

2019 Annual Report



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



Tenant Mix

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

Business Synergies from Mixed-use Commercial Complex

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

Great location and environment

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

High quality of grade A office building

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

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Summary of BOFFICE

REIT Name	Bhiraj Office Leasehold Real Estate Investment Trust
Abbreviation	BOFFICE
REIT Manager	Bhiraj REIT Management Company Limited
Property Manager	BHIRAJ Management Company Limited
Trustee	Kasikorn Asset Management Company Limited
Term	Infinite
Paid-up Capital	4,873,441,263 Baht
Unit Description	Non-redeemable



Investors can study further information about of BOFFICE from the annual report (Form 56-REIT1) disclosed on www.sec.or.th or the website of BOFFICE

Financial Statement

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

(Unit: Baht)

Details	As at 31 December 2019	As at 31 December 2018
<u>Assets</u>		
Investment in leasehold right over properties at fair value	6,479,211,187	6,418,199,004
Investment in securities at fair value	293,067,886	316,077,419
Other assets	191,379,531	159,167,435
Total assets	6,963,658,604	6,893,443,858
<u>Liabilities</u>		
Long-term loan from financial institution	1,700,919,723	1,695,154,826
Other liabilities	213,001,060	224,490,316
Total Liabilities	1,913,920,783	1,919,645,142
Net assets	5,049,737,821	4,973,798,716

Statement of income of Bhiraj Office Leasehold Real Estate Investment Trust

(Unit: Baht)

Details	For the year ended 31 December 2019	For the Period as from 15 January 2018 to 31 December 2018
<u>Investment income</u>		
Rental and service income	637,532,359	567,558,018
Other income	5,908,469	3,265,733
Total income	643,440,828	570,823,751
<u>Expenses</u>		
Cost of rental and service	119,690,289	106,751,403
Fee	63,423,131	54,939,154
Other expenses	93,533,051	90,407,070
Total expenses	276,646,471	252,097,627
Net investment income	366,794,357	318,726,124
Net unrealised gain (loss) on investment in leasehold right over properties	59,607,079	(251,193,918)
Increase in net assets from operations	426,401,436	67,532,206

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

(Unit: Baht)

Cash flows	For the year ended 31 December 2019	For the Period as from 15 January 2018 to 31 December 2018
Net cash flows used in operating activities	440,703,958	(6,518,322,793)
Net cash flows from (used in) financing activities	(417,511,112)	6,548,345,798
Net increase in cash and cash at banks	23,192,846	30,023,005
Cash and cash at banks at the beginning of year/period	30,023,005	-
Cash and cash at banks at the end of year/period	53,215,851	30,023,005

Significant financial ratios

Financial	2019	2018
Ratio of increase in net assets resulting from operations to average net assets during the year/period (percent)	8.50	1.33
Net assets at the end of year/period (Baht)	5,049,737,821	4,973,798,716
Ratio of total expenses to average net assets during the year/period (percent)	5.51	4.96
Ratio of total investment income to average net assets during the year/period (percent)	12.82	11.24
Ratio of weighted average investment turnover during the year/period to average net assets during the year/period (percent)	1.13	126.06
Average net assets during the year/period (Baht)	5,018,406,400	5,077,577,110

Chairwoman's Message

Dear Valued Unitholder,

From the inception of Bhiraj Office Leasehold Real Estate Investment Trust or BOFFICE, in year 2018, BOFFICE pursued its investments on the leasehold rights over the BHIRAJ TOWER at EmQuartier Office Building, a premium, grade A office complex situated on the Central Business District (CBD), upper Sukhumvit road.

Our performance for the fiscal year ending 31st December 2019 posted a rental occupancy rate of 99%, generating an income of 643 million Baht. Last year operating result testifies the proven management capacity of BOFFICE to efficiently and effectively deliver optimal returns.

On 12th June 2019, BOFFICE arranged the Extraordinary General Meeting of Trust Unitholders of Bhiraj Office Leasehold Real Estate Investment Trust No. 1/2019. The agenda was to consider and approve on increasing of the investment in BHIRAJ TOWER at BITEC project for the first capital increasing, that are unanimous approval.

Under the 2019 year in review, we have seen the transformation of the business landscape, especially in the newly constructed office buildings, completed in 2019, a trend that has been acknowledged by REIT Manager. Looking ahead, we continue to pursue our approach of cementing our tenant relationship, provide outstanding services including what we do best, which is maintaining exceptional building maintenance services to uphold our reputable performance in the market and deliver returns to our investors.

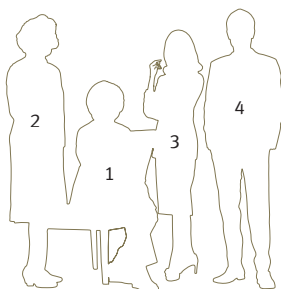
Lastly, on behalf of Bhiraj REIT Management, I would like to take this profound opportunity to thank you for your trust and faith. Here at BOFFICE is where our devotion to transparency and good governance contribute to our growth, and our investors get the best benefit.



Mrs. Prapree Buri
Chairwoman



Board of Director and Managing Director of Bhiraj REIT Management Company Limited



1. Mrs. Prapee Buri
2. Mrs. Thippaporn Gertphol
3. Mrs. Sarocha Buri
4. Mr. Attakorn Netneramitdee

Board of Director and Managing Director



Mrs. Prapee Buri
Chairwoman

Education

- Master of Economics, Chulalongkorn University

Training from Thai Institute of Directors (IOD)

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

5 - Year Past Experiences

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



Mrs. Thippaporn Gertphol
Independent Director

Education

- Bachelor of Accounting, Thammasat University

5 - Year Past Experiences

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



Mrs. Sarocha Buri
Executive Director

Education

- Bachelor of Finance and Management, University of Virginia

Training from Thai Institute of Directors (IOD)

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

5 - Year Past Experiences

- 2017 - Present Executive Director, Bhiraj REIT Management Company Limited
- 2016 - Present Deputy Chief Financial Officer, BHIRAJ BURI GROUP
- 2009 - 2016 Director of Investment Banker and Merging and Trading, The Quant Group



Mr. Attakorn Netneramitdee
Managing Director

Education

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

Training from Thai Institute of Directors (IOD)

- Director Certification Program (DCP 285/2019)

5 - Year Past Experiences

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

The REIT Manager's Management Discussion and Analysis

Financial Position and Operating Results of BOFFICE

Discussion on operating results and financial position of Bhiraj Office Leasehold Real Estate Investment Trust for the year ended 31 December 2019.

Overview of BOFFICE Operating Results

1) Investment Income

In 2019, BOFFICE had total investment income of 643.44 million Baht, which increased 72.62 million Baht or 12.72% from the previous year, mostly increased from rental and service income of 69.97 million Baht or 12.33% from the previous year and increased from other income of 3.16 million Baht or 128.83 % from the previous year.

(Unit: Baht)

Details	For the year ended 31 December 2019	For the Period as from 15 January 2018 to 31 December 18	Change (%)
Investment income			
Rental and service income	637,532,359	567,558,018	12.33
Interest income	293,940	812,168	(63.81)
Other income	5,614,529	2,453,565	128.83
Total income	643,440,828	570,823,751	12.72

2) Expenses

In 2019, BOFFICE had total expenses of 276.65 million Baht, which increased 24.55 million Baht or 9.74% from the previous year, mostly increased from cost of rental and service of 12.94 million Baht or 12.12% from the previous year, and increased from the property management fee of 7.30 million Baht or 27.29 % from the previous year, and increased from finance cost of 4.52 million Baht or 6.71% from the previous year.

(Unit: Baht)

Details	For the year ended 31 December 2019	For the Period as from 15 January 2018 to 31 December 2018	Change (%)
Expenses			
Cost of rental and service	119,690,289	106,751,403	12.12
REIT management fee	17,937,580	17,326,336	3.53
Trustee and custodian fee	7,854,202	7,666,385	2.45
Registrar fee	3,581,090	3,197,177	12.01
Property management fee	34,050,259	26,749,256	27.29
Amortisation of deferred expenses	17,217,767	16,542,298	4.08
Other expenses	4,348,828	6,421,089	32.27
Finance cost	71,966,456	67,443,683	6.71
Total expenses	276,646,471	252,097,627	9.74

3) Net Investment Income

In 2019, BOFFICE had net investment income of 366.79 million Baht, which increased of 48.07 million Baht or 15.08% from the previous year, and had the net increase in net assets from operation 426.40 million Baht, which increased of 358.87 million Baht or 531.40% from the previous year, this caused mainly due to appraisal BOFFICE's on valuation of investments in leasehold properties and BOFFICE had net unrealized gain on investment in leasehold right over properties of 59.61 million Baht.

(Unit: Baht)

Details	For the year ended 31 December 2019	For the Period as from 15 January 2018 to 31 December 2018	Change (%)
Investment income	643,440,828	570,823,751	12.72
Expenses	276,646,471	252,097,627	9.74
Net investment income	366,794,357	318,726,124	15.08
Total net unrealised gain (loss) on investments	59,607,079	(251,193,918)	123.73
Increase in net assets from operations	426,401,436	67,532,206	531.40

Statements of financial position of BOFFICE

1) Assets

As of 31 December 2019, BOFFICE had total assets of 6,963.66 million Baht, increased 70.21 million Baht or 1.02 % from the previous year, which the significant items were:

- 1.1) Investment in leasehold right over properties at fair value showing an increment of 61.01 million Baht or 0.95% from the previous year due to the fair value appraisal which was appraised by the independent appraisers using an income approach valuation technique.
- 1.2) Rental and service and other receivables showing an increment of 14.86 million Baht or 116.33 % from the previous year due to Building and Land Tax receivables.
- 1.3) Deferred expenses which decreased of 7.66 million Baht or 11.01% from the previous year, which incurred for issuing and initial public offering the trust units, and are amortized over a period of 5 years.

(Unit: Baht)

Details	As at 31 December 2019	As at 31 December 2018	Change (%)
Assets			
Investment in leasehold right over properties at fair value	6,479,211,187	6,418,199,004	0.95
Investment in securities at fair value	293,067,886	316,077,419	(7.28)
Cash and cash at banks	53,215,851	30,023,005	77.25
Rental and service and other receivables	27,641,255	12,777,498	116.33
Deferred expenses	61,962,685	69,625,837	(11.01)
Other assets	48,559,740	46,741,095	3.89
Total assets	6,963,658,604	6,893,443,858	1.02

2) Liabilities

As of 31 December 2019, BOFFICE had total liabilities of 1,913.92 million Baht which decreased 5.72 million Baht or 0.30% from the previous year, which the significant items were:

- 2.1) Trade and other payables showing a decrement of 19.62 million Baht or 32.35% from the previous year due to payment to Building and Land Tax.
- 2.2) Advance receipt for rental and services showing an increment of 4.24 million Baht or 31.12% from the previous year due to tenants payment in advance from the previous year.

(Unit: Baht)

Details	As at 31 December 2019	As at 31 December 2018	Change (%)
Liabilities			
Trade and other payables	41,019,543	60,636,469	(32.35)
Advance receipt for rental and services	17,870,735	13,629,561	31.12
Deposits from rental and services	154,110,782	150,224,286	2.59
Long-term loan from financial institution	1,700,919,723	1,695,154,826	0.34
Total liabilities	1,913,920,783	1,919,645,142	(0.30)

3) Net assets

As of 31 December 2019, BOFFICE had net assets which increased of 75.94 million Baht or 1.53% from the previous year, as to retained earnings showing an increase 176.53 million Baht.

(Unit: Baht)

Details	As at 31 December 2019	As at 31 December 2018	Change (%)
Net asset			
Capital from unitholders	4,873,441,263	4,974,029,775	(2.02)
Retained earnings (Deficit)	176,296,558	(231,059)	76,399.37
Net assets	5,049,737,821	4,973,798,716	1.53
Net asset value per unit (Baht)	9.7994	9.6520	
Number of units issued at the end of period (units)	515,310,000	515,310,000	

Statement of Cash Flow

As of 31 December 2019, BOFFICE had cash and cash at banks of 53.22 million Baht, which increased of 23.19 million Baht from the previous year, which the significant items were:

- 1) During the year 2019, BOFFICE had net cash flows from operating activities of 440.70 million Baht, mostly which resulted from the increase in net assets from operations of 426.40 million Baht.
- 2) During the year 2019, BOFFICE had net cash flows used in financing activities of 417.51 million Baht, mostly used to contributed distribution and paid-up capital reduction to trust unit holders, and financial cost to the BOFFICE's lender.

(Unit: Baht)

Details	For the year ended 31 December 2019	For the Period as from 15 January 2018 to 31 December 2018	Change (%)
Net cash flows used in operating activities	440,703,958	(6,518,322,793)	106.76
Net cash flows from (used in) financing activities	(417,511,112)	6,548,345,798	(106.38)
Net increase in cash and cash at banks	23,192,846	30,023,005	(22.75)
Cash and cash at banks at the beginning of year/period	30,023,005	-	(N/A)
Cash and cash at banks at the end of year/period	53,215,851	30,023,005	77.25

Fee and Expenses of BOFFICE

(Unit: Baht)

Fee & Expenses	For the year ended 31 December 2019	Ratio*	For the Period as from 15 January 2018 to 31 December 2018	Ratio*
Cost of rental and service	119,690,289	2.39	106,751,403	2.10
REIT management fee	17,937,580	0.36	17,326,336	0.34
Trustee and custodian fee	7,854,202	0.16	7,666,385	0.15
Registrar fee	3,581,090	0.07	3,197,177	0.06
Property management fee	34,050,259	0.68	26,749,256	0.53
Amortisation of deferred expenses	17,217,767	0.34	16,542,298	0.33
Other expenses	4,348,828	0.09	6,421,089	0.13
Finance cost	71,966,456	1.43	67,443,683	1.33
Total expenses	276,646,471	5.51	252,097,627	4.97

Average net assets during the year/period 5,018,406,400

5,077,577,110

* percentage of average net assets during the year/period

BOFFICE Overview

BOFFICE Information

Summary of trust unit as of 31 December 2019

Authorized and paid-up capital (Baht)	4,873,441,263
Par (Baht per unit)	9.4573
Number of unit (unit)	515,310,000

Detail of market price of trust unit

- 1) Closing price as of 30 December 2019 was at 16.70 Baht per unit
- 2) Market price as of 30 December 2019 was 8,605.68 million Baht
- 3) Average market capitalization of year 2019 was 3.78 million Baht per day
- 4) Net asset value (NAV) of the REIT as of 18 January 2018 was 10.0016 Baht per unit
- 5) Net asset value (NAV) of the REIT as of 31 December 2019 was 9.7994 Baht per unit trust

Structure of Trust Unit Holders

Top 10 of Trust Unit Holders

As of 30 December 2019, BOFFICE has major Trust Unit Holders as follow;

Order	Trust Unit Holder Name	Number of the Unit (Unit)	Portion (%)
1	BHIRAJ BURI Company Limited	103,000,000	19.99
2	TMB Property Income Plus Fund	38,867,600	7.54
3	Social Security Office	34,969,100	6.79
4	Thai Life Insurance Public Company Limited	29,704,000	5.76
5	K Property Sector Fund	24,180,000	4.69
6	Government Saving Bank	21,000,000	4.08
7	* Mr. Prasan Bhiraj Buri	18,335,000	3.56
8	Krungthai-AXA Life Insurance Public Company Limited	18,194,000	3.53
9	* Mrs. Prapee Buri	18,085,000	3.51
10	Muang Thai Life Assurance Public Company Limited	15,800,000	3.07
Total Top 10 Trust Unit Holders		322,134,700	62.51
Other Trust Unit Holder		193,175,300	37.49
Total		515,310,000	100.00

Remarks: * they are spouse.

Major Trust Unit Holders (held more than 10% including related parties)

No.	Trust Unit Holder Name	Number of the Unit (Unit)	Portion (%)
1	BHIRAJ BURI Company Limited	103,000,000	19.99
Total		103,000,000	19.99

Group of Major Trust Unit Holders that have a Crucial Influence through Management Policies or Operations of BOFFICE

- None -

Benefit Distribution of BOFFICE

Policy on Benefit Distribution

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

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

2) In case BOFFICE sustains accumulated loss, the REIT Manager shall not distribute benefits to Trust Unit Holder.

3) In case benefits are distributed to Trust Unit Holder in each accounting period, the REIT Manager shall make an announcement of the benefit distribution to Trust Unit Holder, arrange for the closure of the register to compile a list of Trust Unit Holder entitled to the benefit distribution, and proceed with the benefit distribution to Trust Unit Holder within the specified period as follows;

a) In case of year-end distribution, the REIT Manager shall make the year-end distribution within ninety (90) days from the end of an accounting year. The distribution shall be made within thirty (30) days from book closing date in order to determine the right of Trust Unit Holder entitled to the benefit distribution.

b) In case of distribution for each accounting period (if any), the REIT Manager shall make the benefit distribution for each accounting period within ninety (90) days from the end of an accounting period for the latest quarter prior to the benefit distribution. The distribution shall be made

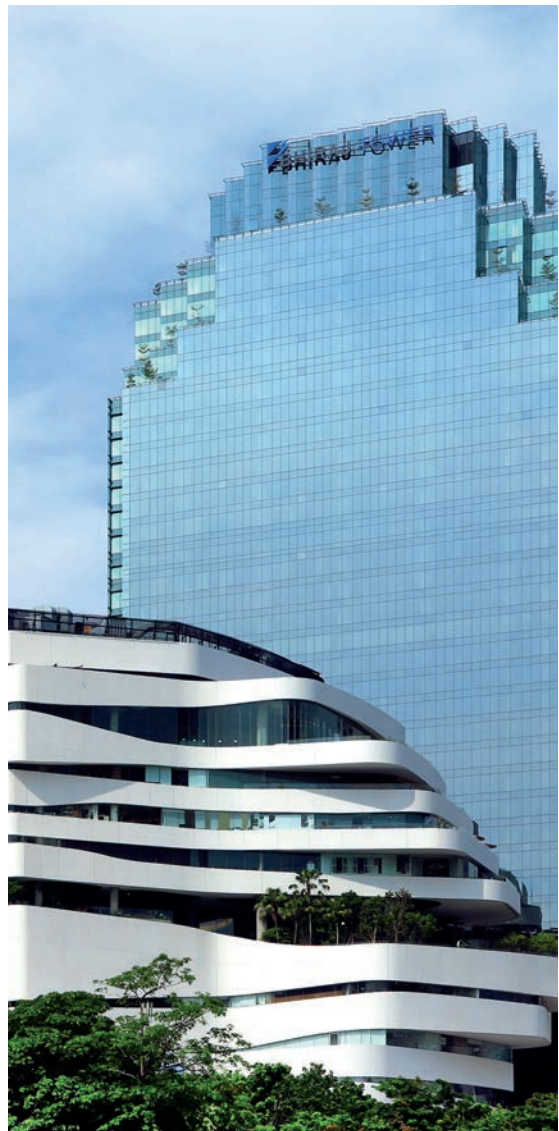
within thirty (30) days from book closing date in order to determine the right of Trust Unit Holder entitled to the benefit distribution. However, if the REIT Manager is unable to distribute benefits within such specified period, the REIT Manager shall notify the SEC Office and Trust Unit Holder in written. In case the REIT Manager fails to make benefit distribution to Trust Unit Holder within the specified period due to the mistake of the REIT Manager, the REIT Manager shall pay the interest at the rate of seven point five percent (7.5) per year from the due date until the date that the REIT Manager distributes benefits to Trust Unit Holder.

Additional Conditions:

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

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

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



Historical Benefit Distribution

Benefit Distribution of 2018 - 2019 details as following table were;

Operating results Period	Payment Date	Distribution Amount (Baht/ unit)
15 January - 31 March 2018	7 June 2018	0.1315
Total Distribution for year 2018		0.1315
1 January - 31 March 2019	6 June 2019	0.1519
1 April - 30 June 2019	6 September 2019	0.1698
1 July - 30 September 2019	12 December 2019	0.1632
1 October - 31 December 2019	16 March 2020	0.1961
Total Distribution for year 2019		0.6810

Capital Reduction

Year 2018

No.	Cause of Capital Reduction	Book Closing Date	Payment Date	Amount (Baht)	Distribution Amount (Baht/ unit)
1	Unrealized loss investments in leasehold rights over properties	17 Aug 18	3 Sep 18	93,631,826	0.1817
2	Unrealized loss investments in leasehold rights over properties	23 Nov 18	7 Dec 18	85,438,398	0.1658
3	- Unrealized loss investments in leasehold rights over properties - Amortisation of deferred expenses - Accumulated amortisation of front end fee	6 Mar 19	27 Mar 19	85,489,929	0.1659
Total				264,560,153	0.5134

Year 2019

No.	Cause of Capital Reduction	Book Closing Date	Payment Date	Amount (Baht)	Distribution Amount (Baht/ unit)
1	- Amortisation of deferred expenses - Accumulated amortisation of front end fee	23 May 19	6 Jun 19	5,616,879	0.0109
2	- Amortisation of deferred expenses - Accumulated amortisation of front end fee	23 Aug 19	6 Sep 19	5,307,693	0.0103
3	- Amortisation of deferred expenses - Accumulated amortisation of front end fee	26 Nov 19	12 Dec 19	4,174,011	0.0081
Total				15,098,583	0.0293

Trustee

Information of Trustee

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

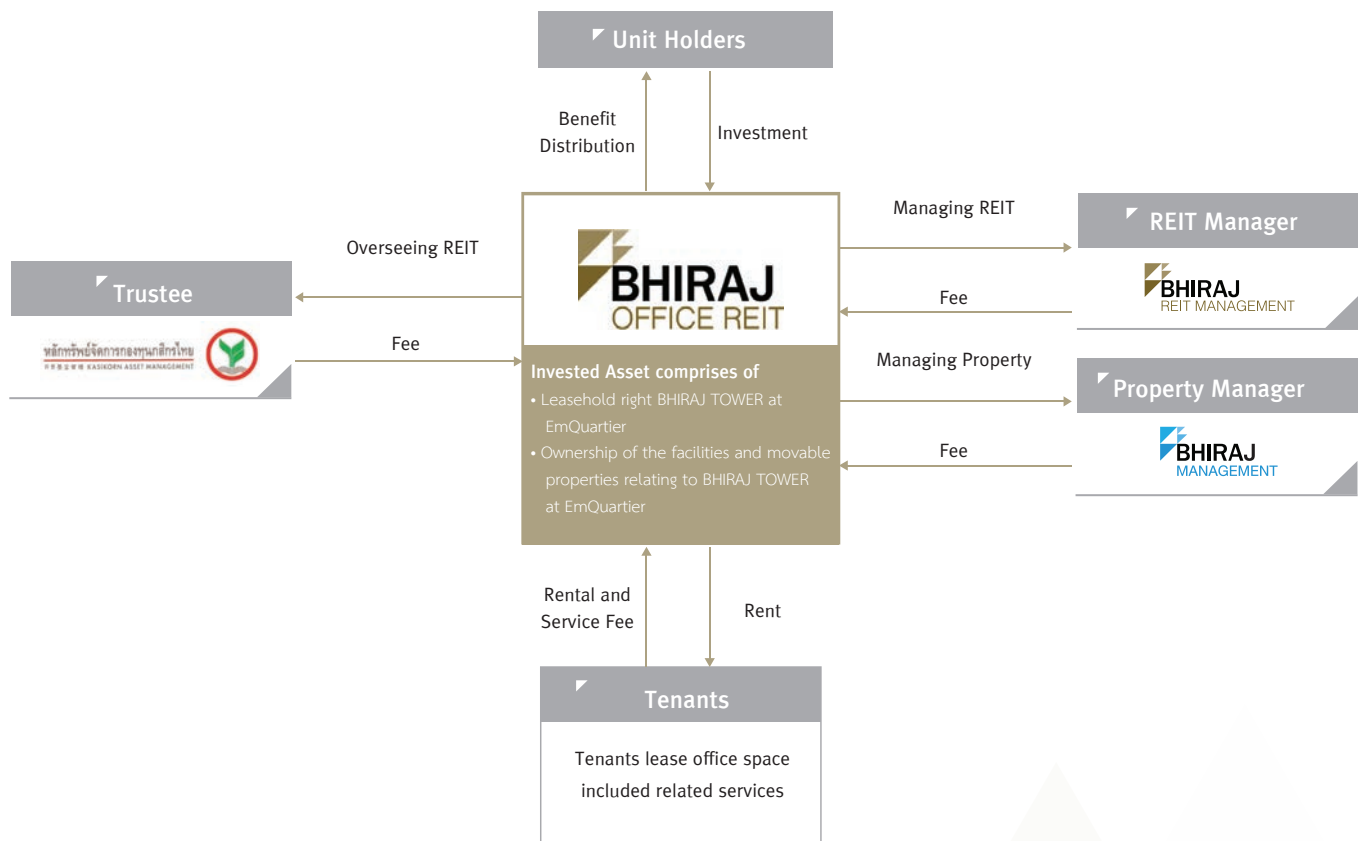
Duty and Responsibility of Trustee

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

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

Management Structure

REIT Structure



REIT Manager

Information of REIT Manager

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

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

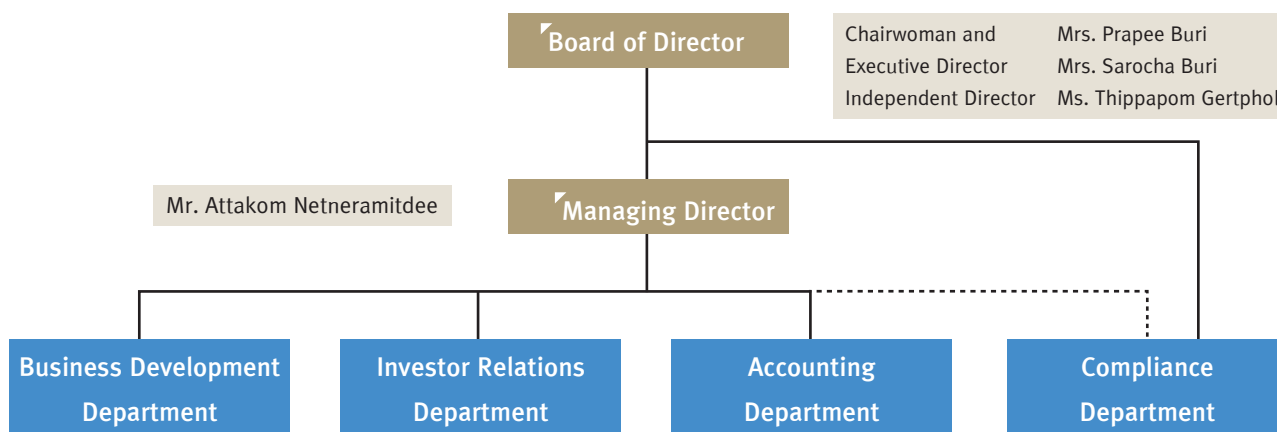
Shareholder Structure

No.	Name of Shareholders	The number of shares	Percentage of all issued shares
1	BHIRAJ BURI Holding Company Limited	7,000	70.00
2	Ms. Phanita Buri	1,498	14.98
3	Mr. Panittha Buri	1,498	14.98
4	Mr. Pitiphatr Buri	2	0.02
5	Mrs. Prapee Buri	2	0.02
Total		10,000	100.00

Regarding No. 4th of shareholders and No. 5th of shareholders are the related person due to spouses. Additionally, No.5th of shareholders, Mrs. Prapee Buri takes a position of a chairwoman of the board of director, an executive director and an authorized director of Bhiraj REIT Management Company Limited.

Management Structure

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



Duties and Responsibilities of Board of Directors

Board of Directors of REIT Manager plays an important role in approving visions, missions, strategies, and directions, establishing REIT Manager's policies on operation and business action plan in both short term and long term, determining policies on finance, risk management and organization overview, monitoring, inspecting and evaluating performances of REIT Manager and employees for performing the duties of REIT Manager efficiently according to specified policies and business action plan under the scope of REIT Manager appointment contract, Trust Deed, Registration Statement, Prospectus, Objectives and Regulations of REIT Manager, resolutions of the Board of Directors of REIT Manager Meeting and resolutions of Trust Unit Holder Meeting, including related laws, by mainly considering the highest benefits of the REIT and Trust Unit Holders.

In addition, the Board also plays an important role in monitoring the compliance of requirements relating to operations and data disclosure of particulars with

potential conflict of interests. However, according to the rules of the SEC Office, the Stock Exchange, and related competent authorities, the scope, authority and duty of Board of Directors of REIT Manager are as follows;

- 1) Perform duty in compliance with laws, objectives, and regulations of REIT Manager, including resolutions of the Board of REIT Manager Meeting and resolutions of Trust Unit Holder Meeting, with duty of loyalty, duty of Care, accountability and ethics
- 2) Manage BOFFICE under the supervision of trustee, establish strategies and long-term business action plan, organize optimal organization structure, and monitor policies on business operations, such as investment of BOFFICE, operating results of BOFFICE, annual budget draft and business plan of BOFFICE, consider risk factors possibly affected benefit provision of BOFFICE, performances of any departments, and items possibly causing conflict of interests, etc.

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- 3) Monitor and give necessary advices so that operations of executives, employees, and REIT Manager are in compliance with any related contract and rules on duties of REIT Manager
 - 4) Monitor and follow up performances of REIT Manager continuously and give necessary advices to ensure that operations of REIT Manager are in compliance with specified goals and handle with possible problems and issues timely and duly
 - 5) Consider, monitor and give necessary advices so that REIT Manager will have effective and efficient internal control system and operation system for performing the duty of REIT Manager
 - 6) Consider, monitor and take necessary actions for regularly and duly reviewing and updating important policies and action plans relating to duty of REIT Manager based on business situations
 - 7) Consider, monitor and evaluate performances of executives of REIT Manager, including appoint executives at the level of managing director, give necessary advices to ensure that executives perform assigned duties with their full efforts and in accordance with rules and provisions in any related contracts for the benefits of BOFFICE
 - 8) Consider, monitor and evaluate performances of the Property Manager, including give necessary advices to ensure that the Property Manager performs assigned duties with their full efforts and in accordance with rules and provisions in any related contracts for the benefits of BOFFICE
 - 9) The Board of Directors may appoint one director or several directors or any persons to perform any action on behalf of the Board of Directors. However, such authorization will not include delegation or sub-delegation allowing directors or persons authorized by directors to approve particulars that they or connected persons have interests or benefits in any nature which causes conflict of interest of BOFFICE
 - 10) Consider and approve the following matters;
 - 10.1) Transaction between BOFFICE and a person connected with REIT Manager and trustee and request for an approval from the REIT Unit Holder Meeting in case of making transactions between BOFFICE and such connected person requires an approval from the REIT Unit Holder Meeting
 - 10.2) Transaction with conflict of interest between BOFFICE and trustee
 - 10.3) Selection of the Property Manager
 - 10.4) Selection of auditor, financial consultant, independent financial consultant, or other consultants
 - 10.5) Financial statements of BOFFICE reviewed and audited by an auditor
 - 10.6) Annual budget and action plans relating to operations of BOFFICE that the operation system and the internal control system require the Board of Directors to approve
 - 10.7) Special expenses or special investments other than annual budget that relevant departments of REIT Manager request for an approval
 - 10.8) Expenses collected from BOFFICE by the Property Manager

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- 11) Consider and approve the consideration and decision on investment, disposal of main assets of BOFFICE or REIT management of Business Development Department and Compliance Department in order to correspond with Trust Deed, Registration Statement, Prospectus, and related laws and notifications.

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



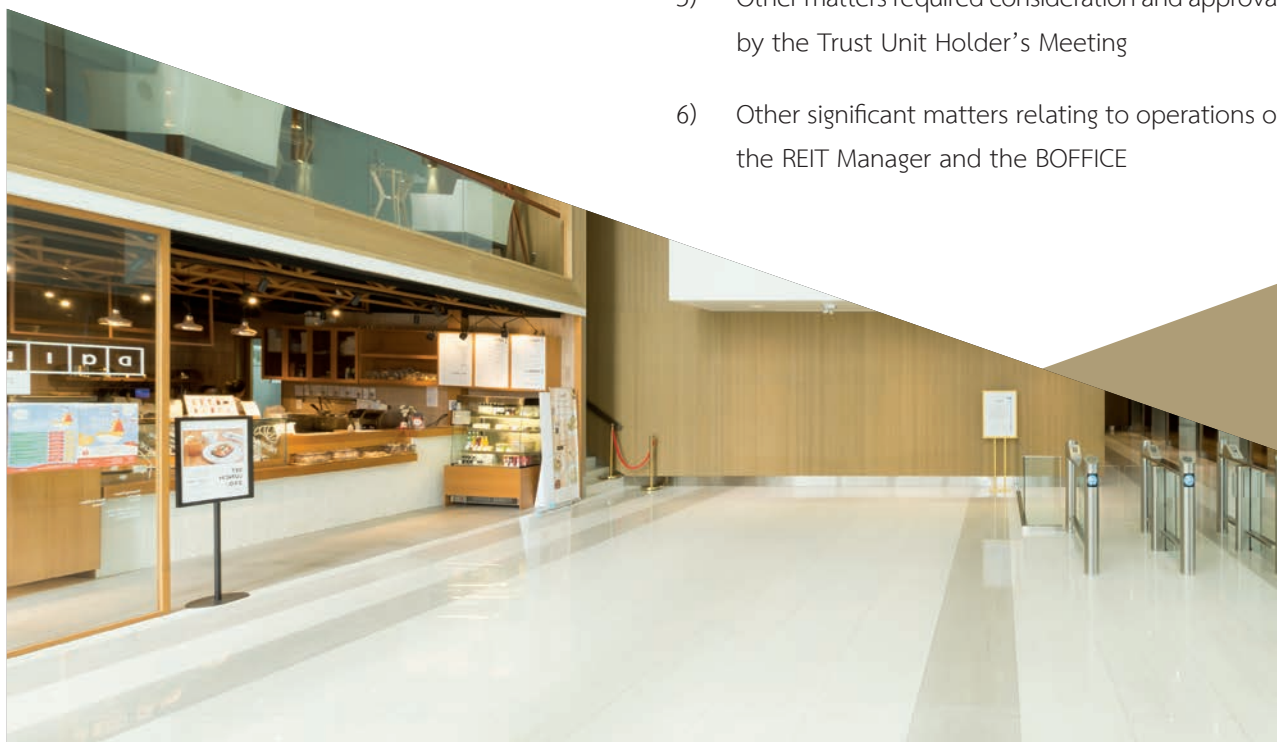
Matters that the Board considers for acknowledgement and approval

Matters that the Board considers for acknowledgement

- 1) Operating results of BOFFICE
- 2) Progress of operations according to action plans specified by the REIT Manager for providing benefits to BOFFICE, problems and obstacles, and corrective measures, with the support of the Property Manager.
- 3) Approaches to mitigate risks or other causes possibly affecting performances of BOFFICE
- 4) The internal control system and operation system of the REIT Manager for performing duties of REIT Manager and corrective measures and progresses

Matters that the Board considers for approval

- 1) Establish strategies and long-term business action plans, arrange appropriate organization structure system, and monitor policies on business operation and risk factors possibly affecting the benefit provision of the BOFFICE
- 2) The annual budget of BOFFICE, annual business plan, and annual business strategies of BOFFICE prepared by the REIT Manager with the support of the Property Manager
- 3) Approaches to receive important disputes and complaints on operations of BOFFICE that are considered by the Board
- 4) Connected transactions and any transaction that may cause conflict of interests with operations of the BOFFICE
- 5) Other matters required consideration and approval by the Trust Unit Holder's Meeting
- 6) Other significant matters relating to operations of the REIT Manager and the BOFFICE



Independent director

There is one independent director of REIT Manager which is not less than the one-third of the total number of directors of REIT Manager. To select the Board of Independent Director of REIT Manager, an independent director shall possess at least the following qualifications;

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



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

Duties and Responsibilities of Independent director

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

Duties and Responsibilities of Managing Director

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

Duty and responsibility of REIT Manager

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

1) General duties

- 1.1) REIT Manager will perform the duties as a reliable professional with duty of care and duty of good faith for the best benefits of Trust Unit Holder and in accordance with the Trust Deed, REIT Manager Appointment Contract, related laws, and additional obligations specified in disclosed documents for benefits of offering trust units to investors, and resolutions of Trust Unit Holder. In addition, the REIT Manager shall not perform any act that is contrary to or conflict with benefits of the REIT Unit Holder and overall investors. In addition, REIT Manager shall be liable for unlimited liability in case the REIT Manager does not perform duties and/or inaccurately and incompletely performs duties.
- 1.2) REIT Manager shall perform operations in accordance with principles of business operation as a REIT Manager as follows;
 - (a) Continuously provide sufficient funds for business operation and responsibilities arising from duty performance as a REIT Manager
 - (b) Adequately disclose and give important and related opinions or data for investment decision making of investors. Such data must be communicated clearly without any misrepresentation and misstatement.



(c) Not utilize data from performing duties of the REIT Manager inappropriately for himself/herself or cause damages or affect overall benefits of BOFFICE

(d) Perform duties with care to avoid conflict of interests. In case of any conflict of interests, REIT Manager shall perform operation to ensure that investors are treated fairly and appropriately. However, the REIT Manager shall perform the following operations in order to avoid conflict of interests;

(1) REIT Manager shall not have other interests that may conflict with the best interest of BOFFICE. If there is any case causing conflict of interests, the REIT Manager must be able to present that there is a mechanism to ensure that the REIT will be managed for the best benefit of BOFFICE and overall Trust Unit Holder.

(2) In case the REIT Manager manages other REITs, the main assets of BOFFICE requesting for an offering of trust unit shall not be the same type as the main asset of other REITs.

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

(1) Disclose data through the Securities Exchange according to the Securities Exchange's regulations relating to such matters or other channels that Trust Unit Holder can access to the data for making transactions

(2) Duration for disclosing reasonable data shall not be less than fourteen (14) days.

(3) Channels, methods and durations of expressing objection are disclosed clearly. Such duration shall not be less than fourteen (14) days. However, in case the resolution of Trust Unit Holder is requested for making such transactions, such request for the resolution of Trust Unit Holder must be objected.

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

(e) Comply with the Securities Act, the Trust Act, and other laws relating to operations of BOFFICE, including ethics and standards on professions specified by associations relating to security business or organizations relating to security business mutatis mutandis verified by the SEC Office and not support, command or cooperate with any individual to violate laws or such requirements

(f) REIT Manager is responsible for providing cooperation for duty performance of the trustee or the SEC Office, including disclosing data that may significantly affect the management of the REIT or other information needed to be informed. In addition, it also includes the following duties;

(1) Prepare and store data, documents and evidence of management, internal control and data disclosure of BOFFICE. When Trustee intends to audit the management of any matters, the REIT Manager shall

provide cooperation in submitting data, documents and evidence, including allow the trustee to access and inspect the location of real estate as requested so that the trustee will be able to inspect it and make sure that the REIT Manager does not violate laws or provisions of the Trust Deed or does not maintain benefits of the Trust Unit Holder.

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

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

- 1.3) REIT Manager shall provide the liability insurance arising from business operation or his/her operations as a REIT Manager, including operations of the Board of Executives and employees throughout the term of the REIT Manager Appointment Contract.

- 1.4) For making transactions relating to real estate for BOFFICE, the REIT Manager shall comply with the following rules;

(a) Perform operations to ensure that the sale, distribute and transfer of real estate or entering into contracts relating to real estate for BOFFICE is carried out accurately and effective according to laws

(b) Perform operations to ensure that the investment in the REIT is appropriate. The following procedures shall be at least carried out;

(1) Assess his/her readiness in investment management of such real estate before holding the position of REIT Manager or before additionally investing in such real estate for BOFFICE as the case may be

(2) Analyze and study feasibility and perform review and due diligence of real estate according to rules and practices on management of fund and trust invested in real estate as specified by the Securities and Exchange Commission, the SEC Office, and also assess any risk possibly arising from the investment in real estate and provide risk management approaches. However, such risk shall include the risk relating to development or construction of real estate (if any), such as risk from delay in construction and risk from being incapable of providing benefits from real estate

- 1.5) REIT Manager shall arrange the meeting of Trust Unit Holder as specified in the Trust Deed.



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- 1.6) If there is any change of the REIT Manager, the REIT Manager shall perform operations and provide cooperation as necessary to deliver tasks to any persons who will replace him/her.
- 1.7) In case a consultant is appointed for giving consultation or advices on investment in real estate and real estate management, the REIT Manager shall perform the following operations according to rules;
- (a) The consultant shall report interests in considered matters.
 - (b) The consultant who has interests in considered matters, directly or indirectly, is not allowed to participate in considering such matter.
- 1.8) REIT Manager shall prepare financial statements of the REIT Manager in accordance with the accounting standard as stipulated in the law on accounting professions and submit such financial statements to the SEC Office within three (3) months from the fiscal year-end date. Prepared financial statements must be audited and expressed opinions of auditors which are approved by the SEC Office.
- 1.9) Prepare and disclose data of the REIT, including information under Section 56 and 57 of the Securities Act and other information as specified in the Trust Deed and the REIT Manager Appointment Contract
- 1.10) Prepare and disclose data of the REIT to trustee, the SEC Office, the Securities Exchange, Trust Unit Holder as specified in the Securities Act, other related laws, and the Trust Deed, including submit the annual report of the REIT together with the invitation letter to attend Annual General Meeting to the REIT Unit Holder. In addition, the REIT Manager is responsible for clarifying, submitting related documents and evidence, and performing or omitting from performing operations as directed or requested by the SEC Office.
- 1.11) Avoid situations that may cause suspicious issues to the independence of the REIT Manager, especially the issue relating to the consideration of selecting, purchasing, selling, renting, subletting, leasing or subleasing real estate, including securities and other services, to BOFFICE. The REIT Manager, directors, executives, and employees of the REIT Manager are not allowed to receive commission or soft commission or other benefits from the original real estate owner or sponsor, security vendors, service providers, or broker companies, as his/her own revenue or benefits.
- 1.12) REIT Manager shall be responsible for disclosing interests or benefit acquirement of the REIT Manager and connected persons of the REIT Manager from companies or individuals that are business partners of BOFFICE in the prospectus, registration statement of trust offering, prospectus, invitation letter to attend the meeting for approving any matters, and annual report of BOFFICE, so that investors and trustees will be able to use such information to consider the independence of the REIT Manager for making any transactions for BOFFICE and reasonableness of such transaction
- Interests or benefit acquirement that must be considered and disclosed include, creditors, debtors, guarantors or being guaranteed, joint shareholding or having major shareholders or executives to be in the same group, providing or receiving services, cross trade, and cross-expense payment, etc.

1.13) In case the REIT Manager intends to allow other individuals to perform operations under his/her responsibility, such matter shall be identified, including duties of the REIT Manager for selecting an assigned person. However, requirements on assignment shall not be contrary to or conflict with the Notification No, SorChor. 29/2555.

2) Duty of REIT management

2.1) To allow the monitoring and management of BOFFICE to be performed appropriately and effectively in compliance with laws, rules, and Trust deed, including maintain overall benefits of BOFFICE and Trust Unit Holder, the REIT Manager shall be responsible for providing qualified operation system, inspecting and balancing the efficient operation, and supporting works under his/her responsibilities completely. It must include at least the following matters;

- (a) Establishing policy on REIT management, arranging fund structure of BOFFICE, making decision on investment in real estates, and determining policies and strategies on providing benefits from real estate so that the assigned investment management will be in accordance with duty of care and correspond to the investment policy according to the Trust Deed and stipulated laws and rules, as well as maintain the overall benefits of the REIT and Trust Unit Holder
- (b) Managing risks relating to Trust management as assigned in order to prevent and manage risk efficiently
- (c) Managing related conflict of interests, especially conflict between the REIT and the

REIT Manager, as well as the connected person and the REIT Manager in order to maintain the overall benefits of the REIT and Trust Unit Holder when conflict of interests occurs

- (d) Selecting personnel of the REIT Manager and a person assigned to operate works relating to the operation of the REIT (if any) in order to provide skillful, knowledge, and qualified persons that are suitable for the tasks
- (e) Monitoring operations of the manager and personnel of the REIT Manager, including observing a person assigned to operate works relating to the operation of the REIT in order to be in accordance with laws, rules, Trust Deed, Securities Act, Trust Act, notifications, regulations or directives issued by virtue of such laws, as well as other laws relating to operations of the REIT
- (f) Disclosing data completely, accurately and adequately in order to be in accordance with provisions of Trust Deed and rules issued under Securities Act, Trust Act, notifications, regulations or directives issued by virtue of such laws, as well as other laws relating to operations of BOFFICE
- (g) Operating Back Office
- (h) Inspection and internal control
- (i) Communication with investors and investor's complaint management
- (j) Managing legal disputes

2.2) REIT Manager may assign other person to perform any actions relating to business operations as a REIT Manager as necessary to support business operations to be smoother and more effective. However, it shall be under the following rules;



- (a) The assignment shall not affect the efficiency of duty performance of the REIT Manager.
- (b) Provide supporting measures to enable the continuous business operation in case the assigned person cannot continue performing operations.
- (c) In case such assignment relates to the investment in other assets of the REIT, it must be assigned to a person who is able to perform operations legally.

To assign tasks to other individuals as mentioned above shall not be the assignment of system and tasks under Item (2.1) (a), (b), (c), (d) and (e).

In case the REIT Manager intends to assign tasks under his/her responsibility to other individuals other than the Property Manager, such as assign other persons to manage assets other than the main assets of BOFFICE, the REIT Manager must select an assigned person carefully and also monitor and inspect operations of such assigned person. However, requirements on assignment shall not be contrary to or conflict with the Notification No, SorChor. 29/2555.

- 2.3) Manage the REIT in accordance with provisions of Trust Deed and maintain benefits of Trust Unit Holder
- 2.4) Carefully select and perform due diligence for real estate that the REIT will invest in by recording and storing data, including documents, evidence relating to selection, inspection, and decision making on investment in any asset for the REIT. However, selection and due diligence of real estate that the REIT will invest in shall be carried out by the REIT Manager in accordance with practices on management of fund and trust invested in real estate.

- 2.5) Perform any operations to ensure that finance and economic values of assets of the REIT are managed professionally for the benefits of Trust Unit Holder, for example,

- (a) Establish effective strategies and policies on investment and risk management which correspond to obligations specified in the Trust Deed
- (b) Establish the limit of loan and obligations of Trust's assets and control it not to exceed the limit specified in the Trust Deed
- (c) Invest in real estate that corresponds to objectives of investment of the REIT
- (d) Manage cash flow of BOFFICE
- (e) Consider the distribution of benefits of BOFFICE
- (f) Provide insurance to cover damages possibly incurred to real estate of BOFFICE and public liability insurance with the appropriate and adequate limit that can recover the assets of BOFFICE so that BOFFICE will be able to provide the same benefits and receive returns that are not less than in the past.
- (g) Provide the planning of business type proportion of tenants and service users (Tenant Mix)
- (h) Monitor tenants and service users to comply with conditions of the lease contract, service contract, and other related contracts
- (i) Monitor real estate and/or leasehold of real estate invested by BOFFICE to be in compliance to applicable rules and also supervise and perform operations to ensure that real estate and/or leasehold of real estate invested by BOFFICE is not used in any immoral or illegal business operations

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- (j) Manage and arrange leasing areas, such as, monitor the lease of area, negotiate with tenants about the lease contract, review the rate or price of leasing, terminate or renew the lease contract, etc. However, in case the term of the lease contract is over 3 years, the REIT Manager shall perform operations with an approval from trustee. This shall not deprive the trustee's right of claiming damages incurred to BOFFICE if it is found that the REIT Manager enters into such lease contract without the consent of trustee.
 - (k) Assess the past results of leasing in order to appropriately determine conditions of leasing and area services in the lease contract, area service contract and contract of service relating to areas and evaluate the result of collection of rental fee, area service charges, and expenses in order to record the allowance for doubtful account or deduct bad debt or record bad debt recovery (in case it is collected after deducting bad debt).
 - (l) Provide security system of buildings and properties invested by BOFFICE, such as fire alarming system, communication system, and emergency response management.
 - (m) Establish policy and action plan for management, maintenance and improvement of buildings and properties invested by BOFFICE so that such assets will be in the condition that is comparable to the industry.
- 2.6) Inspect to ensure that the REIT has ownership and/or legal right in real estate that BOFFICE will invest in such ownership or leasehold, including any contracts that BOFFICE enters into legally and has the binding effect or are effective according to conditions specified in such contract.

2.7) Provide the storage system of documents and evidence relating to operations of the REIT, invitation letter to attend the meeting for Trust Unit Holder, registration statement of trust offering, prospectus, annual report of BOFFICE, and compliance to any rules applicable to BOFFICE and invested assets. Such data and document storage must be correct and complete and auditable within a period of at least five (5) years from the date of preparing such documents or data.

2.8) Prepare and disseminate financial statements, annual reports and other information relating to BOFFICE accurately and completely, and disseminate them within the period specified by laws, Trust Deed and regulations of the Securities Exchange

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

2.9) Monitor Trust Unit Holder to receive correct, complete and adequate data before casting the vote for approving any matters, and also obtain such data in advance according to the period specified in the Trust Deed and regulations of the Securities Exchange



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

3) Duty of assigning property management work to Property Manager

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

3.1) Property Manager Selection

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

- (a) Assess and analyze past experiences, reputation, and performances of the Property Manager in terms of ability to provide tenant, service user, debt collection, maintenance of assets in buildings, area rental management system, service provision to tenants, internal control system to prevent revenue leakage and control disbursements, etc.
- (b) Consider appropriateness of the remuneration rate of the Property Manager which must be determined according to the level of performance ability in order to create motivation to the Property Manager to increase revenues for BOFFICE, such as remuneration of the Property Manager depending on revenues from actual collected rental fees and/or area service charge or net profits from leasing such real estate, etc.
- (c) Provide mechanism that allows BOFFICE to change the Property Manager in case such Property Manager does not comply with conditions or carries out dissatisfactory management performances

(d) Provide the system for regularly monitoring and assessing the internal control system of the Property Manager to ensure that such internal control system is still effective and able to prevent any fraud or easily detect any fraud or non-compliance to the system, such as, requiring auditors of the Property Manager to assess the internal control system of the Property Manager during the audit and report weaknesses or defects of the internal control system to the REIT Manager, etc. However, the REIT Manager must consider and determine in the employment contract that the Property Manager shall be responsible for damages incurred to benefits of BOFFICE due to negligence of the Property Manager in the operation control system.

(e) In case the REIT Manager finds that the Property Manager performs any act or omits to perform any act which causes lack of reliability in performing duties according to the employment contract, the REIT Manager must terminate the employment contract of such Property Manager so that the REIT Manager will be able to perform operations instead of such Property Manager or select new Property Manager to replace the former one. However, in case BOFFICE has the loan and there is a prohibition of Property Manager amendment indicated in the loan contract, the change of the Property Manager based on the specified cause shall be made when it is approved by the lender of BOFFICE.

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

- (a) REIT Manager must participate in preparing or considering and approving an annual budget plan of Property Manager in order to present descriptions of income and expense, avoid any undesired expenses, set a goal of monthly and annual income provision, and monitor income and expense according to the planned budget plan. The annual budget plan of Property Manager must be approved by trustee.
- (b) REIT Manager must establish conditions that encourage the Property Manager to increase values and returns for BOFFICE and mitigate risks for Trust Unit Holder.
- (c) REIT Manager must participate in considering or reviewing strategy planning of the Property Manager in order to increase income provision and mitigate risks from fluctuation of income, rental fee and/or area service charge for BOFFICE, and control the Property Manager perform operations according to the planned strategy.
- (d) REIT Manager must participate in considering or reviewing approaches on selection of major leases and service users or involve with planning of business type proportion of tenant of the Property Manager in order to limit and control risks or fluctuation of income, rental fee and/or area service charge in each year.



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- (e) REIT Manager must review or participate in establishing the policy on rental fee and/or area service charge so that the rate of rental fee and/or area service charge will be in accordance with the appropriate rate based on the leasing and servicing market at that time.
 - (f) REIT Manager must inspect the system for monitoring expenses of maintenance or repair of equipment or building in order to keep assets in the condition that is comparable to the industry
 - (g) REIT Manager must assess the appropriateness of the control system relating to procurement of the Property Manager so that BOFFICE will receive products or services that are worth for paying.
 - (h) REIT Manager must monitor and control the income collection of the Property Manager so that BOFFICE will fully receive rental fees and/or service charges.
 - (i) REIT Manager must assign the Property Manager to monitor and supervise the tenants and service users to pay any tax correctly according to stipulated laws.
 - (j) REIT Manager must analyze abnormalities of management of the Property Manager and also randomly inspect operations of the Property Manager.

- (k) REIT Manager must select and assess the internal control system of the Property Manager.

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

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

Property Manager

Summary of Property Manager Profile

Company Name	BHIRAJ Management Company Limited
Date of Establishment Registration	December 18, 2013
Location of Company	591, Sukhumvit Road, Khlongton Nua, Wattana, Bangkok
Contact of Company	Telephone: 02-261-0261
Registered Capital	25,000,000 Baht
Nature and Scope of Business Operation	Office building management
Major Shareholder (Shareholding Proportion)	1. BHIRAJ BURI Holding Company Limited (70.00%)
List of Directors	1. Mr. Prasarn Bhiraj Buri 2. Mrs. Prapee Buri 3. Ms. Panittha Buri 4. Mr. Pitiphatr Buri
Accounting Period	January 1 - December 31

Scope and Responsibility of Property Manager

1) Duty of Property Management

Property Manager is responsible for supervising and maintaining properties and assets as necessary to be in good condition for the benefits of services, management and provision of benefits from properties of BOFFICE, and facilitation for Trustee. The Company appraises the value of BOFFICE and REIT Manager's assets in matters related to real estate as necessary and appropriate, cooperate with the REIT Manager to enable BOFFICE to obtain a license and / or other documents relevant and necessary for the provision of benefits from the real estate of BOFFICE, provides tenants to rent the space of Project, coordinate and negotiate with the tenant to enter into a space leasing agreement or any other contract relating to the Project, submit revenues, expenses and any payments relating to the operation of BOFFICE, Including manage operations according to contracts, provide assistance to the REIT manager as

reasonably requested by the REIT manager in the event that the REIT manager wishes to sell, transfer, lease, transfer the leasehold rights or dispose (if any) by any means In which the real estate is provided to other persons, contact, coordinate, provide information, file documents and submit fees and property tax arising from the property that BOFFICE has the duty to pay the withholding tax due to the Project management and/or any other taxes relating to real estate and/or the Project management to officers of the relevant government agencies, conduct and/or coordinate with the REIT Manager and provide assistance to the REIT manager in arranging the tenants of the assets of BOFFICE to receive public utility services in the Project, take any necessary actions to allow the real estate management to be in accordance with the REIT Management Project and related laws, etc.

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

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

3) Marketing

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

Other Contract

Auditor

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

Registrar

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

Appraisers

Name	JLL (Thailand) Company Limited
Address	19/F Sathorn City Tower 175 South Sathorn Road, Sathorn District Bangkok, Thailand Bangkok 10120
Telephone	0-2624-6400
Website	www.jll.co.th

Business Overview, Policies, and Source of Income

Business Overview of BOFFICE

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

Strategies of REIT Manager

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

1. Managing and monitoring performances of BOFFICE to ensure operations profitability based on the specified goals. The REIT Manager also continue to analyze trends and ways to improve and develop strategy to ensure long term goals.
2. Determining the appropriate rental rate based on market situations.
3. Developing efficiency of operations by concentrating in service provision to satisfy customers and maintaining customer base, and controlling operating expenses.
4. Ensuring that the assets of BOFFICE are well maintained by monitoring repair and maintenance plan.
5. Focusing on long-term income-producing commercial real estate, primarily office spaces, where the core principle of selecting assets is to meet the fundamental requirements of office business. The key fundamentals are quality of product with prominent location with connectivity and accessibility to mass transits, transit junction and the overall ecosystem that can serve tenants requirements. This principal will ensure to make sustainably growth and return to the unitholders.

REIT Manager engages Property Manager to be responsible for the operations of office management such as leasing out spaces of the assets according to the policy established by the REIT Manager, coordinating and facilitating space tenants, collecting rental fees and providing other service, including maintaining and renovating the Assets of BOFFICE to be in good condition, and ensure customers satisfactions.

Main Investment of BOFFICE

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

The key source of that the REIT will receive from the invested asset are as follows;

1) Rental and service income

Rental and service income of BOFFICE is received from the direct lease of office spaces and retail shop to tenants. Tenants use spaces to operate their own businesses. BOFFICE charges the rental and service fee from tenants based on the size of area with standard contract term of 3 years. Tenants will pay the rental and service fee monthly to BOFFICE.

2) Other income

Other income consists of revenue from parking fee, overtime air conditioner fee, utility fee service, fee revenue from sales promotion and advertising fee (profit share from revenue of LCD display media), revenue from leasing and servicing spaces for telecommunication system, revenue from penalty, wastewater treatment revenue, and entrance pass card revenue.

As of 31 December 2019, BHIRAJ TOWER at EmQuartier had a variety of business tenants. The distribution of tenants is based on type of business and size of rental space without significantly relying on any tenant. Most of them are in the business of consumer goods. The total rental spaces were 27,705 square meters, accounting for 56.02%. The second rank was tenants in the business of consulting and services, accounting for 29.27%, and tenants in the business of Financial Institute, accounting for 6.18%. The details are shown below;

Business Type of Tenants

Business Type of Tenants	Number of Tenants	Total Rental Space (Square Meter)	Percentage of Total Rental Space (%)
Consumer Goods	42	27,705	56.02
Consulting and Service	40	14,479	29.27
Financial Institute	9	3,056	6.18
Government Agencies	2	1,849	3.74
Industrial Goods and Construction	4	1,299	2.63
Retail	3	581	1.17
Total Rental Spaces	100	48,969	99.01
Vacant space		491	0.99
Total		49,460	100.00

Remarks : as of 31 December 2019, rental spaces of asset consist of rental space under lease agreement and service agreement, including rental space under the letter of intent for lease and service.

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

Table of Tenants Categorized by Expiry Year of Lease Agreement

Expiry Year of Lease Agreement	Rental Space of Tenants with Expiry Year of Lease Agreement (Square Meter)	Percentage of rental space with expiration in each year compared with total rental spaces (%)	Number of Tenants with Expired Agreement ¹ (Person)
2019	266	0.54	2
2020	4,806	9.72	16
2021	23,364	47.24	51
2022	20,533	41.51	36
Total Leased Spaces	48,969	99.01	105
Vacant space	491	0.99	-
Total	49,460	100.00	105

Remarks: : as of 31 December 2019, rental spaces of BOFFICE consist of rental space under lease agreement and service agreement, including rental spaces under the letter of intent for lease and service.

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

As of 31 December 2019, BHIRAJ TOWER at EmQuartier Building had the average occupancy rate throughout the fiscal year 2019 equal to 98.9%, and Rental Rate, which entered contract in the year 2019, around range of 953 - 1,350 Baht/sq.m./month. The growth rate of renew contract had around of 12% - 20% from previous contract.

Descriptions of Related Persons of BOFFICE as Tenants

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

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

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

Important Events of BOFFICE's Operation

BOFFICE had changed and important matters as follows:

Year 2018



BOFFICE was established comply with Trust for Transactions in Capital Market Act, B.E. 2550 (2007) on 15 January 2018. Kasikorn Asset Management Company Limited acts as the Trustee. Bhiraj REIT Management Company Limited acts as the REIT Manager.



On 18 January 2018, BOFFICE make the initial investment in long-term leasehold right of BHIRAJ TOWER at EmQuartier Office Building totaled amounting to 6,605 million Baht (not included related tax).



On 23 January 2018, BOFFICE began to trade was a first trading day in Stock Exchange of Thailand.

Year 2019



On 12 June 2019, BOFFICE held an extraordinary meeting of Trust Unit Holders no. 1/2019 for consideration and approval from Trust Unit Holders in approving the investment in additional assets of the Trust In capital increase. The approval of the 1st capital increase in the Bhiraj Tower at BITEC office building by issuing and offering new trust units, and Approval of the method of offering and the allocation of the Trust Units that are issued and offered for sale and approval of loans and guarantees related to loans from financial institutions, that are unanimously resolved by the meeting of Trust Unit Holders.



On 12 June 2019, BOFFICE held an extraordinary meeting of Trust Unit Holders no. 1/2019 for consideration and approval from the Trust Unit Holders in approving amendment to the Trust Deed related to the event of a decrease in paid-up capital of BOFFICE, that is unanimously resolved by the meeting of Trust Unit Holders.

Descriptions of Invested Assets

BHIRAJ TOWER at EmQuartier Office Building

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



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

Location and Environment

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



Location of the Building

Description of Investment	
Nature of Investment	<ol style="list-style-type: none"> Some long-term leasehold area in BHIRAJ TOWER at EmQuartier Office Building <ol style="list-style-type: none"> Office space for rental of BHIRAJ TOWER at EmQuartier Office Building (15th Floor - 42nd Floor and some areas on 43rd Floor) and retail store rental area (M Floor) Common area of office zone, such as, fire exit, elevator, walkway of office zone, and lobby of office zone, etc. Parking area of office zone (located on 2M Floor, 3rd Floor, and 3M Floor of The Waterfall Quartier Building) Area for public utility system work of office zone (which is some area in The Waterfall Quartier Building and BHIRAJ TOWER at EmQuartier Office Building), including the public utility system of the common area used together with The EmQuartier Shopping Complex (which is located in some area on BB Floor, B Floor, G Floor, and 5M Floor of The Waterfall Quartier Building) Ownership of movable properties related to BHIRAJ TOWER at EmQuartier Office Building, such as ownership of movable properties in the category of public utility system in the zone of office building and the common area used together with The EmQuartier Shopping Complex, including ownership of related tools and devices
Term of Investment	Approximately 26 years 9 months from the date of leasehold registration until September 30, 2044
Date of Investment in Assets	18 January 2018
Value of Invested Trust	6,668,789,000 Baht
Appraisal Price of Asset as of June 1, 2019	6,489,000,000 Baht (Appraised by JLL (Thailand) Company Limited)
Nature of Assets Invested by BOFFICE	
Location	689 Sukhumvit Road, Khlongton Nua, Wattana, Bangkok
Land Owner	BHIRAJ TOWER at EmQuartier Office Building is located on the land of 13 Rai 32 Square Wah which is owned by BHIRAJ BURI Company Limited.
Building Owner	Building is owned by BHIRAJ BURI Company Limited.
Type of Utilization	Office building for rent
Gross Floor Area	94,853 square meters, including the office spaces for rent, common area of office zone, parking area of office zone, area for installing work systems, other areas realign to the project
Net Leasable Area	49,460 square meters, including the office spaces for rent of 49,164 square meters, terrace area of 232 square meters, and the retail store space for rent of 64 square meters
Year of Construction Completion	Year 2015
Nature of Benefit Provision	Provide benefits by leasing out spaces to tenants and providing service relating to rented area leasing
Type of Customer Group	Tenant with a variety of type of business or service
Rental and Service Income of 2019	637,532,359 Baht
Restriction or Obligation	Under the loan contract, the Trust shall comply with some certain financial terms specified in the contract, such as, maintaining the debt to total asset ratio and leverage ratio based on the specified rate.

Price obtained from the latest value appraisal

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

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

Appraiser	JLL (Thailand) Company Limited
Method of Value of Appraisal	Income Approach
Duration of Appraisal	25 years 4 months from the date of appraisal until 30 September 2044 (based on the remaining term of lease contract)
Date of Appraisal	1 June 2019
Date of Asset Survey	27 May 2019
Value of Appraised Asset	6,489,000,000 Baht
Significant Assumptions	
Average Space Rental Fee Rate (Estimation in June, 2019 - December, 2019) and Rate of Rental Fee Adjustment from 2020	<ul style="list-style-type: none">- Office spaces, 1,020 Baht/square meter/month for renew spaces and free spaces (Increased by 4% every year)- Retail store, 1,650 Baht/square meter/month (Increased by 12% every 3 years)
Occupancy Rate	<ul style="list-style-type: none">- Office 97% of the entire rental spaces- Retail stores 100% of the entire rental spaces
Discount Rate	9.0%

Remarks : Utility fees shall be charged at 3% per year from the estimated year 2019. The reserve for renovation is 2% - 2.5% of the total revenue and Property Manager fee according to the specified fixed rate throughout the term of Property Manager Appointment Agreement.

Borrowing Policy

Borrowing Policy

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

- 1) To invest in real estate or leasehold rights which are added to its Core Properties.
- 2) To use borrowings to manage BOFFICE's properties.
- 3) To use borrowings for maintenance, repair, upkeep or improvement of BOFFICE's properties such as its real estate or leasehold rights of real estate so that they remain in good condition and are properly maintained to readily confer benefits of income production.
- 4) To use borrowings for constructions of any annex or any additional buildings on the exiting plots of land that BOFFICE owns or holds leasehold rights of such real estate to confer benefits of income production.
- 5) To use borrowings for repayments of its loans or obligations.
- 6) To use borrowings for any other necessary purposes as the REIT Manager shall deem appropriate for the management of the REIT and for the benefits of Trust Unit Holders.

Loan will be conducted principally for benefit of Trust Unit Holders. In case of loan under objective 3) to improve BOFFICE's properties such as its real estate or leasehold rights of real estate or objective 4) to construct of any annex or any additional buildings on the exiting plots of land that BOFFICE owns or holds leasehold rights, remaining period of leasehold right shall be considered.

BOFFICE has a limit of loan ratio which shall not exceed 35 percent of total asset value. In case of investment grade be applied, loan ratio shall not exceed 60 percent of total asset value.

Loan of REIT for investing in core properties will benefit to Trust Unit Holders, because REIT will receive lower financial cost when compared to invest in properties by using capital from offering trust units to investors only.

Summary of loan agreement and details of collaterals

BOFFICE currently has some loan. Kasikorn Asset Management Company Limited as BOFFICE's trustee makes a loan agreement with KASIKORNBANK Public Company Limited, who is related person with the trustee. Terms and conditions of such loan complies with the loan agreement, the business security agreement and relevant financial documents between trustee and the lender or between contract counterparties. Summary of terms and conditions are determined as follow;

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

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

Statement of Loan at the end of accounting year 2019

Outstanding Loan (Baht)	1,720,000,000
Total Assets (Baht)	6,963,658,604
Loan to Total Assets (%)	24.70
Compiling with Financial Covenants in Loan Agreement	BOFFICE comply the financial covenant in loan agreement

Overall Industry of Real Estate Investment

Overall Economic Situation of Thailand

The economic report of the Office of The National Economic and Social Development Council (NESDB) estimated that Thai economy in 2019 expanded 2.4%, became lower from Thai economy in 2018 due to the export value declined by 3.2% and private consumption and total investment grew by 4.5%, and 2.2% respectively. The headline inflation averaged 0.7%.

For the year 2020, NESDB estimates that the expansion will be 1.5%-2.5%, softening from 2019 due to impact from the corona virus (COVID-19) outbreak, the drought conditions, and the delay in FY2020 budget. The supporting factors are as follows;

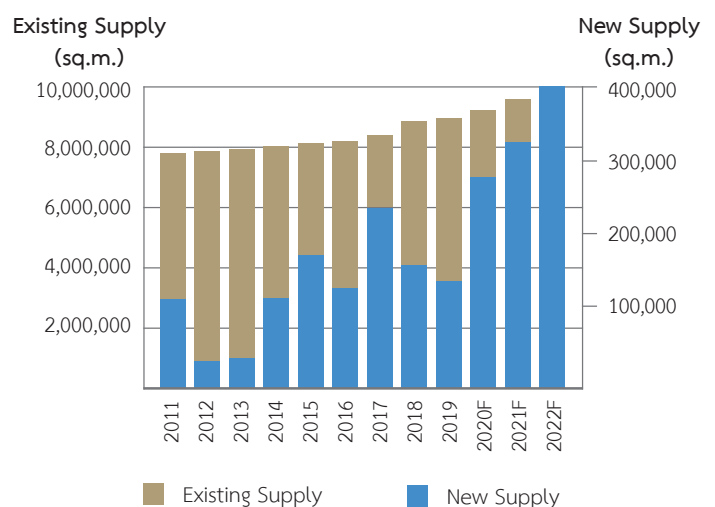
- 1) A gradual global economic recovery following easing trade tensions and lower risks of a no-deal Brexit.
- 2) The favorable expansions of private consumption and investment of both private and public.
- 3) Key government stimulus measures.
- 4) A low growth base in the last quarter of 2019.

On 5 February 2020, Monetary Policy Committee (MPC) announced the reduction of the policy rate by 0.25% per year from 1.25% to 1.00% per year.

Real Estate Industrial Situation in Office Building Commercial Sector

According to the research of Colliers International (Thailand) Company Limited, the supply of office building in the office building industry in Bangkok in the 4th quarter of 2019 was 8.8 million sq.m. In this quarter, there were completely constructed office buildings in an amount of 35,110 sq.m. (CP Tower North Park and the first phase of Summer Lasalle Project). And the processing office buildings which are expected to be completed between 2020 and 2022, approximately 1.3 million sq.m., which are the office buildings in the Central Business District (CBD) of approximately 50% from Total area, and about 70% of which be Grade A office buildings, such as The PARQ on Rama 4 Road and the first phase of One Bangkok Project.

Chart of office buildings supply in Bangkok

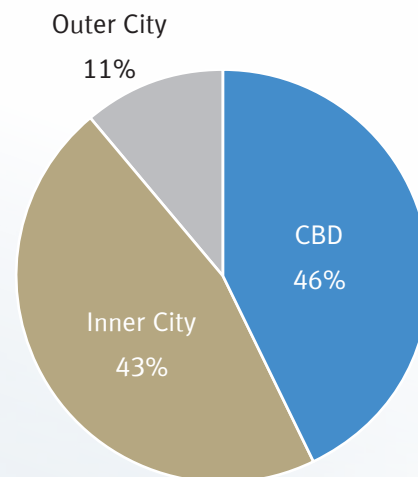


Source: Research of Colliers International (Thailand) Co., Ltd.

As of Q4 2019, The office buildings in Bangkok are occupied approximately 8.8 million sq.m., which are the office buildings in the CBD of 46% from Total area, and about 43% of which be office buildings in Inner City, and about 11% of which be office buildings in Outer City,

As of Q4 2019, The office buildings in Bangkok occupancy rate was 95.9%, with Sukhumvit Area became the area with the highest occupancy rate in the CBD at 97.4%. The average asking rental rate of Grade A offices in the CBD was approximately 1,112 Baht per sq.m. per month. The average asking rental rates increased by 5%-10% y-o-y for Grade A office space in all locations in Bangkok. Mostly Thai and foreign companies in Bangkok are interested in rental office space in grade A and B in the CBD.

Chart of office buildings supply by location in Bangkok



Source: Research of Colliers International (Thailand) Co., Ltd.



Risk Factor

1) BOFFICE's Competitors Risk

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

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

Rental fees and service charges that BOFFICE will receive from tenants according to lease agreement and service agreement are regarded as the main revenue of BOFFICE. As a result, BOFFICE may have risk in case tenants and clients default on rental payment and/or service charges and/or terminate the lease agreement and service agreement prior to the expiration date, especially risk in case several small tenants and clients simultaneously terminate the lease agreement and service agreement prior to the expiration date or in case large tenants and clients terminate the lease agreement prior to the expiration date. If BOFFICE is unable to find new tenant to replace these vacant areas, and whether due to the reason that the tenants do not hand over the rental area under the conditions or unable to find

new tenant, such case will directly affect the revenue of BOFFICE, including the ability to distribute benefits to Trust Unit Holders. However, to reduce the potential risk from payment default of rental fees and/or service charges and/or termination of the lease agreement and service agreement prior to the expiration date, previously the property manager of the project pay attention to the screening process of competent tenants in business operation in terms of financial stability, reliable record and well acceptance. In addition, they also focus on the selection of various tenant groups so that the tenant mix will have appropriate distribution in the aspect of business or service type and size of rental area. Including in the case that the lease agreement and/or service agreement will to expire, the property manager will negotiate with the tenants to consider extending the agreement in advance.

3) Potential risk in bank loan

Since BOFFICE borrow a loan for investment in assets and use as working capital, which may be a risk from such a loan because the interest rate that is the floating rate may be changed during the term of loan contract, which causes interest rate to rise and may cause negative effect on operating results of BOFFICE. However, risks that BOFFICE is unable to pay the interest are at the low chance because the asset of BOFFICE is able to earn income continuously and BOFFICE has loan to asset ratio at the low level. On 31 December 2019, BOFFICE had loan to asset ratio as 24.70% by Bank loan about 1,720 million Baht. In addition, the REIT manager will consider and monitor factors affecting the loan of BOFFICE, including tendency of interest rate constantly in order to assess risks and take appropriate actions

according to current situations. For example, there may be the consideration refinance to find funds to the principal and interest repayment. As a result, this will cause the interest in the new loan to decrease compared to the interest on the old loan. There will affect to reduce operating costs. However, in the event that BOFFICE have new loan to repayment the old loan (Refinancing), the risks that BOFFICE may not getting a new loan agreement that better than the old loan agreement or in the case of some additional condition in agreement which may be restrictions in operation of BOFFICE.

In addition, BOFFICE may have risks of interest repayment and/or principal repayment whether a part or a whole of the repayment which causes to the default on the loan agreement and/or related conditions of loan agreement, which may lead to the default event in the Trust Deed and the announcement of the Office of the Securities and Exchange Commission No. SorRor 26/2555 Re: Regulations about lists and wording in the Trust Deed, which the Trust Unit Holders shall receive dividends of not less than 90% of the adjusted net profit of the fiscal year, which may cause BOFFICE to have cash or liquidity for the loan repayment. Therefore, BOFFICE may consider finding other funds for the loan repayment or other alternative sources of financing, such as refinancing, issuing and offering the Trust units, and sales of some assets for repayment. The REIT manager will consider the alternative options for the Trust Unit Holders to get the best benefit.

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

Although natural disaster, flood, theft and other force majeure events seldom occurs, if it occurs in the location of asset, it not only causes damages to asset of BOFFICE, but also loss of life and asset of tenants and clients in asset areas. However, BOFFICE provides All Risks

Insurance to cover damages incurred to asset. Such coverage includes damages from accidents and natural disasters, such as, fire, lightning, earthquake, flood, theft and other force majeure events for asset. And extend the coverage to machinery Breakdown, Boiler explosion, Glass disaster. The abovementioned coverages under the policy which may be limits of liability by the insurance company and excludes any risk arising from fraud, dishonesty, pollution, electronic data, and internet, risks arising from political movement, war and terrorism, sanction measures and civil unrest to the extent of protest against government. In addition, the property manager has arranged annual fire drills to prepare for possible events.

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

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



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

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

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

Operating results and dividend payout of BOFFICE may be affected from the enforcement of new accounting standards in Thailand or the update of accounting standards. Including the amendment of laws, notifications, requirements, rules, regulations, provisions, policies and/or directives of government entities or legally authorized authorities. However, The REIT manager has monitor accounting standards and Financial Reporting Standards and Law on land and buildings and various related rules, which are effective or amendment or revised. Including studying guidelines and regular training for preparing financial reports, accounting, financial statements, and planning of operation accordance with accounting standards and related rules

8) Risk from land expropriation of government entities

BOFFICE may have a risk in case government entities expropriate asset of BOFFICE, which are a whole or a part of assets according to the expropriation law. There will affect to BOFFICE to no longer use asset for business operation. In addition, in case of such expropriation, BOFFICE may not receive compensation from such event or may receive less compensation than the investment value which possibly affects that unit holders will not receive return correspond to the estimation. However, the amount of compensation that BOFFICE will receive is based on the conditions as specified in related contracts, the remaining term for using assets after expropriation, or the amount of compensation received from expropriation.

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

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

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

BHIRAJ BURI Company Limited has entered into an agreement with Bangkok Mass Transit System (Public) Company Limited (“BTS Company”) in order to connect some areas of Phrom Phong BTS Station to some areas of the BHIRAJ TOWER at EmQuartier on M floor. BOFFICE was completely granted the permission to access BTS station skywalk from BHIRAJ BURI Company Limited in order to be used as the passageway between BTS station and the building. The duration of concession of BTS system

management that BTS Company is granted from Bangkok Metropolitan will expire in 2029. Upon the due date of such concession, BOFFICE may have a potential risk that BTS station skywalk cannot be used and accessed to some areas of the BHIRAJ TOWER at EmQuartier or may have additional expenses due to new contract with an operator of BTS system management at that time. In case BOFFICE is unable to access BTS station skywalk that connects to some areas of the BHIRAJ TOWER at EmQuartier, tenants or clients are able to access the regular entrance and exit between the BTS station and the Bhiraj Tower at EmQuartier on G floor, in front of the building.

11) Risk from non-diversified investment of BOFFICE

Currently, at the end of 2019, BOFFICE has invested in only leasehold of BHIRAJ TOWER at EmQuartier so there is no risk diversification in terms of the location of the project in order to reduce the fluctuation of investment. However, In 2019, BOFFICE had a plan additionally investment in another project for the BHIRAJ TOWER at BITEC and proposed and obtained the approval by the Trust Unit Holders for investment in assets in the category of office building, office space for rent and retail space on Sukhumvit-Bang Na area. Which is stand in different area of the BHIRAJ TOWER at EmQuartier. The REIT Manager is study and assess related factors and deem that such additional investment will provide benefits to Trust Unit Holders and may reduce investment risks resulting from non-diversified investment.

12) Risk relating to the ability to procure property benefits from the competent property manager

Property manager is responsible for manage property of BOFFICE, that assigned by the REIT Manager in accordance with property manager agreement. Including provision of benefits from property of BOFFICE and other relating management, such as provides new tenants to rent the space of Project, renew the agreements with the existing tenants, collecting revenues according to the agreement, maintaining properties and assets as necessary to be in good condition for the benefits of services. However, in the event that the property manager cannot perform his duties for any reasons even if BOFFICE determines the sufficient and attractive compensation, but still cannot find or appoint a new property manager to manage immediately. There may negatively affect to a performance of BOFFICE and payment of BOFFICE's benefits to the Trust Unit Holders. However, the REIT manager has teams who are knowledgeable, competent and able to work during the recruiting process of another property manager.



Corporate Governance of BOFFICE

The Board of Directors' Meeting of REIT Manager

1) Requirements of meeting

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

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

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

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

In 2019, the REIT Manager held the Board of Directors' Meeting for approval and acknowledgement important operations of BOFFICE as follows;

- (a) Matters for approval
 - (1) Financial statements and operating results of BOFFICE
 - (2) Payment distribution to Trust Unit Holders
 - (3) Annual budget
 - (4) Investment policy of BOFFICE
 - (5) Holding of Annual General meeting of Trust Unit Holders
 - (6) Holding of Extraordinary General meeting of Trust Unit Holders
 - (7) Decreasing of the paid-up capital of BOFFICE
- (b) Matters for acknowledgement
 - (1) Report of BOFFICE's operating results
 - (2) Report of BOFFICE's unit trust price movement and questions from investors
 - (3) Actual plan for BOFFICE's risk assessment

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

Internal Information Control Policy

REIT Manager has the policies and methods to supervise directors, executives, or other concerned parties who have chances to exploit the insider trading by dividing internal divisions in Bhiraaj REIT Management Company Limited and personnel to prevent any leakage of inside information. In addition, the determined schedule of non-trading of Trust Unit (including transferring and transfer receipt) during the period that the Company obtains or has the chance to obtain inside information relating to such Trust Unit is also announced that period to all directors, executives, employees, or the period that the Company prepares which such information is not disclosed to the public, including monitoring the trading (including transferring and transfer receipt) of Unit Trust of employees. There will be the inspection measure to ensure that the Company's directors, executives and employees comply with policies, approaches, and internal rules of the Company, including rules, regulations, and/or directives of related agencies.

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

Investments Approval and Management of BOFFICE

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

- 1) Regarding rules on additional investment in future, if BOFFICE invest in additional real estate or real estate investment trust and provide benefits from such real estate or real estate investment trust, the REIT Manager shall perform operations in accordance with the following rules;
 - 1.1) Main assets being invested by BOFFICE may be located in Thailand or foreign countries. BOFFICE emphasizes on investing in assets in a type of office building, office spaces for rent, and other commercial building. However, BOFFICE may consider the additional investment in other types of assets other than the asset in the type of office building, office spaces for rent, and other commercial building if the REIT Manager studies and assesses related factors and deems that such additional investment will benefit to Trust Unit Holders.
 - 1.2) Investment in real estate can be made for acquiring either or both ownership or long-term leasehold.
 - 1.3) Real estate in which BOFFICE invests and acquires must not be under any attachment on property rights or any dispute, unless the REIT Manager and Trustee consider that such attachment on property rights or such disputes shall not significantly impact any benefits that can be derived from such real estate and that the acquiring conditions of such real estate still benefit the Unit Trust Holders.



1.4) Additionally, BOFFICE may indirectly invest in main assets of BOFFICE by investing in real estate through shareholding in the company established for the purpose of operating activities in the similar nature of BOFFICE. Such investment shall be in accordance with rules specified by the related Notifications of the SEC Office and Trust Deed.

1.5) Contracts made in relation to an acquisition of real estate in which BOFFICE invests must not carry any clause or obligation that prohibits BOFFICE from renting out a said property at a fair price (in case of disposal), such as agreements licensing the priority of purchasing real estate of BOFFICE to the contractual party with the fixed price in advance, etc., or may cause BOFFICE to have duties more than normal duties of the tenant upon the termination of the lease contract.

1.6) The aggregate value of the completed and income-generating real estate acquired by BOFFICE must account for no less than seventy five percent of the sum of the total value of the units offered for sale plus the total amount of loans and borrowed funds (if any)

However, BOFFICE may invest projects which are under construction, provided that the value of the real estate acquired shall not exceed ten (10) percent of the Trust total asset value (after the offer for sale of units), and BOFFICE shall demonstrate that sufficient working capital can be afforded for the rest of the development without materially affecting the existing concerns of BOFFICE.

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

(a) Being a full appraisal with evidence of verification of entitled rights, for the purpose of public use for the disclosure of relevant information to the investors. Such appraisal shall be performed by at least two appraisers and completed no more than six months prior to the date of submission of the application for approval of the sale of units. and;

(b) An appraiser of asset value under (a) shall be the appraiser of asset value approved by the SEC Office according to the Notification of the Office of the Securities and Exchange Commission on Approval of Appraisal Company and Lead Appraiser. In case of real estate invested overseas, the appraiser of asset value may be a person on the list that is determined by the official entities or supervisory agencies of the nation where real estate is located to perform the duties of appraising value of such assets. However, in case there is no such list, the person appraising value of assets shall possess one of the following characteristics;

(1) Being a professional practitioner relating to asset value appraisal who has widely acceptable performances in the nation where such real estate is located

(2) Being a person having the international standards of operation and working system for asset value appraisal

(3) Being an appraiser of asset value having international wide networks



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- 2) Method of REIT's additional main asset and equipment acquisition
- 2.1) Prior to each acquisition of main assets, the following procedures shall be conducted;
- (a) Perform Due Diligence of information and contracts relating to main assets and equipment (if any), such as information on finance and laws, conditions of real estate to be invested and ability of contractual party to make legal transactions, etc., to support decision-making of investment and correct information disclosure. In case the owner, lessor, or assignor of real estate leasehold is a person connected with the REIT Manager, the REIT Manager will also provide a financial consultant to give opinions on such data analysis.
 - (b) Assess the value of main assets and equipment
- 2.2) Acquisition of additional main assets shall be in accordance with the following requirements;
- (a) In terms of substance of transaction, it must be the transaction with the following characteristics;
 - (1) In compliance with Trust Deed and related laws
 - (2) For the best benefits of the REIT
 - (3) Reasonable and use fair price
 - (4) Expenses for making transactions collected from the REIT (if any) are at the fair and appropriate rate.
 - (5) Special stakeholders for transactions do not involve with decision-making of such transactions.
 - (b) In terms of system for approving, the following procedures shall be conducted;
 - (1) Receive an approval from the Trustee that transactions are in accordance with Trust Deed and related laws
 - (2) In case of acquisition of main assets worth from ten percent or higher of the total value of the Trust's assets, it shall require an approval from Board of Directors of the REIT Manager.
 - (3) In case of acquisition of main assets worth from thirty percent or higher of the total value of the REIT's assets, it shall require the resolution of Trust Unit Holders' Meeting with the votes of not less than three-fourth of the total votes of Trust Unit Holders attending the meeting and entitled to vote. The value of the above-mentioned assets shall be calculated based on the value of acquisition of the total assets of each project that makes the REIT ready to seek for income and assets related to such project.
 - (c) Process on requesting for an approval from Trustee or resolution of Trust Unit Holders' Meeting shall determine duties of the REIT Manager and the Trustee as follows;
 - (1) Duties of the REIT Manager to provide documents requesting for an approval or an invitation letter for meeting, as the case may be, which express his/her opinions on nature of transactions of acquiring additional main assets, including reasons and clear supporting information
 - (2) Duties of the Trustee for attending Trust Unit Holders' Meeting to give opinions on nature of transaction whether it is in accordance with Trust Deed and related laws



Provision of Benefits, Policy and Procedures on Supplying Tenants

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

In case the REIT invest to acquire the ownership by subleasing real estate or renting areas or buildings, REIT Manager will perform operations to make sure that assets invested by the REIT have the insurance in an appropriate limit. If the Trustee on behalf of the REIT is not the beneficiary and the insured of such insurance due to any reasons, such as being a beneficiary and an insured of such insurance will in conflict with provisions of the main lease contract, the REIT Manager will perform operations to make sure that measures or mechanisms are provided sufficiently in order to use compensation to create new assets invested by the Trust for further providing benefits and/or compensate to the REIT for lacking benefits of possessing assets invested by the REIT.

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

Selection of Property Manager

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

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



Supervision of the Property Manager's Performances

- 1) REIT Manager is responsible for supervising the management and operations of the Property Manager in order to maintain the best benefits of BOFFICE and Trust Unit Holders. The following operations shall be at least performed;
 - 1.1) REIT Manager shall participate in preparing or considering and approving the annual budget plan of the Property Manager in order to clarify descriptions of income and expenses and avoid undesirable expenses, establish goals for providing monthly and annual income, and supervise income and expenses to be in accordance with the specified budget plan. The annual budget plan of the Property Manager shall be approved by the Trustee.
 - 1.2) REIT Manager shall establish conditions that motivate the Property Manager to add values and returns to the Trust and reduce risks to Trust Unit Holders.
 - 1.3) REIT Manager shall participate in considering or revising strategy planning of the Property Manager in order to increase the provision of income and reduce risks from fluctuation of rental fee and/or area service charge for BOFFICE and supervise the Property Manager to perform operations according to specified strategies.
 - 1.4) REIT Manager shall participate in considering or revising approaches on selecting major tenants and service users or planning the arrangement of business type proportion of tenants of the Property Manager in order to limit and control risks or fluctuation from rental fee and/or area service charge in each year.
 - 1.5) REIT Manager shall review or participate in determining policies on rental fee and/or area service charge so that the rate of rental fee and/or area service charge shall be in accordance with appropriate rate based on leasing and servicing market situations at that time.
 - 1.6) REIT Manager shall inspect the system for controlling expenses on maintenance or repair of equipment or building in order to keep assets to be in conditions that are comparable to the industry.
 - 1.7) REIT Manager shall assess appropriateness of control system regarding procurement of the Property Manager so that the REIT will receive products or services that are worth for the paid amount.
 - 1.8) REIT Manager shall monitor and supervise the income collection of the Property Manager so that the REIT will receive complete rental fee and/or service charge.
 - 1.9) REIT Manager shall assign the Property Manager to monitor and supervise tenants and service users to pay taxes correctly as specified by laws.
 - 1.10) REIT Manager shall analyze abnormalities in management of the Property Manager, including randomly inspect operations of the Property Manager.
 - 1.11) REIT Manager shall select and assess the internal control system of the Property Manager.

2) System for monitoring and randomly inspecting to ensure that the Property Manager complies with the following rules;

2.1) Collect income and submit it to the REIT correctly and completely

2.2) Not collect expenses from the REIT in an amount that exceeds the necessity and must be under the frame of REIT Manager Appointment Contract for such collection

2.3) Supervise and maintain assets of the REIT sufficiently and appropriately in order to provide constant benefits in the long term

In 2019, REIT Manager gave opinion on operations of the Property Manager that the Property Manager was able to perform operations according to the specified plans and expenses were under the specified budget.

Management of BOFFICE's Benefits and Earnings

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

1) REIT Manager and the Trustee monitor the performance of BOFFICE yearly. This involves comparing the annual financial budget with the REIT's performance in the past year to ensure that investment properties will return a profit. In the event that investment properties do not provide a return that meets set targets, REIT Manager and Trustee will analyze the cause and collaborate with the Property Manager to develop an improvement plan to ensure targets or expectations are met.

2) REIT Manager and Property Manager work together to grow the business and develop good relationships with various customers. It also manages the occupancy and rental rates and/or service fees and ensure they stay at a good level to the maximum benefit to BOFFICE. At the same time, REIT Manager and Property Manager collaborate to control and manage marketing investments and risks related to the management of the REIT's real estate investments.

3) REIT Manager works with the Property Manager to increase the effectiveness of real estate management in the REIT's invested properties. It also controls and manages operational expenses without having any negative impact on the quality of services.

4) REIT Manager and Property Manager shall closely cooperate to enhance capabilities of real estate invested by the REIT. Such operations include;

4.1) Setting the target customer market for the REIT's invested assets. This includes adjusting marketing strategy, service quality, and setting rental rates and service fees at an appropriate level suitable to the needs of a said target customer.

4.2) Management and maintenance of REIT's invested properties including improving public spaces, common areas, and any event-specific alterations which need to be made.

4.3) Improving the image of the REIT's invested assets, this includes maintaining the property to a high standard suitable for work to satisfy customers.



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- 5) BOFFICE and REIT Manager have the policy to provide benefits from assets invested by the REIT by leasing areas of such assets to tenants, including any necessary service relating to tenants. Property Manager shall be responsible for providing persons interested in renting areas of the REIT's assets by allowing them to visit the site of the project and directly negotiating with persons interested in renting areas.
- 6) REIT Manager shall provide at least one of the following insurances;
- 6.1) It provides adequate insurance appropriate to any loss incurred by the REIT which affects invested properties or property rights. This is to cover damages which may occur to the REIT that may arise from any losses that may occur to said assets. It is prescribed that the lender will be the beneficiary in cases where the REIT takes out a loan or assigns the Trustee as the representative beneficiary of the REIT in cases where the REIT did not take out a loan (case by case), with the approval of the Trustee.
- 6.2) Third-party Insurance covers responsibilities towards external persons which may get damaged from any defects or deterioration of buildings or construction material. In the case where the lessor or owner of property rights, namely the REIT or Property Manager has provided insurance, the Trustee will only be liable specifically if the REIT is forced to be liable.
- 6.3) The various types of insurance offered by the REIT will remain for the duration that the REIT owns or has rights those properties.
- 7) To make transactions with connected persons shall be performed in accordance with rules as follows;
- 7.1) Transactions with parties related to the REIT Manager will be conducted in accordance with the REIT's agreement and relevant laws, for the maximum benefit of REIT.
- 7.2) Transactions with parties related to the REIT Manager will be priced reasonably and fairly.
- 7.3) Persons having interests with transactions, either directly or indirectly, shall not involve with the consideration and decision-making of transactions.

Remuneration of REIT Manager

In case of disposal of the REIT's main assets, it shall be calculated from the cost of the REIT's main assets less the amount of capital decrease from the disposal of such REIT's main assets. The type of leasehold used to calculate the fee shall be calculated only the effective period of leasehold only. In addition, in case of the REIT Manager has a new asset, will receive the fee not exceeding 0.75% of the new asset value (in case of the asset belong related party with the REIT Manager), and the fee not exceeding 1.00% of the new asset value (in case of the asset belong others and not related party with the REIT Manager).

Information Disclosure and Communication with Unit Holders

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

Information Disclosure	Events
Immediate Disclosure	<ul style="list-style-type: none"> • Information affecting price, investment decision-making, benefits of unitholder • Information on operation, such as payment and benefit distribution, disclosure of Treasury Stock • Reporting when there is an event possibly affecting the dissolution of BOFFICE • Reporting when there is an event that Trust Deed determines to be the cause of dissolution of BOFFICE or other events allowing to know the advance schedule of dissolution of BOFFICE • Immediately reporting when there is an event regarding acquisition or disposal of real estate or exceeding proportion of unitholder
Within 3 business days	<ul style="list-style-type: none"> • Information that does not directly affect but should be disseminated to investors, such as relocation of headquarters/changes of directors/changes of auditors
Within 14 days	<ul style="list-style-type: none"> • Information that the Stock Exchange must collect to be used as evidence and reference, such as, copy of minutes of unitholders' meeting/report of capital increase share allocation
Within 15 days	<ul style="list-style-type: none"> • Report of REIT's paid-up capital decrease • Report of acquisition or disposal of real estate
Within 30 days	<ul style="list-style-type: none"> • Report of progress of investment in incompletely constructed real estate
Disclosed at specified periods	<ul style="list-style-type: none"> • Financial statements Quarter : Submitted within 45 days after the end of accounting period Annual Submitted within 2 months after the end of accounting period (In case the financial statement of the 4th quarter is not prepared) • Management Discussion and Analysis submitted together with financial statements • Form 56-1 within 3 months after the end of accounting period • Annual report together with the invitation letter for annual general meeting within 4 months from the end of accounting period • NAV data within 45 days after the end of accounting period

Arrangement of Trust Unit Holders' Meeting

- 1) To convene the Trust Unit Holders' Meeting, the REIT Manager shall prepare the invitation letter for the meeting which has necessary details for making a decision at least specified information in relation to method of meeting and voting a resolution including agenda items and such a matter subject to propose to the meeting together with appropriate details and stating clearly that such matter is for acknowledgement, for approval, or for consideration, including the opinion of the REIT Manager on the said matters. In case of approval from Trust Unit Holders, it is including potential impact to Trust Unit Holders on the voting on such matter. Such invitation letter for the meeting shall be delivered to Trust Unit Holders not less than fourteen (14) days in case of the meeting that has the agenda for the approval from Trust Unit Holders required not less than three-four (3/4) of amount of Unit Trusts of Trust Unit Holders that attend and are entitled the rights or delivered to Trust Unit holders than seven (7) days prior the meeting in case of neither agenda for an approval of Trust Unit Holders. However, publication of such meeting shall also be made in one (1) daily newspaper at least three (3) days prior the meeting. The location for the meeting shall be convened in the locality where the office of the Trustee or the REIT Manager is located or in any nearby province.
- 2) In case that the REIT manager has not summoned the Trust Unit Holders' Meeting within Forty-five (45) days after receiving the letter from the Trust Unit Holders holding Trust Unit in an aggregate of not less than 10% of the total number of Trust Units sold that requests the REIT manager to summon the Extraordinary General Meeting of Trust Unit Holders and/or within one (1) month from the date that received letter from the Trustee in case that the Trustee deems that it is necessary or appropriate to present it to the Extraordinary General Meeting of Trust Unit Holders Meeting as the case may be, the Trustee shall convene the Trust Unit Holders' Meeting by complying with the procedures of meeting summoning specified in Paragraph One mutatis mutandis. The REIT Manager is responsible for cooperation in providing the relevant information that is necessary for the Trustee to call the meeting and arrange the Trust Unit Holders' meeting within 7 days of the date that requested by the Trustee in order to summon and process the arrangement of meeting and the Trustee shall be entitled shall be entitled to collect actual expenses (if any) from the Trust Unit Holders' Meeting on behalf of the REIT Manager.
- 3) Quorum and Chairman of Trust Unit Holders' Meeting
 - 3.1) To constitute a quorum in the Trust Unit Holders' Meeting, there shall not be not less than twenty (25) Trust Unit Holders or not less than a half of the total number of Trust Unit Holders. In addition, they shall hold Trust Unit in an aggregate of not less than one-third (1/3) of the total number of Trust Unit sold.
 - 3.2) If within one (1) hour from the appointment for the Trust Unit Holders' Meeting the number of Trust Unit Holder attending the meeting is insufficient to form a prescribed quorum, the Trust Unit Holders' Meeting, if summoned upon the requisition of Trust Unit Holders and the Trustee for the extraordinary meeting, shall be dissolved. If such Trust Unit Holders' Meeting is not convened upon the requisition of Trust Unit Holders for the extraordinary meeting, another meeting shall be summoned. In such case, the invitation letter for the meeting shall be submitted to Trust Unit Holders not less than seven (7) days prior the date of meeting. In the latter meeting, no quorum shall be necessary.

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

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

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

- (a) Supervise and perform the Trust Unit Holders' Meeting to be in order
- (b) Specify any other methods to proceed the Trust Unit Holders' Meeting as the Chairman deems appropriate or necessary for the purpose of organized and effective Trust Unit Holders' Meeting, including its consideration and voting procedure

(c) Ensure that the Trust Unit Holders' Meeting is in order under the Trust Act and related laws, the Chairman may cease the discussion or consideration of any matter at the Trust Unit Holders' Meeting.

(d) In a case the votes for resolution at the Trust Unit Holders' Meeting are equal, the Chairman is entitled to cast the final vote. The vote casted by the Chairman of the Trust Unit Holders' Meeting in such agenda shall be final.

4) Grant of Proxy

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

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

5) Method of Vote Counting

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

6) Resolution of Trust Unit Holder

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

6.1) In general case, it shall consider the majority vote of the Trust Unit Holders attending the meeting and entitled to vote.



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

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

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

7) Trust Unit Holder's Minutes of Meeting

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

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

1) Board of Director

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

2) Management at the level of managing director

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

Remuneration of Auditor

BOFFICE appointed the auditor of the REIT for the accounting period ended December 31, 2019. The details are as follows;

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

Internal Control and Risk Management



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

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

Prevention of Conflict of Interest

Related Party Transactions for Previous Accounting Period

Person/ Juristic Person	Relationship	Characteristics of Related Party Transaction	Conditions of Pricing Policy	Opinion of Pricing
Bhiraj REIT Management Company Limited	- REIT manager	- Receive REIT management fee from BOFFICE	- Contractually agreed price	- Fee is based on the agreed contract
BHIRAJ Management Company Limited	- Property Manager	- Receive property management fee from BOFFICE	- Contractually agreed price	- Fee is based on the agreed contract
Kasikorn Asset Management Company Limited	- Trustee	- Receive Trustee's fee from BOFFICE	- Contractually agreed price	- Fee is based on the agreed contract
KASIKORNBANK PUBLIC COMPANY LIMITED	- The parent company of Kasikorn Asset Management Company Limited	- Deposit - Provide loan - Rent office area	- In normal rate of 0.22%-0.55% - Contractually agree interest rate - Contractually agree price	- Deposit rate follow the Bank's announcement - Conditions of loan borrowing are similar to those available in the market - Rental fee is not less than other tenants rates.
BHIRAJ BURI Company Limited	- Major unitholder	- Has entered into agreement for common area service of BHIRAJ Tower at EmQuartier - Has entered into service agreement for meeting room area	- Contractually agreed price - As agreed price	- Expense related agreement for common area service is in accordance with the agreed contract - Receive income is in accordance with the agreed contract
- Penta 591 Company Limited	- Group companies of the BOFFICE's major unitholder	- Sales of assets	- As agreed price	- Purchasing price is in accordance with the agreement. Price is not more than other distributors

Transactions Policy between BOFFICE and Related Party

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

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



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- 2) Policy on transactions made between BOFFICE and Trustee or related party and Trustee

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

- 2.1) The Trustee demands remuneration for his performance as the Trustee
- 2.2) It is a transaction in compliance with the following rules;
- (a) Having a check and balance measure or mechanism to ensure fair treatment of such transaction
 - (b) The Trustee is able to demonstrate that BOFFICE is fairly managed, as well as sufficiently disclose related information to the Trust Unit Holders in advance and the Trust Unit Holder who acknowledges such information has no objection.

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

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



Legal Controversy

- None -



Corporate Social Responsibility

1) Good Corporate Governance

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

1.1) Stakeholders

BOFFICE categorizes the type of stakeholders as follows;

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

1.2) Determination of policy on corporate management strategies

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

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

BOFFICE has the reliability in management for transparency, for example, transparent and acceptable trustee, selection of the REIT manager with REIT management skill, selection of Property Manager with business expertise, including

transparent, fair, effective, and traceable working system, provision of a transparent, fair, acceptable, and reliable company to assess assets approved by SEC Office, and provision of an audit company approved by SEC Office that does not have interests with BOFFICE.

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

Not only trustee takes care of benefits of Trust Unit Holders, but also the REIT Manager provides the Investor Relation Department to facilitate the coordination for any complaints. Data disclosure of BOFFICE is fair for transparency to investors and Trust Unit Holders. In addition, an annual meeting of Trust Unit Holders is held to offer opportunity to Trust Unit Holders to participate in voting for agendas requesting for an approval and inquiring about performances and inquiries of any issues, as well as suggestions.

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

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

2) Fair Business Operation

2.1) Fair Competition

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

2.2) Promotion of Social Responsibility in Partners

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

2.3) Respect for Property Rights

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

3) Anti-Corruption

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

4) Respect for Human Rights

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

5) Fair Labor Practices

Property Manager of BOFFICE is committed to improve the labor standards, including life quality of employees managing BHIRAJ TOWER at EmQuartier Office Building to have better working environments, safety, and health without harm, and promote process of thinking outside the box. In addition, labors must receive fair treatment and appropriate welfare.



6) Responsibility to Consumer

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

- 6.1) Submitting the report of performances of Occupational Safety, Health, and Environment to the Department of Labour Protection and Welfare, every 3 months in accordance with the Ministerial Regulation on the Prescribing of Standard for administration and management of occupational safety, Health and Environment B.E. 2549 (A.D.2006).
- 6.2) Providing annual basic fire drill training to tenants performed by a lecturer receiving the license from the Department of Labor Protection and Welfare
- 6.3) Providing annual basic fire drill and fire evacuation to tenants yearly according to the Ministerial Regulation: The Standard for Service, Management, and Proceeding on Occupational safety, Health and Environment at a workplace for Prevention and Extinguishment of Fire B.E. 2555 (A.D.2012)
- 6.4) Annual reporting for the list of hazardous chemicals and descriptions of safety data of hazardous chemicals according to Ministerial Regulations on Standard of Management and Operations on Safety, Occupational Health, and Working Environment relating to Hazardous Chemicals B.E. 2556 (A.D.2013)
- 6.5) Annual inspecting the safety of electrical system and recording the inspection results and verifying electrical system and electrical equipment according to Ministerial Regulations on Standard of Management and Operations on Safety, Occupational Health, and Working Environment relating to Electricity B.E. 2558 (A.D.2015)
- 6.6) Annual inspecting and testing parts and equipment of elevators and testing the loading capacity of the elevator according to Ministerial Regulations on Standard of Management on Safety of Machines, Crane and Boiler, B.E. 2552 (A.D.2009)
- 6.7) Inspecting and reporting the safety of buildings and building facilities annually according to the Building Control B.E.2522 (A.D.1979)
- 6.8) Annual measuring and analysis of working environment about lighting and sound in the workplace according to Ministerial Regulations on Standard of Management and Operations on Safety, Occupational Health, and Working Environment relating to heat, lighting and sound B.E. 2559 (A.D.2016)

7) Environmental Management

Property Manager of BOFFICE focuses on environmental operations and direct and indirect mitigation of environmental impacts from operation, and complies with environmental laws and regulations. Including energy management in order to efficiently used energy by studying the usability energy properly, and suitable designing and power planning for the organization. Providing a knowledge training to build energy awareness and publishing the environmental news both inside and outside of the organization, for example;

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- 7.1) System maintenance and analysis and inspection of wastewater treatment system in order to regularly monitor the wastewater quality
- 7.2) System maintenance and analysis and inspection of tap water system in order to regularly monitor the tap water quality
- 7.3) Monthly control, measurement, and reporting of results of wastewater discharge from buildings according to Notification of Ministry of Natural Resources and Environment, Re: Prescribing Standards on Controlling Wastewater Discharge from some Type and Size of Buildings, B.E.2548 (A.D2005)
- 7.4) Monthly report of wastewater treatment system performance results (ThorSor.1) and Monthly summary report of wastewater treatment system performance results (ThorSor. 2), according to the Ministerial Regulations on Prescribing Rules, Procedures, and Forms of Statistic and Data Collection, Preparation of Description Memo, and Summary Report of Wastewater Treatment System Performance B.E. 2555 (A.D.2012)
- 7.5) Measurement and report of atmospheric hazardous chemical concentration level analysis result (Quantity of carbon monoxide in parking building) twice a year according to the Ministerial Regulations on Standards of Management and Operation of Safety relating to Hazardous Chemicals, B.E. 2556 (A.D.2013)
- 7.6) Determination projects and energy conservation measures according to Energy Conservation Promotion Act B.E. 2535 (A.D.1992) for example, Electricity consumption saving by the management on improvement and enhancement of automatic air conditioning system efficiency and changing the electric lamps to LED type.
- 7.7) Annual submission of report on energy management and certification of energy management reports according to Notification of Department of Alternative Energy Development and Efficiency, Re: Determination of types and sizes of regulated factories and buildings that the licensee conducting audit and certify of energy management since 2017
- 7.8) According to the dust problem (PM 2.5), BOFFICE had collaborate with the Wattana District Office to spray high-pressure water on the top floor of BHIRAJ TOWER at EmQuartier Office Building for decrease the dust problem in 2019.
- ## 8) Innovation and Diffusion of Innovation
- The Property Manager applies innovation in management for efficiency of operations in accounting and financial systems, procurement and supplies system, and other systems linking to Sales and Marketing Department, Service Operation Department, Operating Engineer Department, etc., in order to provide effective management and the best services to customers and clients. In the meantime, the Property Manager also continuously studies errors arising out of use of innovation and feasibility of new innovation usage for more integrated management.



Opinion of the Trustee



หลักทรัพย์จัดการกองทุนสินทรัพย์ไทย
开泰基金管理 KASIKORN ASSET MANAGEMENT



Opinion of the Trustee

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

I, Kasikorn Asset Management Company Limited, as the Trustee of Real Estate Investment Trust, has supervised and monitored the management of the Bhiraj Office Leasehold Real Estate Investment Trust managed by Bhiraj REIT Management Company Limited for the accounting period from 1 January 2019 to 31 December 2019.

I am of the opinion that Bhiraj REIT Management Company Limited has reasonably and appropriately performed its duties in managing the Trust in accordance with the objectives specified in the Trust Deed, the prospectus and provisions under Securities and Exchange Act B.E. 2535, and Trust for Transactions in Capital Market Act B.E.2550.

Best Regards,

A handwritten signature in blue ink, appearing to read 'Vittawat'.

(Mr. Vittawat Ajcharyavanich)

Executive Vice President

Property Business Management Division

Kasikorn Asset Management Company Limited

Independent Auditor's Report

เสนอต่อผู้ถือหุ้นหน่วยลงทุนของทรัสต์เพื่อการลงทุนในสิทธิการเช่าอสังหาริมทรัพย์กฤษออฟฟิศ



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Independent Auditor's Report

To the Unitholders of Bhiraj Office Leasehold Real Estate Investment Trust

Opinion

I have audited the accompanying financial statements of Bhiraj Office Leasehold Real Estate Investment Trust (the Trust), which comprise the balance sheet, including the details of investments as at 31 December 2019, the related statements of income, changes in net assets, cash flows, and significant financial information for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bhiraj Office Leasehold Real Estate Investment Trust as at 31 December 2019, its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

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

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

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

The valuation of investment in leasehold right over properties

As mentioned in Note 5.2 and 7 to the financial statements, the Trust presented investment in leasehold right over properties presented in the balance sheet as at 31 December 2019 at their fair value of Baht 6,479 million, representing 93% of total assets and for the year ended 31 December 2019 the Trust recognised net unrealised gain from changes in the fair value of investment in leasehold right over properties amounting to Baht 60 million in the statement of income. These investment in leasehold right over properties are not traded on an active market and a comparable quoted price for the same or similar investments on an inactive market cannot be found. The REIT Manager therefore determined the fair value of these investment in leasehold right over properties based on the value appraised by an independent appraiser. The fair value assessments mentioned above are transactions which were calculated under the assumptions and judgement of both the REIT Manager and the independent appraiser. I addressed the measurement of such investments as a key audit matter.

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

Recognition of revenue from rental and services

The Trust recognised revenue from rental and services in compliance with its accounting policy as disclosed in Note 5.1 to the financial statements. For the year ended 31 December 2019, the Trust recognised revenue from rental and services amounting to Baht 638 million in the statement of income. Moreover, the Trust has entered into agreements with a large number of customers, most of whom are retail tenants, and there are a variety of conditions in these agreements. I, therefore, addressed the recognition of rental and service income as a key audit matter.

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

Other information

The REIT Manager is responsible for the other information. The other information comprise the information included in annual report of the Trust, but does not include the financial statements and my auditor's report thereon. The annual report of the Trust is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Trust, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the REIT Manager for correction of the misstatement.



Building a better
working world

Responsibilities of the REIT Manager for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the REIT Manager.

- Conclude on the appropriateness of the REIT Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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



Waraporn Prapasirikul
Certified Public Accountant (Thailand) No. 4579

EY Office Limited
Bangkok: 20 February 2020

Balance Sheet

Bhiraj Office Leasehold Real Estate Investment Trust
As at 31 December 2019

		(Unit: Baht)	
	<u>Note</u>	<u>2019</u>	<u>2018</u>
Assets			
Investment in leasehold right over properties at fair value	7	6,479,211,187	6,418,199,004
Investment in securities at fair value	8	293,067,886	316,077,419
Cash and cash at banks	9	53,215,851	30,023,005
Rental and service and other receivables	10	27,641,255	12,777,498
Deferred expenses	11	61,962,685	69,625,837
Other assets		48,559,740	46,741,095
Total assets		<u>6,963,658,604</u>	<u>6,893,443,858</u>
Liabilities			
Trade and other payables		41,019,543	60,636,469
Advance receipt for rental and services		17,870,735	13,629,561
Deposits from rental and services		154,110,782	150,224,286
Long-term loan from financial institution	12	1,700,919,723	1,695,154,826
Total liabilities		<u>1,913,920,783</u>	<u>1,919,645,142</u>
Net assets		<u>5,049,737,821</u>	<u>4,973,798,716</u>

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

Balance Sheet (continued)

Bhiraj Office Leasehold Real Estate Investment Trust

As at 31 December 2019

		(Unit: Baht)	
	<u>Note</u>	<u>2019</u>	<u>2018</u>
Net assets:			
Trust registered	13	<u>4,873,441,263</u>	<u>4,974,029,775</u>
Capital from unitholders	13	4,873,441,263	4,974,029,775
Retained earnings (Deficit)	14	<u>176,296,558</u>	<u>(231,059)</u>
Net assets		<u><u>5,049,737,821</u></u>	<u><u>4,973,798,716</u></u>
Net asset value per unit (Baht)		9.7994	9.6520
Number of units issued at the end of period (units)		515,310,000	515,310,000

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

Detail of investments

Bhiraj Office Leasehold Real Estate Investment Trust
As at 31 December 2019

Detail of investments classified by asset classes

Type of investments	Areas held by the Trust	2019			2018		
		Cost (Baht)	Fair value (Baht)	Percentage of investment (Percent)	Cost (Baht)	Fair value (Baht)	Percentage of investment (Percent)
Investment in leasehold right over properties (Note 7)							
BHIRAJ TOWER at EmQuatier							
Location: 689 Sukhumvit Road							
	Klongtan-Nua Wattana Bangkok	6,670,798,026	6,479,211,187	95.67	6,669,392,922	6,418,199,004	95.31
Total investment in properties		6,670,798,026	6,479,211,187	95.67	6,669,392,922	6,418,199,004	95.31
Investment in security (Note 8)							
Opened-end fund							
SCB treasury money plus open end fund (SCBTMFPLUS)		-	-	-	314,431,936	316,077,419	4.69
LH Short Term Fixed Income Plus Fund (LHSTPLUS)		145,000,000	147,264,023	2.17	-	-	-
LH MONEY MARKET FUND (LHMM)		84,651,584	85,102,090	1.26	-	-	-
Thai Cash Management Enjoy Fund (TCMFENJOY)		60,000,000	60,701,773	0.90	-	-	-
Total investment in securities		289,651,584	293,067,886	4.33	314,431,936	316,077,419	4.69
Total investments		6,960,449,610	6,772,279,073	100.00	6,983,824,858	6,734,276,423	100.00

* The value does not include accrued rental income.

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

Statement of income

Bhiraj Office Leasehold Real Estate Investment Trust
For the year ended 31 December 2019

		(Unit: Baht)	
		For the	For the period
		year ended	as from
		31 December	15 January 2018
		to 31 December	2018
	Note	2019	2018
Investment income			
Rental and service income		637,532,359	567,558,018
Interest income		293,940	812,168
Other income		5,614,529	2,453,565
Total income		643,440,828	570,823,751
Expenses			
Cost of rental and service		119,690,289	106,751,403
REIT management fee	16	17,937,580	17,326,336
Trustee and custodian fee	16	7,854,202	7,666,385
Registrar fee	16	3,581,090	3,197,177
Property management fee	16	34,050,259	26,749,256
Amortisation of deferred expenses	11	17,217,767	16,542,298
Other expenses		4,348,828	6,421,089
Finance cost	17	71,966,456	67,443,683
Total expenses		276,646,471	252,097,627
Net investment income		366,794,357	318,726,124
Net unrealised gain (loss) on investments			
Net unrealised gain (loss) on investment in leasehold			
right over properties	7	59,607,079	(251,193,918)
Total net unrealised gain (loss) on investments		59,607,079	(251,193,918)
Increase in net assets from operations		426,401,436	67,532,206

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

Statement of changes in net assets

Bhiraj Office Leasehold Real Estate Investment Trust

For the year ended 31 December 2019

(Unit: Baht)

		For the period as from 15 January 2018 to 31 December
	For the year ended 31 December <u>2019</u>	<u>2018</u>
	<u>Note</u>	
Increase in net assets resulting from operations during year/period		
Net investment income		366,794,357
Net unrealised gain (loss) on investment in leasehold rights over properties		59,607,079
Net increase in net assets resulting from operations		426,401,436
Capital from unitholders		-
Capital reduction to unitholders	13	(100,588,512)
Distribution to unitholders	14, 15	(249,873,819)
Increase in net assets during year/period		75,939,105
Net assets at the beginning of year/period		4,973,798,716
Net assets at the end of year/period		5,049,737,821

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

Statement of cash flows

Bhiraj Office Leasehold Real Estate Investment Trust

For the year ended 31 December 2019

(Unit: Baht)

	For the year ended 31 December <u>2019</u>	For the period as from 15 January 2018 to 31 December <u>2018</u>
Cash flows from operating activities		
Net increase in net assets from operations	426,401,436	67,532,206
Adjustments to reconcile net increase in net assets from operations to net cash provided by (used in) operating activities:		
Purchases of investment in leasehold right over properties/ purchase of equipment	(1,405,104)	(6,669,392,922)
(Purchase) Sale of investment in securities	28,624,062	(314,431,936)
Increase in rental and service and other receivables	(14,863,757)	(12,777,498)
Increase in deferred expenses	(9,554,615)	(86,168,135)
Increase in other assets	(1,818,645)	(46,741,095)
Increase (decrease) in trade and other payables	(18,769,705)	46,268,324
Increase in advance receipt for rental and services	4,241,175	13,629,561
Increase in deposits from rental and services	3,886,496	150,224,286
Amortisation of deferred expenses	17,217,767	16,542,298
Amortisation of front end fee	5,764,897	5,254,826
Net gain on change in value of investment in security	(5,614,529)	(1,645,483)
Net unrealised (gain) loss on investment in leasehold right over properties	(59,607,079)	251,193,918
Interest expenses	66,201,559	62,188,857
Net cash flows used in operating activities	<u>440,703,958</u>	<u>(6,518,322,793)</u>
Cash flows from financing activities		
Cash received from issuance of trust units	-	5,153,100,000
Cash received from long-term loan from financial institution	-	1,689,900,000
Cash capital reduction to its unitholders	(100,588,512)	(179,070,225)
Cash distribution to unitholders	(249,873,819)	(67,763,265)
Cash paid for interest expenses	(67,048,781)	(47,820,712)
Net cash flows from (used in) financing activities	<u>(417,511,112)</u>	<u>6,548,345,798</u>
Net increase in cash and cash at banks	23,192,846	30,023,005
Cash and cash at banks at the beginning of year/period	30,023,005	-
Cash and cash at banks at the end of year/period (Note 9)	<u>53,215,851</u>	<u>30,023,005</u>

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

Significant financial information

Bhiraj Office Leasehold Real Estate Investment Trust

For the year ended 31 December 2019

	(Unit: Baht)	
	For the	For the period
	year ended	as from
	31 December	15 January 2018
	2019	2018
Operating performance information (per unit)		
Net assets value at the beginning of year/period	9.6520	-
Add: Increase in capital from unitholders	-	10.0000
Add: Increase from investing activities	0.7118	0.6185
Add: Net unrealised gain (loss) on investment	0.1157	(0.4875)
Less: Capital reduction to unitholders	(0.1952)	(0.3475)
Less: Distribution to unitholders	(0.4849)	(0.1315)
Net assets value at the end of year/period	9.7994	9.6520
Ratio of increase in net assets resulting from operations to average net assets during the year/period (percent)	8.50	1.33
Significant financial ratios and additional significant information		
Net assets at the end of year/period (Baht)	5,049,737,821	4,973,798,716
Ratio of total expenses to average net assets during the year/period (percent)	5.51	4.96
Ratio of total investment income to average net assets during the year/period (percent)	12.82	11.24
Ratio of weighted average investment turnover during the year/period to average net assets during the year/period (percent)*	1.13	126.06
Average net assets during the year/period (Baht)	5,018,406,400	5,077,577,110

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

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

Notes to financial statements

Bhiraj Office Leasehold Real Estate Investment Trust

For the year ended 31 December 2019

1. Description of Bhiraj Office Leasehold Real Estate Investment Trust

Bhiraj Office Leasehold Real Estate Investment Trust (“the Trust”) was established on 15 January 2018, as a specific closed-end real estate investment trust with an indefinite term in order to invest in specific property.

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

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

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

As at 31 December 2019 and 31 December 2018, the Trust’s major unitholder is BHIRAJ BURI Company Limited which hold 19.99% and 19.99% of issued and fully paid-up trust unit, respectively.

2. Distribution policy

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

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

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

- (1) Deduction of unrealised gain from appraisal or appraisal review of assets of the Trust including adjustment of other items as prescribed by the Securities and Exchange Commission to reflect the cash position of the Trust.

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

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

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

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

3. Basis of preparation of financial statements

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

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

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

4. New financial reporting standards

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

During the period, the Trust has adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal periods beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Trust's financial statements. However, the new standard involves changes to key principles, which are summarised below:

TFRS 15 Revenue from Contracts with Customers

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

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

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

This standard does not have any significant impact on the Trust's financial statements.

(b) Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2020

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards except the following new standards which involve changes to key principles, which are summarised below.

Financial reporting standards related to financial instruments

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

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

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

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the entity's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance including Thai Accounting Standard No. 106 "Accounting for Investment Business" which are currently effective will be cancelled. However, the current accounting policy regarding deferred expenses incurred for issuing and initial public offering the trust units and the presentation and disclosure's formats of REIT's financial statements are still in accordance with the regulations and format specified in Thai Accounting Standard No. 106.

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

TFRS 16 Leases

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The REIT manager of Trust believes that adoption of this standard will not have any significant impact on the financial statements.

5. Significant accounting policies

5.1 Revenue and cost

Rental and related service income

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

Interest income and finance cost

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

Other expense

Other expenses are recorded on an accrual basis.

5.2 Measurement of investments

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

Investment in leasehold right over properties

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

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

Investment in security

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



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

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

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

5.3 Accounts receivable from rental and service

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

5.4 Deferred expenses

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

5.5 Related party transactions

Related parties of the Trust comprise enterprises and individuals that own a voting interest of at least 10% in the Trust, control or are controlled by the Trust, whether directly or indirectly, or which are under common control with the Trust.

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

Relationships of related parties are as follows:

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

5.6 Distribution to unitholders

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

5.7 Provisions

Provisions are recognised when the Trust has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

5.8 Income tax

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

5.9 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Trust applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Trust measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Trust determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

6. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires the Trust's management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Fair value of investment in leasehold right over properties

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

7. Investment in leasehold right over properties

(Unit: Thousand Baht)

	For the year ended 31 December 2019	For the period as from 15 January 2018 to 31 December 2018
Investment in leasehold right over properties at beginning of the year/period	6,418,199	-
Add: Addition during the year/period	-	6,669,393
Purchases of equipment	1,405	-
Unrealised gain (loss) on investment in leasehold right over properties	59,607	(251,194)
Investment in leasehold right over properties at end of the year/period	6,479,211	6,418,199

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

During the current year, the Trust arranged for its investment in property to be appraised by an independent appraiser which appraised by the income approach. The Trust has recognised net unrealised gain on investment of Baht 59.6 million (net of accrued income rental and service) in the statement of income for the current year.

Key assumptions used in the valuation are summarised below:

	Rate		Result to fair value where as an increase in assumption value
	2019	2018	
Discount rate (%)	9	9	Decrease in fair value
Occupancy rate (%)	97	99.8	Increase in fair value
Rental rate per month (Baht per square metre)	1,020	950	Increase in fair value

As at 31 December 2019 and 2018, the Trust has mortgaged investment in leasehold right over property as collateral against business security from a financial institution, as described in Note 12 to the financial statements.

8. Investments in securities

(Unit: Thousand Baht)

	For the year ended 31 December 2019	For the period as from 15 January 2018 to 31 December 2018
Investments in securities at beginning of the year/period	316,077	-
Addition(less)during the year/period - net purchases	(28,624)	314,431
Gain on disposal and change in fair value	5,615	1,646
Investments in securities at end of the year/period	293,068	316,077

9. Cash and cash at banks

As at 31 December 2019 and 31 December 2018, the Trust has the following cash and cash at banks.

	Balance (Unit: Thousand Baht)		Interest rate per annum (Percent)	
	2019	2018	2019	2018
Cash	10	10	-	-
Current accounts				
KASIKORNBANK PUBLIC COMPANY LIMITED	114	111	-	-
Saving accounts				
KASIKORNBANK PUBLIC COMPANY LIMITED	52,052	28,251	0.22 - 0.55	0.37 - 0.62
BANGKOK BANK PUBLIC COMPANY LIMITED	876	1,651	0.38	0.38
SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED	164	-	0.38	-
Total cash and cash at banks	53,216	30,023		

10. Rental and service and other receivables

	(Unit: Thousand Baht)	
	2019	2018
Rental and service receivables		
Unrelated parties	4,233	4,547
Related parties	125	157
Accrued rental income		
Unrelated parties	7,173	3,558
Related party	2,870	4,510
Total rental and service receivables	14,401	12,772
Other receivables		
Unrelated parties	17,819	-
Related party	9	5
Total other receivables	17,828	5
Less: allowance for doubtful account	(4,588)	-
Other receivables - net	13,240	5
Total rental and service and other receivables	27,641	12,777

The balance of rental and service receivables as at 31 December 2019 and 2018 are aged on the basis of due dates as follows:

	(Unit: Thousand Baht)	
Age of receivables	2019	2018
Not yet due	3,340	3,000
Past due		
Up to 3 months	989	1,702
3 - 6 months	29	2
Total rental and service receivables	4,358	4,704

11. Deferred expenses

As at 31 December 2019 and 2018, deferred expenses represent deferred expenses incurred for issuing and initial public offering the trust units. The details are as follows:

	(Unit: Thousand Baht)	
	For the year ended	For the period as
	31 December 2019	from 15 January
		2018 to
		31 December 2018
Deferred expenses at beginning of the year/period	69,626	-
Addition during the year/period	9,555	86,168
Amortisation during the year/period	(17,218)	(16,542)
Deferred expenses at end of the year/period	61,963	69,626

12. Long-term loan from financial institution

As at 31 December 2019 and 2018, long-term loan from financial institution represents loan from KASIKORNBANK PUBLIC COMPANY LIMITED, the parent company of the trustee. The details are as follows:

	(Unit: Thousand Baht)	
	2019	2018
Long-term loan from financial institution	1,720,000	1,720,000
Less: Deferred transaction costs	(19,080)	(24,845)
Long-term loan from financial institution - Net	1,700,920	1,695,155

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

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

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

13. Capital from unitholders

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

Movements in capital account for the year ended 31 December 2019 are as follows:

	Number of units (Thousand Units)	Per unit (Baht)	Total (Thousand Baht)
15 January 2018	515,310	10.0000	5,153,100
Capital reduction No. 1/2018	-	(0.1817)	(93,632)
Capital reduction No. 2/2018	-	(0.1658)	(85,438)
31 December 2018	515,310	9.6525	4,974,030
Capital reduction No. 1/2019	-	(0.1659)	(85,490)
Capital reduction No. 2/2019	-	(0.0109)	(5,617)
Capital reduction No. 3/2019	-	(0.0103)	(5,308)
Capital reduction No. 4/2019	-	(0.0081)	(4,174)
31 December 2019	515,310	9.4573	4,873,441

14. Retain earnings (Deficit)

	(Unit: Thousand Baht)	
	For the year ended 31 December 2019	For the period as from 15 January 2018 to 31 December 2018
Deficit at the beginning of year/period	(231)	-
Add: Increase in net assets resulting from operations during the year/period	426,401	67,532
Less: Distribution to unitholders during the year/period	(249,874)	(67,763)
Retain earnings (deficit) at the end of year/period	176,296	(231)

15. Distribution to unitholders

Distribution paid during the year ended 31 December 2019 consists, as follows:

Approved date	The operation for the period	Per unit (Baht)	Total (Thousand Baht)
8 May 2019	1 January 2019 to 31 March 2019	0.1519	78,275
8 August 2019	1 April 2019 to 30 June 2019	0.1698	87,500
12 November 2019	1 July 2019 to 31 September 2019	0.1632	84,099
			<u>249,874</u>

Distribution paid during the year ended 31 December 2018 consists, as follows:

Approved date	The operation for the period	Per unit (Baht)	Total (Thousand Baht)
9 May 2018	15 January 2018 to 31 March 2018	0.1315	67,763
			<u>67,763</u>

16. Expenses

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

16.1 REIT management fee

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

16.2 Trustee and custodian fee

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

16.3 Registrar fee

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

16.4 Property management fee

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

17. Related party transactions

During the year, the Trust had significant business transactions with its related parties, which have been agreed upon in the ordinary course of business between the Trust and its related parties. The pricing policies and amount for particular type of transactions are as follows:

(Unit: Thousand Baht)

	For the year ended 31 December 2019	For the period as from 15 January 2018 to 31 December 2018	Pricing policy
BHIRAJ BURI Company Limited			
Leasehold right over property	-	5,799,000	Contractually agree price
Distribution to unitholders	49,945	13,545	As declared
Capital reduction	20,095	35,793	As declared
Expenses for common area	4,161	3,721	Contractually agree price
Revenues for meeting room area	300	318	As agreed price
Penta 591 Company Limited			
Sales of assets	77	806,000	Contractually agree price
BITEC SERVICES Company Limited			
Tree service expenses	-	110	As agreed price
Bhiraj REIT Management Company Limited			
Trust management fee	17,938	17,326	At the rate stipulated in the service agreements
BHIRAJ Management Company Limited			
Property management fee	34,050	26,749	At the rate stipulated in the service agreements
KASIKORN ASSET MANAGEMENT COMPANY LIMITED			
Trustee and custodian fee	7,854	7,666	At the rate stipulated in the service agreements

(Unit: Thousand Baht)

	For the year ended 31 December 2019	For the period as from 15 January 2018 to 31 December 2018	Pricing policy
KASIKORNBANK PUBLIC COMPANY LIMITED			
Rental and service income	18,040	4,510	Contractually agree price
Interest income	285	810	As detailed in Note 9
Interest expenses	71,966	67,444	As detailed in Note 10

The balances of the accounts as at 31 December 2019 and 2018 between the Trust and those related parties are as follows:

	2019	2018
BHIRAJ BURI Company Limited		
Rental and service receivable	20	157
Trade and other payables	684	982
BITEC SERVICES Company Limited		
Trade and other payables	-	13
Bhiraj REIT Management Company Limited		
REIT management fee payable	1,579	1,579
BHIRAJ Management Company Limited		
Property management fee payable	2,898	2,548
KASIKORN ASSET MANAGEMENT COMPANY LIMITED		
Trustee and custodian fee	1,374	1,362
KASIKORNBANK PUBLIC COMPANY LIMITED		
Cash at bank	52,166	28,362
Rental and service receivable	104	-
Accrued rental income	2,870	4,510
Deposit from rental and services	6,945	5,120
Long-term loan from financial institution	1,720,000	1,720,000
Interest payable	13,521	14,368
Interest receivable	9	5
Pentra 591 Company Limited		
Trade and other payables	43	-

18. Information on investment purchase and sales transactions

The Trust's investment purchase and sales transactions during the year, excluding investments in cash at banks, amounted to Baht 1,319 million which is 26.28% of the average net asset values during the period.

19. Segment Information

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

During the year, the Trust has no major customer with revenue of 10 percent or more of an entity's revenues.

20. Commitments

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

20.2 The Trust has entered into several service agreements in cleaning service and security service. The term of the agreements are general between 1 and 2 years.

As at 31 December 2019 and 2018, future service payments required under these service agreements were as follows:

	(Unit: Million Baht)	
	2019	2018
Payable within:		
Less than 1 year	10	16
1 to 2 years	1	4

20.3 As at 31 December 2019 and 2018, the Trust has a contractual performance guarantee of approximately Baht 4 million and Baht 4 million respectively, issued by bank to guarantee electricity use.

21. Fair value hierarchy

As at 31 December 2019 and 2018, the Trust had the assets that were measured at fair value using different levels of input as follows:

(Unit: Million Baht)				
2019				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investment in securities	-	293	-	293
Investment in leasehold right over properties	-	-	6,479	6,479

(Unit: Million Baht)				
	2018			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investment in security	-	316	-	316
Investment in leasehold right over properties	-	-	6,418	6,418

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

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

22. Financial instruments

22.1 Financial risk management

The Trust's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash at banks, accounts receivable from rental and services, trade and other payables, deposits from rental and services and long-term loan from financial institution. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Trust is exposed to credit risk primarily with respect to accounts receivable from rental and services. The REIT Manager manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Trust does not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of accounts receivable from rental and services as stated in the balance sheet.

Interest rate risk

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

As at 31 December 2019 and 2018, significant financial assets and liabilities classified by type of interest rate are summarised in the table below.

				(Unit: Million Baht)
2019				
	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum.)
<u>Financial assets</u>				
Investment in securities	-	293	293	-
Cash and cash at banks	53	-	53	Please see in note 9
Rental and service and other receivables	-	28	28	-
	<u>53</u>	<u>321</u>	<u>374</u>	
<u>Financial liabilities</u>				
Trade and other payables	-	41	41	-
Deposits from rental and services	-	154	154	-
Long-term loan from financial institution	1,701	-	1,701	Please see in note 12
	<u>1,701</u>	<u>195</u>	<u>1,896</u>	
				(Unit: Million Baht)
2018				
	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum.)
<u>Financial assets</u>				
Investment in security	-	316	316	-
Cash and cash at banks	30	-	30	Please see in note 9
Rental and service and other receivables	-	13	13	-
	<u>30</u>	<u>329</u>	<u>359</u>	

(Unit: Million Baht)

	2018			
	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum.)
<u>Financial liabilities</u>				
Trade and other payables	-	61	61	-
Deposits from rental and services	-	150	150	-
Long-term loan from financial institution	1,695	-	1,695	Please see in note 12
	1,695	211	1,906	

Foreign currency risk

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

22.2 Fair values of financial instruments

Since the majority of the Trust's financial instruments are short-term in nature or carrying interest at rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in the balance sheet.

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

23. Capital management

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

24. Event after reporting period

On 20 February 2020, a meeting of the Board of Directors of the REIT Manager passed a resolution to approve the appropriation of an interim distribution of Baht 0.1961 per unit trust, or a total of Baht 101,052,291. The Trust will pay the interim distribution to its unitholders on 16 March 2020.

25. Approval of financial statements

These financial statements were authorised for issue by the authorised person of the REIT manager on 20 February 2020.





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