prescribed by the law governing the accounting profession;
 - 10.3 Annual report, which shall at least contain the particulars specified in Notification TorJor. 51/2555;
 - 10.4 Information on CPNREIT, such as the following: net asset value of CPNREIT; value of the trust units; and report on the acquisition or disposal of immovable properties or leasehold or sub-leasehold of immovable properties. If CPNREIT acquires a project under construction (greenfield project), the REIT Manager shall prepare and submit a progress report on the construction of such project. The REIT Manager shall also report the par value of the trust units following the capital decrease.
11. If the SEC, the SEC Office, and/or any other competent organization in compliance with the law make any amendments or additions to the notifications, requirements, and instructions, or approvals and/or grants relaxations otherwise, the REIT Manager shall ensure that all of the above is in compliance with such amendment or addition.

Registrar for Trust Units

The registrar for trust units means the Trustee or a person delegated by the Trustee to act as a registrar for trust units. The registrar must be licensed to provide the services as a securities registrar by the SEC, and approved by the SET to act as a registrar for trust units on another person's behalf. The registrar shall have the various duties as prescribed by securities law and other relevant criteria as follows:

1. Issuance of trust unit certificates or evidence representing the rights in the trust units: The Trustee shall ensure that the registrar prepares trust unit certificates or evidence representing the rights in the trust units for the unitholders for use in claiming their rights against the Trustee, the REIT Manager, and third persons. If a unitholder requests the Registrar to issue a new trust unit certificate or evidence representing the rights in the trust units in order to replace the one which had been lost or defaced or materially damaged, the registrar shall issue or ensure the issuance of a new trust unit certificate or evidence representing the rights in the trust units to the unitholder within a reasonable time period. The registrar may charge actual expenses incurred (if any) from the unitholder in connection with the action undertaken at the unitholder's request.
2. Preparation of unitholder register: The Trustee may delegate the registrar to prepare the unitholders register in accordance with the scope specified in the Notification KorRor. 14/2555 and other relevant notifications.

3. Transfer of trust units: The unitholder who is desirous of transferring trust units must inform the registrar of his/her/its intention by completing the details in the request form for transferring trust units signed by the transferor and transferee. The requesting unitholder shall also submit the supporting documents for the transfer of trust units as required by the registrar. A transfer of trust units shall be effective and certified upon the registrar having duly recorded the name of the transferee in the unitholder register. The transferor shall pay the transfer fees (if any) as determined by the registrar. In the case of a scripless trust unit transfer, the unitholder shall comply with the criteria specified by the registrar and/or the SET and/or the TSD. In this regard, the transferor shall pay the transfer fees (if any) as determined by the registrar and/or the SET and/or the TSD.

If the transfer of trust units results in a unitholder breaching the unitholding limit, the registrar has the right to deny recording the name of that unitholder in the unitholders register due to such breach of the unitholding limit.

Fees and expenses

The collection of fees, other payments, or expenses from CPNREIT or the unitholders shall be as specified in the Trust Deed. Such fees and expenses are exclusive of value added tax, specific business tax, or any other tax of a similar nature.

Remark: More information is available in the 56-REIT on www.set.or.th or www.cpnreit.com

FINANCIAL STATEMENTS



INDEPENDENT

AUDITOR'S REPORT

To the Unitholders of CPN Retail Growth Leasehold REIT

Opinion

I have audited the financial statements of CPN Retail Growth Leasehold REIT (the “Trust”), which comprise of the balance sheet and details of investments as at 31 December 2019, the statements of income, changes in net assets, cash flows and the significant financial information for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as at 31 December 2019 and its financial performance, changes in net assets, cash flows and significant financial information for the year then ended in accordance with Thai Financial Reporting Standards (TFRSS).

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 Trust in accordance with Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that is 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 period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Valuation of investments in leasehold properties	
Referred to Notes 3 (a) and 5 to the financial statements	
The key audit matter	How the matter was addressed in the audit
Investments in leasehold properties are measured at fair value and material to the financial statements of the Trust. The fair value of investments in leasehold properties are estimated by income approach using discounted cash flows. The Trust engaged independent external valuer to assist in valuing the fair value of these investments. Identification and assessment of the fair value require significant judgment in determining the key assumptions. Therefore, such matter is an area that my audit is particularly concentrated on.	<p>My audit procedures included:</p> <ul style="list-style-type: none"> • Understanding and evaluating the basis upon which the Trust identified and assessed the fair value of assets. • Evaluating the independence, qualification and competence of the valuer of the Trust and read the terms of engagement letter between the valuer and the Trust. • The external expert engaged by KPMG helped on considering whether the measurement basis and key assumptions underlying the estimate of the fair values were reasonable by taking account of similar assets in other comparable situations and the work performed by the valuer engaged by the Trust. • Considering the key assumptions by comparing assumptions in appraisal report with actual occurrence, testing calculation and considering the reasonableness of significant movement in the asset valuation from the prior year. • Considering the adequacy of the disclosures in accordance with Thai Financial Reporting Standards.

Other Information

The REIT manager 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 REIT manager and request that the correction be made.

Responsibilities of the REIT manager for the Financial Statements

The REIT manager is responsible for the preparation and fair presentation of the financial statements in accordance with TFRSs, and for such internal control as the REIT manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the REIT manager is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the REIT manager either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the REIT manager.
- Conclude on the appropriateness of the REIT manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the REIT manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

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



(Vannaporn Jongperadechanon)
Certified Public Accountant
Registration No. 4098

KPMG Phoomchai Audit Ltd.
Bangkok
21 February 2020

BALANCE SHEET

CPN RETAIL GROWTH LEASEHOLD REIT

		31 December	
	Note	2019	2018
		(in Baht)	
Assets			
Investments in leasehold properties at fair value (at cost of Baht 45,272.01 million as at 31 December 2019 and Baht 45,113.03 million as at 31 December 2018)	5	44,472,000,000	44,750,000,000
Investments in securities at fair value (at cost of Baht 900.35 million as at 31 December 2019 and Baht 990.00 million as at 31 December 2018)		901,642,042	999,423,613
Cash at banks	4, 6	509,938,079	341,666,302
Rental and service receivables	4, 7	143,710,701	130,917,645
Accrued interest income	4	3,792,338	11,090
Refundable value added tax		392,805,277	392,805,277
Other assets		263,140,777	234,959,206
Total assets		46,687,029,214	46,849,783,133
Liabilities			
Trade accounts payable	4	150,753,438	139,294,107
Other accounts payable	4	34,250,431	32,157,221
Withholding tax payable		69,618,018	76,015,765
Deposits received in advance	4	1,583,595,385	1,543,590,985
Accrued expenses	4	333,386,896	280,877,427
Unearned lease income		51,769,060	52,952,221
Borrowings	4, 8	-	4,468,696,861
Debentures	9	14,524,069,085	10,030,360,764
Other liabilities	4	238,399,329	230,627,101
Total liabilities		16,985,841,642	16,854,572,452
Net assets		29,701,187,572	29,995,210,681

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

BALANCE SHEET

CPN RETAIL GROWTH LEASEHOLD REIT

		31 December	
	Note	2019	2018
		(in Baht)	
Net assets			
Trust registered capital		<u>29,016,410,672</u>	<u>29,016,410,672</u>
Capital received from unitholders	10	29,016,410,672	29,016,410,672
Equalisation account	10	216,092,989	216,092,989
Retained earnings	10	<u>468,683,911</u>	<u>762,707,020</u>
Net assets		<u>29,701,187,572</u>	<u>29,995,210,681</u>
Net assets value per unit (in Baht)		13.4244	13.5573
Number of unit trusts issued at the end of year (Units)		2,212,476,700	2,212,476,700

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

Details of investments

CPN RETAIL GROWTH LEASEHOLD REIT

Type of investments	Areas held by the Trust <i>(Rai-Ngan-Sq. Wah)</i>	31 December 2019			31 December 2018		
		Cost	Fair value <i>(in Baht)</i>	Percentage of investments	Cost	Fair value <i>(in Baht)</i>	Percentage of investments
<i>Investments in leasehold properties (Note 5)</i>							
Leasehold and subleasehold rights on land including shopping center buildings and utility systems and hotel under 6 projects							
1. CentralPlaza Rama II project							
<u>Location</u>	Rama II Road, Bangkhuntien, Bangkok						
Subleasehold right on land, leasehold right on shopping center building including parking building, utility systems, furniture, fixtures and equipment							
Related acquisition costs for leasehold right		7,186,000,000			7,186,000,000		
Leasehold improvements		136,411			136,411		
		86,947,616			62,509,836		
		<u>7,273,084,027</u>	<u>6,359,000,000</u>	<u>14.01</u>	<u>7,248,646,247</u>	<u>6,962,000,000</u>	<u>15.22</u>
2. CentralPlaza Rama III project							
<u>Location</u>	Ratchadapisek Road, Yannawa, Bangkok						
Leasehold right on land, leasehold right on shopping center building including parking spaces, utility systems, furniture, fixtures and equipment							
Related acquisition costs for leasehold right		9,179,000,000			9,179,000,000		
Leasehold improvements		248,541			248,541		
		500,641,781			400,306,635		
		<u>9,679,890,322</u>	<u>11,447,000,000</u>	<u>25.23</u>	<u>9,579,555,176</u>	<u>10,698,000,000</u>	<u>23.38</u>

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

Details of investments

CPN RETAIL GROWTH LEASEHOLD REIT

Type of investments	Areas held by the Trust (Rai-Ngan-Sq. Wah)	31 December 2019			31 December 2018		
		Cost	Fair value (in Baht)	Percentage of investments	Cost	Fair value (in Baht)	Percentage of investments
3. CentralPlaza Pinklao project							
Location	Boromratchachonnanee Road, Bangkok noi, Bangkok						
Subleasehold right on land, leasehold right on shopping center building including parking building, office building, utility systems, furniture, fixtures and equipment	24-2-84	5,542,995,247			5,542,995,247		
Related acquisition costs for leasehold right		111,861			111,861		
Leasehold improvements		96,365,997			73,290,459		
		5,639,473,105	5,216,000,000	11.50	5,616,397,567	5,678,000,000	12.41
4. CentralPlaza Chiangmai Airport project							
Location	Mahidol Road and Waulai Road, Haiya, Amphur Muang Chiangmai, Chiangmai						
Leasehold right on land, leasehold right on shopping center building including parking building, multipurpose building, utility systems, furniture, fixtures and equipment	32-3-56.85	10,494,000,000			10,494,000,000		
Related acquisition costs for leasehold right		152,780			152,780		
Leasehold improvements		20,078,945			14,984,918		
		10,514,231,725	10,655,000,000	23.48	10,509,137,698	10,658,000,000	23.30

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

Details of investments

CPN RETAIL GROWTH LEASEHOLD REIT

Type of investments	31 December 2019			31 December 2018		
	Cost	Fair value (in Baht)	Percentage of investments	Cost (in Baht)	Fair value	Percentage of investments
5. CentralFestival Pattaya Beach project						
<u>Location</u> Pattaya 1 road, Nong Prue,						
Bang La Mung, Chonburi						
Leasehold right on shopping center building including parking spaces	4,892,299,492			4,892,299,492		
Leasehold right on utility systems	3,246,532,994			3,246,532,994		
Related acquisition costs for leasehold right	176,123,198			176,123,198		
Furniture, fixtures and equipment	15,525,000			15,525,000		
Leasehold improvements	7,852,287			1,817,540		
	8,338,332,971	7,290,000,000	16.07	8,332,298,224	7,289,000,000	15.93
6. Hilton Pattaya Hotel project						
<u>Location</u> Pattaya 1 road, Nong Prue,						
Bang La Mung, Chonburi						
Leasehold right on hotel building including parking building	1,501,667,006			1,501,667,006		
Leasehold right on utility systems	2,192,500,508			2,192,500,508		
Related acquisition costs for leasehold right	72,830,971			72,830,971		
Furniture, fixtures and equipment	60,000,000			60,000,000		
	3,826,998,485	3,505,000,000	7.72	3,826,998,485	3,465,000,000	7.57
Total investments in leasehold properties	45,272,010,635	44,472,000,000	98.01	45,113,033,397	44,750,000,000	97.81

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

Details of investments

CPN RETAIL GROWTH LEASEHOLD REIT

	Maturity	31 December 2019		31 December 2018		Percentage of investments
		Face value	Fair value	Face value	Fair value	
<i>Investments in securities</i>						
<i>Unit Trust</i>						
		400,351,789	401,642,042	990,000,000	999,423,613	
<i>Fixed deposits</i>						
	July 2020	500,000,000	500,000,000*	-	-	
		900,351,789	901,642,042	990,000,000	999,423,613	2.19
Total investments in securities						
		46,172,362,424	45,373,642,042	46,103,033,397	45,749,423,613	100.00

* Excluding accrued interest income

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

Statement of income

CPN RETAIL GROWTH LEASEHOLD REIT

		For the year ended 31 December	
	Note	2019	2018
		(in Baht)	
Investment income			
Rental and service income	4	5,111,246,352	4,911,987,727
Interest income	4	10,609,643	3,890,566
Other income	4	19,737,557	11,468,334
Total income		5,141,593,552	4,927,346,627
Expenses			
Costs of rental and services	4	121,747,170	141,465,287
Management fee	4, 12	134,656,099	133,964,141
Trustee fee	4, 12	36,724,663	34,099,961
Registrar fee	12	5,168,150	5,175,000
Property management fee	4, 12	471,721,962	512,979,763
Professional fee		811,000	807,200
Administrative expenses	4	112,239,746	120,417,421
Finance costs	4	502,414,489	400,738,596
Total expenses		1,385,483,279	1,349,647,369
Net investment income		3,756,110,273	3,577,699,258
Net gain (losses) from investments			
Net realised gain (losses) from investments			
investments in leasehold properties		(8,808,877)	(3,334,220)
investments in securities		8,000,681	-
Net unrealised gain (losses) from			
investments in leasehold properties	5	(436,977,239)	242,759,363
investments in securities		1,290,253	9,430,946
Total net gain (losses) from investments		(436,495,182)	248,856,089
Net increase in net assets from operations		3,319,615,091	3,826,555,347

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

Statement of changes in net assets

CPN RETAIL GROWTH LEASEHOLD REIT

		For the year ended 31 December	
	Note	2019	2018
		(in Baht)	
Increase (decrease) in net assets from operations during the year			
Net investment income		3,756,110,273	3,577,699,258
Net realised gain (losses) from investments			
investments in leasehold properties		(8,808,877)	(3,334,220)
investments in securities		8,000,681	-
Net unrealised gain (losses) from			
investments in leasehold properties	5	(436,977,239)	242,759,363
investments in securities		1,290,253	9,430,946
Net increase in net assets from operations		3,319,615,091	3,826,555,347
Less The reduction of paid-in capital distributed to unitholders	10	-	(636,972,043)
Less Distribution to unitholders	11	(3,613,638,200)	(2,656,520,778)
Net increase (decrease) in net assets during the year		(294,023,109)	533,062,526
Net assets as at beginning of the year		29,995,210,681	29,462,148,155
Net assets at the end of the year		29,701,187,572	29,995,210,681

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

Statement of cash flows

CPN RETAIL GROWTH LEASEHOLD REIT

		For the year ended 31 December	
	Note	2019	2018
		(in Baht)	
<i>Cash flows from operating activities</i>			
Net increase in net assets from operations		3,319,615,091	3,826,555,347
<i>Adjustments to reconcile net increase (decrease) in net assets from operations to net cash provided by operating activities:</i>			
Purchases of investments in leasehold properties		(168,218,840)	(200,681,986)
Proceeds from sales of investments in leasehold properties		432,723	107,129
Purchases of investments in securities		(1,849,042,165)	-
Proceeds from sales of investments in securities		1,957,072,506	-
(Increase) decrease in rental and service receivables		(12,793,056)	57,706,886
Increase in other assets		(28,181,571)	(113,262,204)
Increase in trade accounts payable		11,459,331	32,241,826
Increase (decrease) in other accounts payable		2,093,210	(25,079,890)
Decrease in withholding tax payable		(6,397,747)	(521,933,185)
Increase in deposits received in advance		40,004,400	119,520,461
Increase (decrease) in accrued expenses		3,309,186	(527,665,357)
Increase (decrease) in unearned lease income		(1,183,161)	1,471,643
Increase in other liabilities		7,772,228	32,269,565
Interest income		(10,609,643)	(3,890,566)
Interest received		5,870,559	3,954,520
Finance costs		502,414,489	400,738,596
Net realised (gain) losses from investments			
investments in leasehold properties		8,808,877	3,334,220
investments in securities		(8,000,681)	-
Net unrealised (gain) losses from			
investments in leasehold properties	5	436,977,239	(242,759,363)
investments in securities		(1,290,253)	(9,430,946)
Net cash provided by operating activities		4,210,112,722	2,833,196,696

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

Statement of cash flowsw

CPN RETAIL GROWTH LEASEHOLD REIT

		For the year ended 31 December	
	Note	2019	2018
		(in Baht)	
<i>Cash flows from financing activities</i>			
Repayment of borrowings	8	(5,204,716,579)	(9,995,689,062)
Proceed from borrowings	8	726,239,924	-
Proceeds from issue of debentures	9	4,495,000,000	10,040,000,000
Transaction costs from issue of debentures	9	(4,592,888)	(10,261,030)
Interest paid		(440,133,202)	(284,446,537)
The reduction of paid-in capital distributed to unitholders	10	-	(636,972,043)
Distribution to unitholders	11	(3,613,638,200)	(2,656,520,778)
Net cash used in financing activities		(4,041,840,945)	(3,543,889,450)
Net increase (decrease) in cash at banks		168,271,777	(710,692,754)
Cash at banks at the beginning of the year		341,666,302	1,052,359,056
Cash at banks at the end of the year		509,938,079	341,666,302

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

Significant financial information

CPN RETAIL GROWTH LEASEHOLD REIT

	For the year ended 31 December		For the period from 29 November 2017 (date of incorporation) to 31 December 2017
	2019	2018 (in Baht)	
Information on operating results (per unit)			
Net assets value as at beginning of the year / period	13.5573	13.3164	-
Income (losses) from investing activities			
Net investment income	1.6977	1.6170	0.1011
Net realised gain (losses) from investments			
investments in leasehold properties	(0.0040)	(0.0015)	(0.0114)
investments in securities	0.0036	-	-
Net unrealised gain (losses) from			
investments in leasehold properties	(0.1975)	0.1097	(0.2738)
investments in securities	0.0006	0.0043	-
Total income (losses) from investing activities	1.5004	1.7295	(0.1841)
Add Unit trusts issued from the conversion of the Fund to the Trust during the year / period	-	-	13.4028
Add Changes as increasing of equalisation account	-	-	0.0977
Less The reduction of paid-in capital distributed to unitholders	-	(0.2879)	-
Less Distribution to unitholders	(1.6333)	(1.2007)	-
Net assets value at the end of the year / period	13.4244	13.5573	13.3164
Ratio of net increase (decrease) in net assets from operations to average net assets during the year / period (%)			
	11.07	12.81	(1.38)
Significant financial ratios and additional significant information			
Net assets at the end of year / period (in Baht)	29,701,187,572	29,995,210,681	29,462,148,155
Ratio of total expenses to average net assets during the year / period (%)	4.62	4.52	0.53
Ratio of investment income to average net assets during the year / period (%)	17.14	16.50	1.28
Ratio of weighted average investment purchases and sales during the year / period to average net assets during the year / period (%) *	0.54	0.67	1.43
Average net assets value during the year / period (in Baht)	29,995,826,029	29,863,493,236	29,448,570,672

* The value of investment purchases and sales during the year / period does not include cash at banks and investments in cash at banks, and are calculated by a weighted average basis outstanding during the year / period.

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

Notes to the financial statements

CPN RETAIL GROWTH LEASEHOLD REIT
FOR THE YEAR ENDED 31 DECEMBER 2019

Note	Contents
1	Description of CPN Retail Growth Leasehold REIT
2	Basis of preparation of the financial statements
3	Significant accounting policies
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These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the authorised director of the REIT manager on 21 February 2020.

1 Description of CPN Retail Growth Leasehold REIT

CPN Retail Growth Leasehold REIT (“the Trust”) is a real estate investment trust established under the Trust for Transaction in Capital Market Act, B.E.2550 (“the Act”) in accordance with the Trust Deed on 29 November 2017. The Trust was established from the conversion of CPN Retail Growth Leasehold Property Fund (“the Fund”) and received the transfer of assets, liabilities and obligations from the Fund on 1 December 2017. The Trust was a specific closed-end real estate investment trust with an indefinite term. The Trust’s objectives are to raise funds and mainly use funds to invest in properties or leasehold properties and seek benefits from such properties. As at 31 December 2019 and 2018, the Trust has invested in investments in leasehold properties of 6 projects which were CentralPlaza Rama II, CentralPlaza Rama III, CentralPlaza Pinklao, CentralPlaza Chiangmai Airport, CentralFestival Pattaya Beach and Hilton Pattaya Hotel.

As at 31 December 2019, the major unitholder of the Trust was Central Pattana Public Company Limited holding 26.69% of the unit trusts issued and paid-up. (2018: 26.69%)

CPN REIT Management Company Limited (“the REIT manager”) performs monitoring and managing of the assets of the Trust. SCB Asset Management Company Limited acts as the Trustee and Central Pattana Public Company Limited (“Central Pattana”) acts as the Property manager.

2 Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”), guidelines promulgated by the Federation of Accounting Professions and applicable rules and regulations of the Thai Securities and Exchange Commission. In addition, the financial statements have been prepared in accordance with TAS No. 106 “Accounting for Investment Companies”.

New and revised TFRS are effective for annual accounting periods beginning on or after 1 January 2019. The initial application of TFRS 15 *Revenue from Contracts with Customers* which replaces TAS 18 *Revenue* and related interpretations, has no material impact on the Trust’s financial statements.

According to SEC announcement: Rules, Condition and Procedures for Disclosure of Mutual Funds and Real Estate Investment Trusts or Infrastructure Trusts (vol. 5) dated 27 January 2020, the Mutual funds and Trusts must prepare and disclose financial statements information for the year 2020 in accordance with the accounting guidance as specified by the Association of Investment Management Companies (AIMC) with the SEC’s approval. The Trust is currently considering the potential impact from the accounting guidance on the financial statements in the initial period adopted.

(b) Basis of measurement

The financial statements were prepared on the historical cost basis except for investments in leasehold properties and investments in securities are measured at fair value.

(c) Functional and Presentation currency

The financial statements are prepared and presented in Thai Baht, which is the Trust's functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand unless otherwise stated.

(d) Use of judgements and estimates

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of the Trust's accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties at 31 December 2019 that have a significant risk of resulting in a material adjustments to the carrying amounts of assets in the next financial year is included in the Note 5: Investments in leasehold properties.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Measurement of investments

Investments in leasehold properties

Leasehold properties and assets purchased and/or invested by the Trust including land, buildings and furniture, fixtures and equipment relating to the operations are recognised in investments in leasehold properties.

Investments in leasehold properties are stated at fair value with no depreciation charge. The fair value of investments in leasehold properties are based on the appraised value assessed by an independent valuer approved pursuant to the notification of the Securities and Exchange Commission concerning the granting of approval of valuation companies and principle valuers for public use. The REIT manager will make the valuation every 2 years, commencing from the date of the latest full valuation made and the valuation will be performed by annually after the latest full valuation date. The REIT manager will not appoint the same valuer to value the investments in leasehold properties for more than 2 consecutive times.

Gains or losses on measurement of investments in leasehold properties are presented as net unrealised gains or losses in the statement of income.

Investments in securities

Investments are recognised as assets at cost at the date on which the Trust has rights on investments. The cost of investments comprises the purchase prices and direct expenses that the Trust pays to acquire such investments.

The values of investments which cannot be freely traded on an open market is stated at fair value by considering the principles and methods determining by the Association of Investment Management Companies and the stipulations, principles and methods for determining fair value of investments in debt instruments which cannot be freely traded on an open market of the Securities and Exchange Commission.

Gains or losses from investment valuation are presented as net unrealised gains or losses in the statements of income.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount is recognised in statement of income.

In case of the Trust disposes of part of its holding of a particular investment, the deemed cost of the part sold and held are determined using the weighted average method.

(b) Cash at banks

Cash at banks in the statements of cash flows comprise call deposits.

(c) Rental and service receivables

Rental and service receivables are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

(d) Trade accounts payables and other accounts payables

Trade accounts payables and other accounts payables are stated at cost.

(e) Interest-bearing liabilities

Interest-bearing liabilities are stated at cost.

(f) Revenue

Rental

Rental income from investment in leasehold property is recognised in the statement of income on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income. Contingent rentals are recognised as income in the accounting period in which they are earned.

Service

Service income is recognised when a customer obtains control of the services in an amount that reflects the consideration to which the Trust expects to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added taxes and is arrived at after deduction of trade discounts and volume rebates. Service income is recognised over time when services are render to customer.

Interest income

Interest income is recognised in statement of income as it accrues.

(g) Expenses

Expenses are charged to the statement of income in the period in which they are incurred.

Lease payment

Payments made under operating leases are recognised in the statement of income on a straight line basis over the term of the lease. Lease incentives received are recognised in the statement of income as an integral part of the total lease expense, over the term of the lease.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Trust determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Trust the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Trust separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Trust concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Trust incremental borrowing rate.

(h) Finance costs

Interest expenses and similar costs are charged to the statement of income based on the effective interest rate for the period in which they are incurred.

(i) Income tax

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

(j) Distribution to unitholders

A decrease in retained earnings is recognised at the date a cash dividend is declared.

(k) Equalisation account

Share subscription price of investment units in excess of the par value of investment units on the date of transactions of the amounts of unit sold, is recognised in “Equalisation account”.

(l) Related parties

Related parties are a person or entity that has direct or indirect control or joint control, or has significant influence over the financial and managerial decision-making of the Trust; a person or entity that are under common control or under the same significant influence as the Trust; or the Trust has direct or indirect control or joint control or has significant influence over the financial and managerial decision-making of a person or entity.

(m) Segment reporting

Segment results that are reported to the Board of Directors of the REIT manager (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

4 Related parties

Relationships with related parties were as follows:

Name of Entities	Country of Incorporation/ Nationality	Nature of Relationship	Nature of Transaction
Central Pattana Public Company Limited	Thailand	<ul style="list-style-type: none">- Major unitholder holding 26.69% of Trust units issued and paid-up (2018: 26.69%)- Property manager	<ul style="list-style-type: none">- Rental and service agreement- Receive property management fee from the Trust
CPN REIT Management Company Limited	Thailand	<ul style="list-style-type: none">- REIT manager- Central Pattaya Public Company Limited's subsidiary	<ul style="list-style-type: none">- Rental and service agreement- Receive management fee from the Trust
SCB Asset Management Company Limited	Thailand	<ul style="list-style-type: none">- Trustee of the Trust	<ul style="list-style-type: none">- Receive trustee fee from the Trust
The Siam Commercial Bank Public Company Limited	Thailand	<ul style="list-style-type: none">- Parent company of SCB Asset Management Company Limited	<ul style="list-style-type: none">- Grant loan to the Trust- Rental and service agreement- Depository service
SCB Securities Company Limited	Thailand	<ul style="list-style-type: none">- The Siam Commercial Bank Public Company Limited's subsidiary	<ul style="list-style-type: none">- Rental and service agreement
Central Pattana Rama 2 Company Limited	Thailand	<ul style="list-style-type: none">- Central Pattana Public Company Limited's subsidiary- Common directors	<ul style="list-style-type: none">- Water treatment system rental agreement rendering to the Trust- Rental and service agreement

Name of Entities	Country of Incorporation/ Nationality	Nature of Relationship	Nature of Transaction
Central Pattana Rama 3 Company Limited	Thailand	<ul style="list-style-type: none"> - Central Pattana Public Company Limited's subsidiary - Common directors 	- Rental and service agreement
Central Pattana Chiangmai Company Limited	Thailand	<ul style="list-style-type: none"> - Central Pattana Public Company Limited's subsidiary - Common directors 	- Rental and service agreement
CPN Pattaya Company Limited	Thailand	<ul style="list-style-type: none"> - Central Pattana Public Company Limited's subsidiary - Common directors 	<ul style="list-style-type: none"> - Rental and service agreement - Lessor of assets which the Trust additionally invested
CPN Pattaya Hotel Company Limited	Thailand	<ul style="list-style-type: none"> - Central Pattana Public Company Limited's subsidiary - Common directors 	- Sublease agreement over building and utility systems, and lease agreement over movable assets with the Trust
Central Group of Companies	Thailand	- Common directors, common management or common control with Central Pattana Public Company Limited	- Rental and service agreement

The pricing policies for transactions with related parties are explained further below:

Transactions	Pricing Policies
Rental and service income	- Market prices which are subject to location, lease space, lease form, lease period and type of lease
Interest income	- As mutually agreed rate
Other income	- The rate being charged by other parties in the business
Costs of rental and services	- Market prices
Management fee	- As mutually agreed prices in contract
Trustee fee	- As mutually agreed prices in contract
Property management fee	- As mutually agreed prices in contract
Administrative expenses	- As mutually agreed prices in contract
Finance costs	- As mutually agreed prices in contract

Significant transactions with related parties for the year ended 31 December were as follows:

	2019 <i>(in thousand Baht)</i>	2018
<i>Income</i>		
Rental and service income		
Central Pattana Public Company Limited and its subsidiaries	456,431	394,052
The Siam Commercial Bank Public Company Limited and its subsidiaries	55,017	48,793
Central Group of Companies	615,155	539,635
Total	1,126,603	982,480
Interest income		
The Siam Commercial Bank Public Company Limited	1,318	1,376
Other income		
Central Pattana Public Company Limited and its subsidiaries	-	159
Central Group of Companies	253	803
Total	253	962
<i>Expenses</i>		
Costs of rental and services		
Central Pattana Public Company Limited and its subsidiaries	12,441	16,962
Central Group of Companies	3,589	3,142
Total	16,030	20,104
Management fee		
CPN REIT Management Company Limited	134,656	133,964
Trustee fee		
SCB Asset Management Company Limited	36,725	34,100
Property management fee		
Central Pattana Public Company Limited	471,722	512,980

	2019 (in thousand Baht)	2018
Administrative expenses		
Central Pattana Public Company Limited and its subsidiaries	14,502	32,882
Central Group of Companies	1,937	1,981
Total	16,439	34,863
Finance costs		
The Siam Commercial Bank Public Company Limited	2,368	36,330

Balances with related parties as at 31 December were as follows:

	2019 (in thousand Baht)	2018
<i>Cash at bank</i>		
The Siam Commercial Bank Public Company Limited	88,466	178,921
<i>Rental and service receivables</i>		
Central Pattana Public Company Limited and its subsidiaries	31,034	44,682
The Siam Commercial Bank Public Company Limited	69	81
Central Group of Companies	37,936	17,175
Total	69,039	61,938
<i>Accrued interest income</i>		
The Siam Commercial Bank Public Company Limited	5	11
<i>Trade accounts payable</i>		
Central Pattana Public Company Limited and its subsidiaries	107,331	96,246
CPN REIT Management Company Limited	23,159	23,191
Central Group of Companies	563	384
Total	131,053	119,821
<i>Other accounts payables</i>		
SCB Asset Management Company Limited	6,316	5,903
Central Pattana Public Company Limited and its subsidiaries	11	11
The Siam Commercial Bank Public Company Limited	62	4
Central Group of Companies	5,716	2,439
Total	12,105	8,357
<i>Deposits received in advance</i>		
The Siam Commercial Bank Public Company Limited	26,866	26,866
Central Pattana Public Company Limited and its subsidiaries	18,263	18,263
Central Group of Companies	151,280	150,423
Total	196,409	195,552

	2019 (in thousand Baht)	2018
Accrued expenses		
The Siam Commercial Bank Public Company Limited	-	1,648
Borrowings		
The Siam Commercial Bank Public Company Limited	-	729,232
Other liabilities		
Central Pattana Public Company Limited and its subsidiaries	1,261	838
The Siam Commercial Bank Public Company Limited and its subsidiaries	1,924	1,924
Central Group of Companies	14,137	11,503
Total	17,322	14,265

Significant agreements with related parties

Central Pattana Rama 2 Company Limited

On 1 December 2017, the Trust received the transfer of liabilities and commitment of the Fund which was in accordance with the Rights and Duties Transferred Agreement between the Fund and the Trust dated 29 November 2017 resulting in the commitment from the Operating Lease Agreement between the Trust and Central Pattana Rama 2 Company Limited to start on the date of receiving the transfer.

As at 31 December 2019 and 2018, the Trust has commitment for the lease under a water treatments system rental agreement with Central Pattana Rama 2 Company Limited, a subsidiary of Central Pattana Public Company Limited. This commitment is part of shopping center building lease agreement with CentralPlaza Rama II for the remaining lease period of 5 years ending 15 August 2025 as follows:

	2019 (in thousand Baht)	2018
At 31 December		
Future minimum lease payable		
Within one year	5,960	6,370
After one year but within five years	26,980	24,620
After five years	3,420	11,740
Total	36,360	42,730

At the Board of Directors' Meeting of the REIT manager on 20 March 2018, the Board of Directors resolved to approve the termination of the land sublease agreements and the entering into the new land sublease agreements with respect to CentralPlaza Rama II project with Central Pattana Rama 2 Company Limited. In this regard, on 28 June 2018, the Trust registered the termination of the land sublease of CentralPlaza Rama II project, and registered the lease of the land under the new Land Lease Agreements (sublease term from 28 June 2018 to 15 August 2025) with the landlords under the same conditions as specified in the previous land sublease agreement since Central Pattana Rama 2 Company Limited had registered the termination of the lease of the land, and registered the new land lease agreements with the landlords.

In this regard, in December 2019, the Trust entered into lease building agreement of CentralPlaza Rama II project (Renewal period) with Central Pattana Rama 2 Company Limited, with a lease agreement period of 30 years from 16 August 2025 to 15 August 2055. The Trust will payment the rental throughout the lease agreement period totalling Baht 25,394 million in 2025 and the Trust will guarantee for rental payment to Central Pattana Rama 2 Company Limited of Baht 1,800 million within the period that specified in the contract. Lease agreement can renew according to the agreed conditions by written notice at least 12 months before ending the lease period. The asset details have as follows:

- Leasing part of building and structures of CentralPlaza Rama II, including part of the shopping centre and the indoor parking area
- Leasing the system relevant to the building and structures of CentralPlaza Rama II
- Purchasing the furniture, fixture and equipment

CPN Pattaya Hotel Company Limited

On 29 November 2017, the Trust (“the Sublessor”) entered into Hilton Pattaya Hotel building sublease agreement, system sublease agreement and movable assets lease agreement with CPN Pattaya Hotel Company Limited (“the Sublessee”), a subsidiary of Central Pattana Public Company Limited, for using in the operation of hotel business for a period of 1 month ending in 31 December 2017. Counterparties can renew the agreements for 3 times at 3 years each ending in December 2026. Under the conditions of the agreement, the Sublessee had to pay the annual rental throughout the lease agreement period. The annual rental comprise of fixed rental totalling Baht 2,194 million and variable rental which is calculated from profit before tax deducting of reserve for furniture, fixtures and equipment of the hotel.

<i>At 31 December</i>	2019	2018
	<i>(in thousand Baht)</i>	
<i>Future minimum lease receivable</i>		
Within one year	224,957	217,350
After one year but within five years	981,368	948,182
After five years	543,709	801,852
Total	<u>1,750,034</u>	<u>1,967,384</u>

5 Investments in leasehold properties

Receipt of transfer of investments in leasehold properties

On 1 December 2017, the Trust received the transfer of investments in leasehold properties from the Fund which was in accordance with the Rights and Duties Transferred Agreement between the Fund and the Trust dated 29 November 2017. The investments in leasehold properties received as transferred from the Fund had fair value of Baht 32,402 million which were under the projects of Central Pattana Public Company Limited and its subsidiaries. The details were as follows:

- CentralPlaza Rama II project with a sublease agreement remaining period of 6 years ending 15 August 2025 and the fair value of Baht 7,186 million.
- CentralPlaza Rama III project with a lease agreement remaining period of 16 years ending 15 August 2035 by having right to renew for another 2 times, 30 years each and the fair value of Baht 9,179 million.

- CentralPlaza Pinklao project with a lease and sublease agreements remaining period of 6 years ending 31 December 2024 and the fair value of Baht 5,543 million.
- CentralPlaza Chiangmai Airport project with a lease agreement remaining period of 25 years ending 22 April 2044 and the fair value of Baht 10,494 million.

Investments in additional investments in leasehold properties

On 1 December 2017, the Trust invested in additional assets with CPN Pattaya Company Limited, a subsidiary of Central Pattana Public Company Limited with a lease and sublease agreement period of 19 years ending 31 August 2037. The details were as follows:

CentralFestival Pattaya Beach project

- Leasing part of building and structures of CentralFestival Pattaya Beach, including part of the shopping centre and the indoor parking area
- Leasing the system relevant to the building and structures of CentralFestival Pattaya Beach
- Purchasing the furniture, fixture and equipment

Hilton Pattaya Hotel project

- Leasing all of building and structures of Hilton Pattaya Hotel, including all hotel building and part of the indoor parking area
- Leasing the system relevant to the building and structures of Hilton Pattaya Hotel
- Purchasing the furniture, fixture and equipment

The Trust paid for the investments in additional assets totalling Baht 11,908 million consisting of CentralFestival Pattaya Beach project of Baht 8,154 million and Hilton Pattaya Hotel project of Baht 3,754 million and paid for related expenses in the amount of Baht 249 million which were recorded as cost of investments in leasehold properties.

	2019	2018
	<i>(in thousand Baht)</i>	
Investments in leasehold properties - at cost		
Investments in leasehold properties - beginning of the year	45,113,034	44,915,793
Add Increase in furniture, fixtures and equipment and leasehold improvements during the year	168,219	200,682
Less Decrease in furniture, fixtures and equipment and leasehold improvements during the year	(9,242)	(3,441)
	<u>45,272,011</u>	<u>45,113,034</u>
Net unrealised gain (losses) from investments in leasehold properties		
Net unrealised losses from investments in leasehold properties - beginning of the year	(363,034)	(605,793)
Less Unrealised gain (losses) from revaluation during the year	(436,977)	242,759
Investments in leasehold properties - end of the year	<u>44,472,000</u>	<u>44,750,000</u>

The Trust hired an independent appraiser to revalue these investments in leasehold properties using the income approach. The investments in leasehold properties were subsequently adjusted to their fair values as follows:

Project	Unrealise gain (losses) from investments in leasehold properties For the period ended 31 December	
	2019	2018
	<i>(in thousand Baht)</i>	
CentralPlaza Rama II	(627,438)	(286,491)
CentralPlaza Rama III	648,665	1,470,328
CentralPlaza Pinklao	(485,075)	61,709
CentralPlaza Chiangmai Airport	(8,094)	153,031
Central Festival Pattaya Beach	(5,035)	(866,650)
Hilton Pattaya Hotel	40,000	(289,168)
Total	(436,977)	242,759

6 Cash at banks

As at 31 December 2019 and 2018, the Trust invested in cash at banks as follows:

		2019	2018	2019	2018
	<i>Note</i>	Interest rate			
		<i>(% per annum)</i>		<i>(in thousand Baht)</i>	
Current Account					
Citibank, N.A.		-	-	382,473	143,161
KASIKORNBANK Public Company Limited		-	-	60	60
Savings Accounts					
The Siam Commercial Bank Public Company Limited	4	0.375	0.375	88,466	178,921
KASIKORNBANK Public Company Limited		0.250	0.370	38,939	19,524
Total				509,938	341,666

7 Rental and service receivables

	2019	2018
	<i>(in thousand Baht)</i>	
Within credit terms	38,749	43,009
Overdue:		
Less than 3 months	64,708	67,394
3 - 6 months	29,914	8,043
6 - 12 months	3,358	6,536
Over 12 months	7,304	6,996
Total	144,033	131,978
<i>Less</i> Allowance for doubtful accounts	(322)	(1,060)
Net	143,711	130,918

The normal credit term granted for rental and service receivables of the Trust ranges from 1 day to 30 days.

8 Borrowings

	Note	2019	2018
		<i>(in thousand Baht)</i>	
Borrowings from financial institutions - Group 1			
- unsecured	4	-	729,232
Borrowings from financial institutions - Group 2			
- unsecured		-	3,739,465
Total		-	4,468,697

As at 31 December 2018, borrowings from financial institutions had the effective interest rate at 2.43% per annum.

Movement of borrowings for the year ended 31 December, were as follows:

	2019	2018
	<i>(in thousand Baht)</i>	
Beginning of the year	4,468,697	14,453,698
<i>Add</i> Payment front-end fee	9,780	10,688
<i>Add</i> Additional borrowings	726,240	-
<i>Less</i> Repayment of borrowings	(5,204,717)	(9,995,689)
End of the year	-	4,468,697

The periods to maturity of borrowings, as at 31 December, were as follows:

	2019	2018
	<i>(in thousand Baht)</i>	
Within one year	-	4,468,697

9 Debentures

	2019 (in thousand Baht)	2018
Debentures - Series 1 / 2018		
- unsecured	2,648,532	2,647,630
Debentures - Series 2 / 2018		
- unsecured	7,383,485	7,382,731
Debentures - Series 1 / 2019		
- unsecured	2,698,475	-
Debentures - Series 2 / 2019		
- unsecured	1,793,577	-
Total	14,524,069	10,030,361

On 8 February 2019 the Trust issued the debentures that had name registered, unsubordinated and unsecured debentures with debenture holder representative totalling Baht 4,495 million. The details are as follows;

- The first series of Baht 2,700 million with the term of 2 years, maturing on 8 February 2021 and bearing interest at the fixed rate of 2.54% per annum.
- The second series of Baht 1,795 million with the term of 4 years, maturing on 8 February 2023 and bearing interest at the fixed rate of 3.30% per annum.

The debentures had latest credit rating of “AA” rated by TRIS Rating Company Limited on 29 June 2018 and were registered with the Thai Bond Market Association on 8 February 2019.

On 17 August 2018 the Trust issued the debentures that had name registered, unsubordinated and unsecured debentures with debenture holder representative totalling Baht 10,040 million. The debentures are divided into:

- The first series of Baht 2,650 million with the term of 3 years, maturing on 17 August 2021 and bearing interest at the fixed rate of 2.70% per annum.
- The second series of Baht 7,390 million with the term of 10 years, maturing on 17 August 2028 and bearing interest at the fixed rate of 3.80% per annum.

The debentures had latest credit rating of “AA” rated by TRIS Rating Company Limited on 25 May 2018 and were registered with the Thai Bond Market Association on 17 August 2018.

Movement of debentures for year ended 31 December, were as follows:

	2019 (in thousand Baht)	2018
Beginning of the year	10,030,361	-
<i>Add</i> Issue of debentures	4,495,000	10,040,000
<i>Less</i> Repayment of underwriting fee	(4,593)	(10,261)
	14,520,768	10,029,739
<i>Add</i> Payment of underwriting fee	3,301	622
End of the year	14,524,069	10,030,361

The periods to maturity of debentures, as at 31 December were as follows:

	2019	2018
	<i>(in thousand Baht)</i>	
After one year but within five years	7,140,584	2,647,630
After five years	7,383,485	7,382,731
Total	<u>14,524,069</u>	<u>10,030,361</u>

10 Unitholders' equity

On 29 November 2017, CPN REIT Management Company Limited, as a Trust settlor and REIT manager, established CPN Retail Growth Leasehold REIT from the conversion of CPN Retail Growth Leasehold Property Fund ("the Fund"). The Trust had registered capital of Baht 29,653.38 million consisting of 2,212,476,700 trust units at the par value of Baht 13.4028 per unit. The REIT manager had registered such unit trusts to the Stock Exchange of Thailand on 14 December 2017.

On 1 December 2017, the Trust received the transfer of assets, liabilities and obligations of the Fund which was in accordance with the Rights and Duties Transferred Agreement between the Fund and the Trust dated 29 November 2017 and the Trust gave compensation as unit trusts of the Trust to the Fund totalling 2,212,476,700 units at 13.5004 Baht per unit, totalling Baht 29,869.47 million. Subsequently, on 4 December 2017, the Fund had transferred such unit trusts to the unitholders of the Fund at a ratio of 1:1 resulting in the unitholders of the Fund became the unitholders of the Trust and the Trust had recognised the share premium of investment units totalling Baht 216.09 million in the equilisation account.

At the Board of Directors' Meeting of the REIT manager held on 23 February 2018, the Board of Director approved the capital reduction of the Trust by reducing the value of the unit trusts of 0.2879 per unit, amounting to Baht 636.97 million which had paid the repayment from capital reduction to the unitholders in March 2018. The capital reduction was in accordance with the Trust established agreement.

	2019			2018		
	Par value	Number	Amount	Par value	Number	Amount
	<i>(in Baht)</i>	<i>(in thousand units/ thousand Baht)</i>		<i>(in Baht)</i>	<i>(in thousand units/ thousand Baht)</i>	
Trust registered capital and capital received from unitholders						
Unit trusts at beginning of the year	13.1149	2,212,477	29,016,411	13.4028	2,212,477	29,653,383
Less Capital Reduction of the Trust	-	-	-	(0.2879)	-	(636,972)
Unit trusts at the end of the year		<u>2,212,477</u>	<u>29,016,411</u>		<u>2,212,477</u>	<u>29,016,411</u>

	Note	2019 (in thousand Baht)	2018
Retained earnings			
Beginning of the year		762,707	(407,327)
<i>Add</i> Increase in net assets from operations during the period		3,319,615	3,826,555
<i>Less</i> Distribution to unitholders	11	(3,613,638)	(2,656,521)
At the end of the year		468,684	762,707

11 Distribution to unitholders

The Trust has the distribution policy as below;

1. The REIT manager shall pay distribution to the unitholders of not less than 90% of the adjusted net profit of accounting period which will pay not less than 2 times a year and pay within 90 days from the end of accounting period or accounting period that had paid such distribution as the case may be.

The above adjusted net profit means the profit adjusted by the following items:

- 1) Deduction of unrealised gain from the valuation or review of valuation of assets of the Trust and other adjustments made in accordance with the guidelines of the Office of the Securities and Exchange Commission to be in line with the cash status of the Trust.
- 2) Deduction of reserve for repayments of borrowings or commitment incurred from obtaining borrowings by the Trust, in accordance with the amount specified under the Registration Statement and the Prospectus, or the Annual Report as the case may be.
2. In case where the Trust has accumulated profit in any accounting period, the REIT manager may pay distribution to the unitholders from such accumulated profit.
3. In case where the Trust has incurred accumulated losses, the REIT manager shall not to pay any distribution to the unitholders.
4. In consideration of distribution, if the distribution that will be announced to be paid per unit trust during any accounting year or accounting period is lower than or equivalent to Baht 0.10, the REIT manager reserves the rights not to pay such distribution, and the distribution shall be carried forward to pay on the subsequent period according to the stated distribution procedures.

During the year 2019 and 2018, the Board of Directors' of the REIT manager approved the appropriation of distribution which paid to its unitholders as follows:

For the year ended 31 December 2019					
No.	The operation for the period	Approval date	Payment date	Distribution per unit trust (in Baht)	Amount (in thousand Baht)
1	1 October - 31 December 2018	26 February 2019	25 March 2019	0.4163	921,055
2	1 January - 31 March 2019	14 May 2019	11 June 2019	0.4055	897,159
3	1 April - 30 June 2019	8 August 2019	6 September 2019	0.4055	897,159
4	1 July - 30 September 2019	8 November 2019	6 December 2019	0.4060	898,265
Total					3,613,638

For the year ended 31 December 2018

No.	The operation for the period	Approval date	Payment date	Distribution per unit trust (in Baht)	Amount (in thousand Baht)
1	1 January - 31 March 2018	10 May 2018	6 June 2018	0.3795	839,635
2	1 April - 30 June 2018	9 August 2018	6 September 2018	0.4055	897,159
3	1 July - 30 September 2018	6 November 2018	4 December 2018	0.4157	919,727
Total					2,656,521

12 Expenses

(a) Management fee

The REIT manager will receive a monthly management fee from the Trust at the rate not exceeding 1% per annum of total assets value (excluding value added tax, specific business tax or any other similar tax), but not less than Baht 15 million per year. Such fee had increasing rate of 3% per year.

(b) Trustee fee

The Trustee of the Trust will receive a monthly trustee fee from the Trust at a rate not exceeding 1% per annum of total asset value (excluding value added tax, specific business tax or any other similar tax), but not less than Baht 20 million per year.

(c) Registrar fee

The registrar fee is calculated monthly at a rate of 0.023% per annum of the Trust's registered capital, but not exceeding Baht 5 million per year.

(d) Property management fee

The Property manager will receive remuneration for acting as the Property manager from the Trust, which shall be payable monthly according to the Property Management Appointment Agreement between the Trust and the Property manager which are summarised as follows:

1. Fee for rental and service collection on behalf of the Trust at the rate not exceeding 3% of net rental and service income of the Trust.
2. Commission for procuring tenants and management of all tenants of the Trust upon entering into lease agreements with new tenants or renewal of lease agreements is calculated from the monthly rental rate of each tenant at the rates not exceeding 0.5 - not exceeding 1.5 months and not exceeding 3% of the fee for leasehold right received in advance from the tenants, depending on the type and period of lease agreements.
3. Property management fee at the rate not exceeding 0.28% per annum of investment properties value from net asset value report of the Trust that was certified by trustee in each month which was calculated at the last working day of each month. The fee is excluding the value of investment property of hotel and CentralPlaza Rama II Project (Renewal Period).
4. Incentive fee at the rate not exceeding 2.35% of net properties income. Net properties income means total revenue that the Trust derived from properties deducting with total costs and expenses incurred from procuring benefits from the properties.

5. Fee for purchase and sale of properties of the Trust at the rate not exceeding 1.5% of the properties' value that the Trust additionally invested and at the rate not exceeding 0.75% of the properties' sales value from the Trust.
6. Fees for the supervision of improvements and/or development of the Trust's properties at the rate not exceeding 2% of the total costs of improvement and/or development of properties of the Trust. Such costs of improvement and/or development including the costs of the purchase of areas to be improved and/or developed back from the existing tenants, but excluding the designing fee, advisor fee, or other professional fees.

13 Segment information

The Trust main business is investing in properties and leasehold rights, seeking the benefits from properties, and properties for rent. The Trust has only one geographical segment because they operate only in Thailand.

14 Financial instruments

Financial risk management policies

The Trust is exposed to normal business risks from changes in market interest rates and from non-performance of contractual obligations by counterparties. The Trust does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Trust. The Trust has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The REIT manager continually monitors the Trust's risk management process to ensure that an appropriate balance between risk and control is achieved.

Capital management

The REIT manager's Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. They monitors the return on capital and monitors the level of distribution to unitholders.

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the operations and cash flows of the Trust because borrowings interest rates are mainly floated. The Trust is primarily exposed to interest rate risk from its borrowing (see Notes 8).

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Trust as and when they fall due.

The Trust has no concentrations of credit risk from receivables due to the Trust has a large number of customers in various businesses. Additionally, the Trust has a policy to collect in advance the rental deposits from customers as collateral in case of default. The REIT manager is of opinion that the Trust 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 encompasses consideration of past collection experiences, customers' deposits and other factors including the local economic conditions.

Fair values

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. In determining the fair value of its financial assets and liabilities, the Trust takes into account its current circumstances and the costs that would be incurred to exchange or settle the underlying financial instrument. The carrying amounts of the Trust's financial assets and liabilities as at 31 December 2019 and 2018 as presented in the financial statements approximate to their fair values.

15 Additional in investments in leasehold properties

At the Extraordinary General Meeting of Unitholders' of the Trust held on 22 November 2019, had significant resolution as below:

1. To approve of an additional investments in 5 projects which are CentralMarina project, CentralPlaza Lampang project, CentralPlaza Surat Thani project, CentralPlaza Ubon Ratchathani project, and CentralPlaza Rama II project (Renewal period) ("Group-1 Assets") from Central Pattana Public Company Limited ("CPN") and/or subsidiaries of CPN with the total investment value of not exceeding Baht 48,560 million and appoint CPN as a Property manager.
2. To approve of an additional investments in 2 projects which are The Ninth Towers Office Building project and Unilever House Office Building project ("Group-2 Assets") from GLAND Office Leasehold Real Estate Investment Trust ("GLANDRT") with the total investment value of not exceeding Baht 7,430 million and appoint Grand Canal Land Public Company Limited ("GLAND") and Sterling Equity Company Limited ("Sterling") as a Property managers.
3. To approve an amendment of the Property Manager Appointment Agreement for the assets currently invested in by the Trust, which are CentralPlaza Rama II project, CentralPlaza Rama III Project, Central Plaza Pinklao project, CentralPlaza Chiangmai Airport project, Central Festival Pattaya Beach project.
4. To approve of the loan transactions which is not exceeding Baht 13,500 million and to approve of the entering into the transaction that has conflict of the interest of the Trust due to a part of source of funds may be from The Siam Commercial Bank Public Company Limited who is a major shareholder of SCB Asset Management Company Limited, the Trustee of the Trust.
5. To approve the capital increase for invest in Group-1 Assets (excluding payment of rental fees for CentralPlaza Rama II project (Renewal period)) and/or Group-2 Assets and/or for other specific proposes which are not exceeding 770 million units by allocate the additional Trust units as the following
 - Not less than 75 percent of the total additional Trust units at this time to the exiting unitholders of the Trust pursuant to the names specified in the unitholder registration book in accordance with the proportion of unitholding.
 - Not less than 25 percent of the total additional Trust units at this time to the exiting unitholders of GLANDRT pursuant to the names specified in the unitholder registration book in accordance with the proportion of unitholding.
 - Remaining after the allocation to private placement and/or public offering.

6. To approve the capital increase for payment of rental fees for CentralPlaza Rama II project (Renewal period) by issuance and offer for sale of the additional trust units in year 2025 for not exceeding 630 million units by allocate the additional Trust units as the following
 - Not less than 25 percent of the total additional Trust units at this time to the exiting unitholders of the Trust pursuant to the names specified in the unitholder registration book in accordance with the proportion of unitholding.
 - Remaining after the allocation to private placement and/or public offering.
7. To approve the issuance and offer for sale of debentures, totalling not exceeding Baht 13,500 million.
8. To approve the amendment of the Trust established agreement as the following
 - To revise details of Group-1 Assets and Group-2 Assets which invested by the Trust in timely basis subject to the asset completion.
 - To revised fee and expense for in accordance with the management of Group-1 Assets and Group-2 Assets.

16 Events after the reporting period

At the Board of Directors' Meeting of the REIT manager held on 21 February 2020, the Board of Directors approved the distribution to unitholders of the Trust from the operation period from 1 October 2019 to 31 December 2019 at the rate of Baht 0.4060 per unit, totalling Baht 898.27 million. The distribution will be paid to the unitholders in March 2020.

On 21 February 2020, the REIT manager had notification of subscription ratio and indicative offering price range for capital increase of the Trust to the Stock Exchange of Thailand which summary as follows:

1. The offering ratio of the additional trust units to be offered to public investors who are existing eligible unitholders of the Trust whose names appeared on the book closure date on 27 February 2020 is at 4.4319 existing trust units of the Trust per one additional trust unit.
2. The offering ratio of the additional trust units to be offered to public investors who are existing eligible unitholders of GLANDRT whose names appeared on the book closure date on 27 February 2020 is at 3.0034 existing trust units of GLANDRT per one additional trust unit.
3. The indicative offering price range is between Baht 32.00 per unit to Baht 33.00 per unit.

17 Reclassification of accounts

Certain accounts in the 2018 financial statements have been reclassified to conform to the presentation in the 2019 financial statements. Other significant reclassifications were as follows:

	Before reclassification	2018 Reclassification (in thousand Baht)	After reclassification
<i>Statement of income</i>			
Rental and service income	4,739,069	172,919	4,911,988
Other income	184,387	(172,919)	11,468
Registrar fee	8,441	(3,266)	5,175
Administrative expenses	117,151	3,266	120,417
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The reclassifications have been made because, in the opinion of the REIT manager, the new classification is more appropriate to the Trust's business.





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