



Bhiraj Office Leasehold Real Estate Investment Trust (BOFFICE)



2020 Annual Report

“
CONTINUE TO BUILD THE TRUST
WITH SUSTAINABLE GROWTH
”



Summary of BOFFICE



BHIRAJ TOWER at EmQuartier

Average Occupancy Rate **95%**



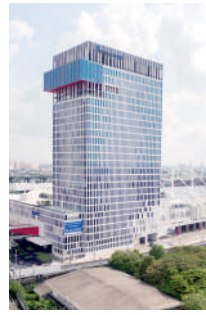
Office Building Grade A



Connect to BTS Phrom Phong Station



As part of the Mixed-Use Commercial Complex Project (Emquartier Department store)



BHIRAJ TOWER at BITEC

Average Occupancy Rate **91%**

(Average Occupancy Rate between August – December 2020)



Office Building Grade A



Connect to BTS Bangna Station



As part of the BITEC Mixed-Use Complex Project



Total Asset Value

10,511.97 million Baht

As of 31 December 2020



Net Asset Value

7,786.22 million Baht

As of 31 December 2020



Total Distribution Payment For
The Year 2020

0.6817 Baht/Unit

Major events in BOFFICE's Operation



21 August 2020

BOFFICE started the first trade of the first additional investment in the SET



20 August 2020

BOFFICE made the first additional investment in the leasehold right in BHIRAJ TOWER at BITEC



12 June 2019

The Extraordinary Meeting of Trust Unitholders No. 1/2019 was resolved approval for the first additional investment of BOFFICE in BHIRAJ TOWER at BITEC



23 January 2018

BOFFICE started the first trading day in the SET



18 January 2018

BOFFICE made the initial investment in the leasehold right of BHIRAJ TOWER at EmQuartier



15 January 2018

Initiated Bhiraj Leasehold Real Estate Investment Trust (BOFFICE)

Summary of BOFFICE

The information as of 31 December 2020

(Caution of leasehold REIT: BOFFICE will be depreciated to zero at the end of leasehold period, 19 August 2050, if BOFFICE doesn't have any new investment.)

| | |
|------------------|--|
| 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 |
| Auditor | EY Office Company Limited |
| Inception Date | 15 January 2018 |
| Term of BOFFICE | Infinite |
| Type of BOFFICE | Unit trust is not redeemable |



■ Leasehold



■ Office Building



■ Thailand

| | | |
|--|-----------------|--------------|
| Market Cap | 8,190.38 | million Baht |
| Closing price on the last day of year | 11.10 | Baht/Unit |
| Number of Units | 737,872,074 | Units |
| Net Asset Value (NAV) | 7,786.22 | million Baht |
| NAV (per unit) | 10.5522 | Baht/Unit |
| Paid-up Capital | 6,978.28 | million Baht |
| Par (per unit) | 9.4573 | Baht/Unit |
| Inception Date | 15 January 2018 | |
| Price/NAV | 1.05 | Times |
| Weighted average property leasehold term | 26.26 | Yrs. |

BOFFICE's Capital Structure

| | | |
|--|--|---|
| Total assets 10,511.97 million Baht | Total liabilities 2,725.75 million Baht | Equities 7,552.46 million Baht |
| Retained earnings 233.76 million Baht | Loan Debt/Total Asset Value 23.02% of Total Asset | |

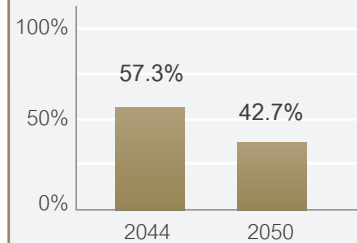
Appraisal Value

| Investment Property | Appraisal Value | Appraiser |
|----------------------------|-----------------|---------------------------------------|
| BHIRAJ TOWER at EmQuartier | 6,505 MB | JONES LANG LASALLE (THAILAND) LIMITED |
| BHIRAJ TOWER at BITEC | 2,999 MB | JONES LANG LASALLE (THAILAND) LIMITED |
| | 3,002 MB | Siam City Appraisal Co., Ltd. |



QR Code for Valuation Report 2020

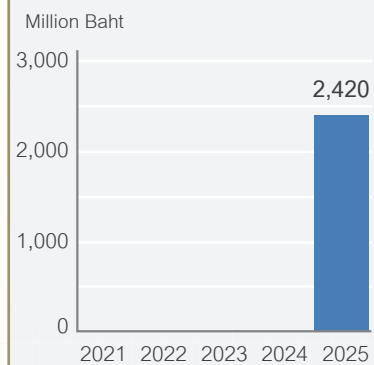
Weighted Average Property Leasehold Expiry



Major Trust Unitholders

| Name | Number of units | Percent (%) |
|---|-----------------|-------------|
| 1. BHIRAJ BURI Company Limited | 147,485,700 | 19.99% |
| 2. Social Security Office | 50,119,200 | 6.79% |
| 3. K Property Sector Fund | 40,985,989 | 5.55% |
| 4. Thai Life Insurance Public Company Limited | 37,994,893 | 5.15% |
| 5. TMB EASTSPRING Property and Infrastructure Income Plus Flexible Fund | 32,623,800 | 4.42% |

Details of Loan Maturity



Foreign Limit **49.00%**

of the total trust units sold of BOFFICE

as of 30 December 2020

Current Foreign Holding **0.08%**

of the total trust units sold of BOFFICE

Distribution Payment Policy

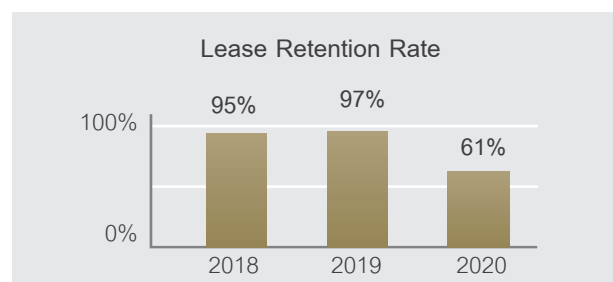
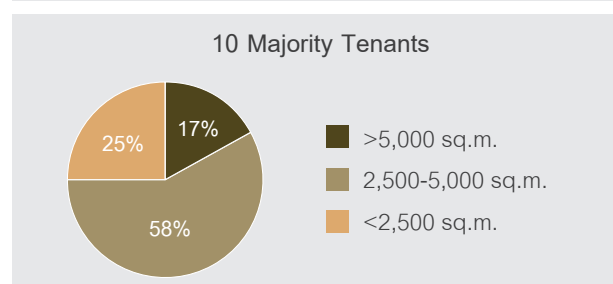
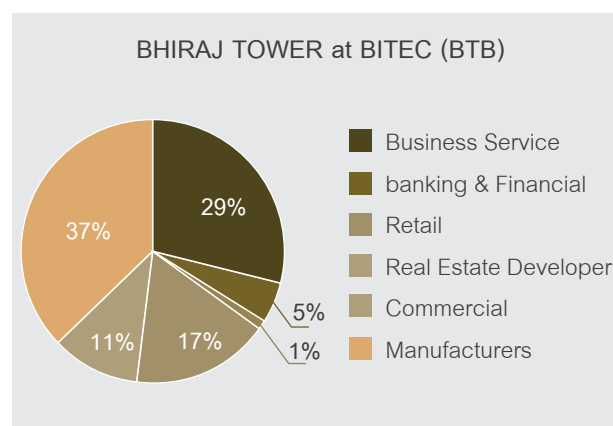
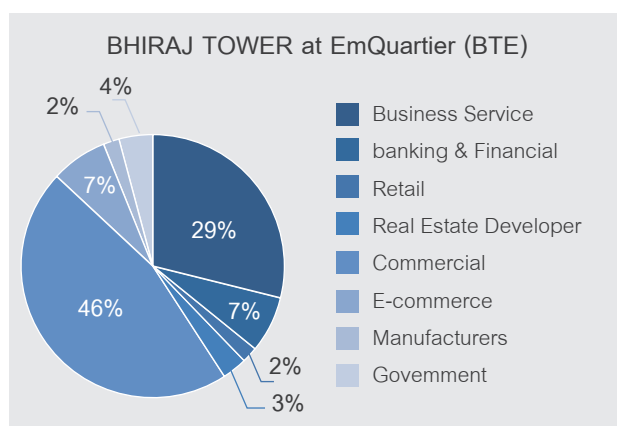
The REIT Manager shall make a distribution payment to its unitholders at a rate of no less than 90% of its adjusted net profit for each fiscal year no more than 4 payments of beneficial interest to unitholders during each fiscal year unless BOFFICE increases its capital, the benefits may be paid more than 4 times per fiscal year.

(Baht/Unit)

| Items | 2018 | 2019 | 2020 | Since Inception Date |
|-------------------|--------|--------|--------|----------------------|
| Dividend | 0.1315 | 0.6810 | 0.6817 | 1.4942 |
| Capital Reduction | 0.5134 | 0.0293 | - | 0.5427 |

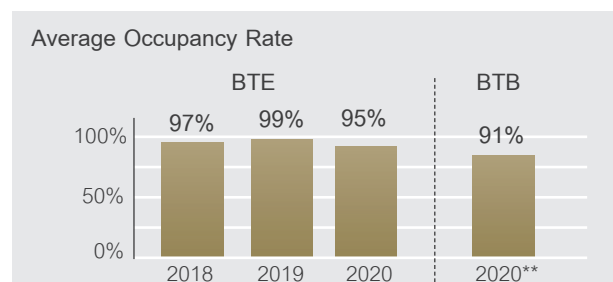
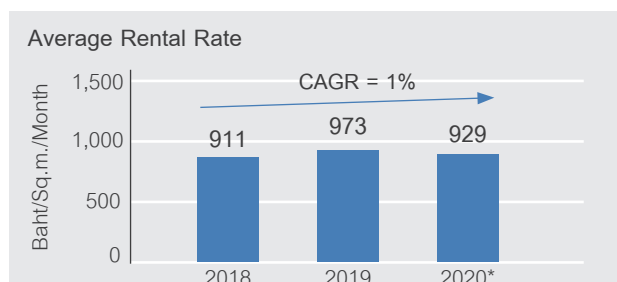
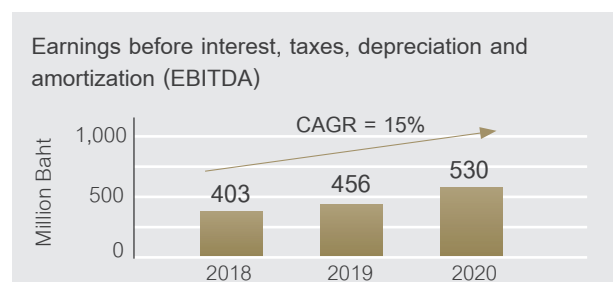
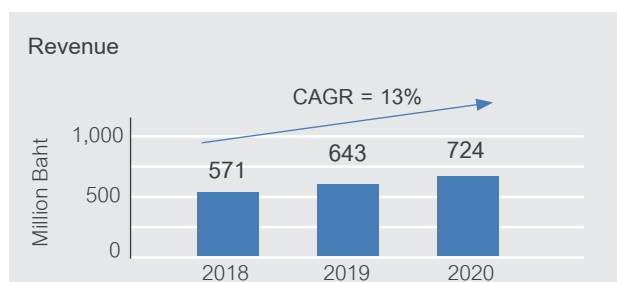
Details of the Tenants

Tenants Proportion by Business Type



Notice: Calculated proportions by Rental Revenue

BOFFICE's Performance



* In August 2020, BOFFICE has invested the first additional in assets which is BHIRAJ TOWER at BITEC with a lower average rental rate than BHIRAJ TOWER at EmQuartier.

Notice: CAGR stand for the Compound Annual Growth Rate

** Average rental rate since BOFFICE invested during August to December 2020

| BOFFICE's key financial figures | Unit | 2020 | 2019 | 2018 |
|---|---------------|-----------------------------|-----------------------------|-----------------------------|
| Rental and Service Income | Million Baht | 721.49 | 637.53 | 567.56 |
| Other Income | Million Baht | 2.04 | 5.91 | 3.27 |
| Earnings before interest, taxes, depreciation and amortization (EBITDA) | Million Baht | 529.83 | 455.98 | 402.71 |
| Net Increase in Net Assets from Operations | Million Baht | 455.65 | 426.40 | 67.53 |
| Earning per Units (EPU) | Baht/Unit | 0.7635 | 0.8275 | 0.1311 |
| Dividend per Unit (DPU) | Baht/Unit | 0.6817 | 0.6810 | 0.1315 |
| Capital reduction | Baht/Unit | - | 0.0293 | 0.5134 |
| Loan Debt / Total Asset Value | Time | 0.23 | 0.25 | 0.25 |
| Paid Interest | % | Not more than MLR -1.65% | Not more than MLR -2.00% | Not more than MLR -2.00% |
| Net cash flows from (used in) operating activities | Million Baht | (2,928.83) | 440.70 | (6,518.32) |
| Net cash flows from (used in) financing activities | Million Baht | 2,928.55 | (417.51) | 6,548.35 |
| Net increase (decrease) in cash and cash equivalents | Million Baht | (0.28) | 23.19 | 30.02 |
| Net Asset Value at the end of Year/Period | Million Baht | 7,786.22 | 5,049.74 | 4,973.80 |
| Price / Net Asset Value | Time | 1.05 | 1.70 | 1.31 |
| Total Trust units sold at the end of Year/Period | Million units | 737.87 | 515.31 | 515.31 |
| Dividend Yield (%) (Market price at the end of fiscal year) | % | 6.14% | 4.08% | 1.04% |
| Market Capitalization | Million Baht | 8,190.38 | 8,605.68 | 6,492.91 |
| Market price as of 31 December | Baht | 11.10 | 16.70 | 12.60 |

Analysis and explanation of the REIT Manager regarding the operation and financial status of BOFFICE

Over the year of 2020, BOFFICE made the first additional investment in BHIRAJ TOWER at BITEC in August 2020. BOFFICE earned a total income of 723.53 million Baht, which is 80.09 million Baht or 12.45% higher than the previous year. As a result, BOFFICE realized the investment income from the first additional asset from 20 August 2020 – 31 December 2020. The main sources of income were the rental and service income, accounting for 99.72% of investment income. On the other hand, BOFFICE had the total expenses of 279.60 million Baht, with the cost of rental and service accounting for 37.68% of the total expenses. Therefore, BOFFICE earned a net investment income of 443.93 million Baht and net gain on change in fair value of investment in leasehold right over properties of 11.72 million Baht.

In total, BOFFICE had an increase in net asset from operation of 455.65 million Baht.

On 31 December 2020, BOFFICE had a total assets of 10,511.97 million Baht, with the investment value in the leasehold right as the core asset accounting for 93.64% of the total assets. The total assets increased from the previous year because BOFFICE made the first additional investment. On the other hand, BOFFICE had a net debt of 2,725.75 million Baht, with long-term loans from a financial institute as the core debt accounting for 88.58% of the total debt. The total debt grew higher than the previous year due to the loan from a financial institute for the first additional investment. As a result, BOFFICE had a net asset of 7,786.22 million Baht or 10.5522 Baht per trust unit.

Type of the latest auditor's report: no condition

Summary of key information about loans

Currently, a part of BOFFICE's investment money is loaned from a financial institute. Kasikorn Asset Management Co., Ltd., as the Trustee of BOFFICE, entered into a Loans Agreement with KASIKORNBANK Public Company Limited, a related party with the Trustee. The terms and conditions of the Loan Agreements shall be consistent with the provisions in the Loan Agreements, the Business Collateral Agreements, and relevant financial documents between the Trust of BOFFICE and the Lender or between relevant parties to the Agreements. The primary conditions are described below.

| | |
|---|--|
| Lender | KASIKORNBANK Public Company Limited |
| Loan Amount (million Baht) | 1 st Loan Amount: Long-Term Loan type, 1,720 million Baht for debt repayment of the initial investment in core assets. 2 nd Loan Amount: Long-Term Loan type, 700 million Baht for investment in core assets invested in the 1st capital Increase. 3 rd Credit Amount: Letter of Guarantee type, 4 million Baht for yearly Revolving Credit to guarantee the use of electricity to the core assets. |
| Interest rate | Minimum Loan Rate (MLR) minus by rate determined in the loan agreement (%) |
| Amortization 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. |
| Outstanding principal (Baht) | 2,420,000,000 |
| Loan debt to total asset value (%) | 23.02 |
| Compliance with the Financial Covenants | BOFFICE has complied with the Financial Covenants specified in the loan Agreement. |

Table of fees charged from BOFFICE

| All fees and expenses | Amount (Baht) | Percentage of net investment income in 2020 | Percentage of average net asset value ^{/1} |
|---|--------------------|---|---|
| REIT Management fee (constant fee) | Not charged | - | - |
| REIT Management fee (variable fee) ^{/3} | 46,610,516 | 10.50 | 0.75 |
| Trustee fee | 9,361,970 | 2.11 | 0.15 |
| Registrar fee | 4,223,678 | 0.95 | 0.07 |
| Property Management fee | 51,094,877 | 11.51 | 0.83 |
| Amortization of deferred expenses | 17,264,939 | 3.89 | 0.28 |
| Financial cost | 68,631,646 | 15.46 | 1.11 |
| Financial advisor fee ^{/2} | 590,555 | 0.13 | 0.01 |
| Selling Agent fee for trust units ^{/2} | 16,618,988 | 3.74 | 0.27 |
| Other expense in the first capital increase ^{/2} | 15,911,426 | 3.58 | 0.26 |
| Property maintenance expenses | 21,611,544 | 4.87 | 0.35 |
| Property management expenses | 81,596,351 | 18.38 | 1.32 |
| Insurance premium | 1,830,528 | 0.41 | 0.03 |
| Taxes | 1,107,552 | 0.25 | 0.02 |
| Advertising, public relations, and sales promotion expenses | 308,609 | 0.07 | 0.00 |
| Other expenses higher than 0.01% of NAV | 1,213,244 | 0.27 | 0.02 |
| Other expenses | 122,405 | 0.03 | 0.00 |
| total fees and expenses | 338,098,828 | 76.16 | 5.47 |

Remark : ^{/1} Average net asset value over the year 2020 was 6,178,558,938 Baht

^{/2} Expenses relating to the first additional investment of BOFFICE which are the net value in the Capital from Trust Unitholders. (Read more in the remark of the Note of financial statement for the year ending on 31 December 2020, Item 13)

^{/3} The above fees included the REIT Manager Fee from the first additional investment valued at 25.36 million Baht, which was the expenses per time, and the net value in the Capital from Trust Unitholders.

Risk Factors

1. Risks about business competitors of BOFFICE
2. The risks of tenants and clients in default on rental fees and/or service charges and/or prematurely terminating the lease agreements and service agreements, which may negatively affect BOFFICE's financial status and operation results
3. Risks associated with renewal of agreements and/or finding tenants and clients upon the expiry of the existing agreements within an immediate period of time and/or renewal or execution of new lease agreements and service agreement under which BOFFICE receives lower benefits
4. Potential risk in bank loan
5. Risks from natural disaster, flood, acts of terrorism, thefts, and other force majeure events
6. Risk relating to compensation rate from insurance in case damaged assets may not cover worth with economic benefits that BOFFICE possibly loses
7. The risk that BOFFICE's properties are invested under legal requirements about environment because the compliance with such legal requirements may force BOFFICE to bear several expenses and responsibilities
8. The risk about accounting standard, financial report standard in Thailand and/or amendment of related laws, rules or regulations, where it is unable to guarantee that such changes will not cause significant impact on financial statement of BOFFICE or financial status and operation result of BOFFICE
9. The risk of land expropriation by government entities
10. The risk in property leasehold value which may lower due to the remaining leasehold term
11. The risk about renewal of agreements in the future regarding the right to use the BTS Station sky walk
12. The risk from the fact that BOFFICE does not distribute the investment
13. The risk about the Property Manager's ability to procure benefits from the assets
14. The risk about the pandemic of deadly contagious disease, the panic of the outbreak which may negatively affect the procurement of benefits, financial status, and operation result of BOFFICE
15. The risk from conflict of interest
16. Limitations in procuring the benefits from the core assets
17. The risk associated with some parts of the systems in BHIRAJ TOWER at BITEC not being in the area BOFFICE will invest in and currently being in a property under mortgage
18. The risk of BOFFICE's taxes and fees

Information

| | |
|--------------|---|
| REIT Manager | Bhiraj REIT Management Company Limited |
| Address | 591, United Business Center II Building, P7 Floor, Sukhumvit Road, Watthana District, Bangkok 10110 |
| Tel | 02-261-0170 |
| URL | www.bofficereit.com |
| Trustee | Kasikorn Asset Management Company Limited |
| Address | 400/22, KASIKORNBANK Building, 6th & 12th Floor, PhahonYothin Road, Samsen Nai, Phaya Thai, Bangkok 10400 |
| Tel | 02-673-3999 |
| URL | www.kasikornasset.com |

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



BHIRAJ TOWER

Financial Statement

Independent Auditor's Report

| Type | Auditor Office | The opinion of Auditor |
|--|-------------------|---|
| Financial statements year 2020 (1 January 2020 - 31 December 2020) | EY Office Limited | The accompanying financial statements present fairly, in all material respects, that in accordance with the Accounting Guidance for Property Funds, Real Estate Investment Trusts, Infrastructure Funds and Infrastructure Trusts |
| Financial statements year 2019 (1 January 2019 - 31 December 2019) | EY Office Limited | The accompanying financial statements present fairly, in all material respects, that in accordance with Thai Financial Reporting Standards |
| Financial statements year 2018 (15 January 2018 - 31 December 2018) | EY Office Limited | The accompanying financial statements present fairly, in all material respects, that in accordance with Thai Financial Reporting Standards |

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

(Unit: Baht)

| Details | As of 31 December | | |
|---|-----------------------|----------------------|----------------------|
| | 2020 | 2019 | 2018 |
| Assets | | | |
| Investment in leasehold right over properties at fair value | 9,842,994,349 | 6,479,211,187 | 6,418,199,004 |
| Investment at fair value through profit or loss | 511,975,597 | 293,067,886 | 316,077,419 |
| Other assets | 156,996,283 | 191,379,531 | 159,167,435 |
| Total assets | 10,511,966,229 | 6,963,658,604 | 6,893,443,858 |
| Liabilities | | | |
| Long-term loan from financial institution | 2,414,374,270 | 1,700,919,723 | 1,695,154,826 |
| Deposits from rental and services | 227,213,969 | 154,110,782 | 150,224,286 |
| Other liabilities | 84,157,907 | 58,890,278 | 74,266,030 |
| Total liabilities | 2,725,746,146 | 1,913,920,783 | 1,919,645,142 |
| Net assets | 7,786,220,083 | 5,049,737,821 | 4,973,798,716 |
| Net assets | | | |
| Trust registered and Capital from unitholders | 6,978,277,565 | 4,873,441,263 | 4,974,029,775 |
| Premium on capital from unitholders | 574,180,632 | - | - |
| Retained earnings | 233,761,886 | 176,296,558 | (231,059) |
| Net assets | 7,786,220,083 | 5,049,737,821 | 4,973,798,716 |
| Net asset value per unit (Baht) | 10.5522 | 9.7994 | 9.6520 |
| Number of units issued at the end of year (unit) | 737,872,074 | 515,310,000 | 515,310,000 |

Statement of comprehensive income of Bhiraj Office Leasehold Real Estate Investment Trust

(Unit: Baht)

| Details | For the year ended 31 December 2020 | For the year ended 31 December 2019 | For the Period of 15 January 2018 to 31 December 2018 |
|---|--|--|---|
| Investment income | | | |
| Rental and service income | 721,489,890 | 637,532,359 | 567,558,018 |
| Other income | 2,041,579 | 5,908,469 | 3,265,733 |
| Total income | 723,531,469 | 643,440,828 | 570,823,751 |
| Expenses | | | |
| Cost of rental and service | 105,342,632 | 119,690,289 | 106,751,403 |
| Fee | 85,915,435 | 63,423,131 | 54,939,154 |
| Other expenses | 88,344,186 | 93,533,051 | 90,407,070 |
| Total expenses | 279,602,253 | 276,646,471 | 252,097,627 |
| Net investment income | 443,929,216 | 366,794,357 | 318,726,124 |
| net gain (loss) on investments | 11,717,792 | 59,607,079 | (251,193,918) |
| Increase in net assets from operations | 455,647,008 | 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 2020 | For the year ended 31 December 2019 | For the Period of 15 January 2018 to 31 December 2018 |
|---|--|--|---|
| Net cash flows from (used in) operating activities | (2,928,833,946) | 440,703,958 | (6,518,322,793) |
| Net cash flows from (used in) financing activities | 2,928,549,930 | (417,511,112) | 6,548,345,798 |
| Net increase (decrease) in cash and cash equivalents | (284,016) | 23,192,846 | 30,023,005 |
| Cash and cash equivalents at the beginning of year | 53,215,851 | 30,023,005 | - |
| Cash and cash equivalents at the end of year | 52,931,835 | 53,215,851 | 30,023,005 |

Analysis and Explanation of the REIT Manager

Performance and financial status of BOFFICE

This section explains BOFFICE's performance and financial status of Bhiraj Office Leasehold Real Estate Investment Trust for the year ended on 31 December 2020.

The overall performance of BOFFICE

In 2020, BOFFICE made the first additional investment in BHIRAJ TOWER at BITEC in August 2020. The performance of BOFFICE for investing in the Bhiraj Office Leasehold Real Estate Investment Trust is discussed below.

| Details | Unit | Year 2020 | Year 2019 | Change |
|--|-------|-------------|-------------|------------|
| Details as of 31 December | | | | |
| Occupancy Rate of BHIRAJ TOWER at EmQuartier | % | 91.24 | 99.01 | (7.77) |
| Occupancy Rate of BHIRAJ TOWER at BITEC | % | 82.95 | n/a | n/a |
| Net Leasable Area | Sq.m. | 81,496 | 49,460 | 32,036 |
| Current Ratio | Times | 7.53 | 7.17 | 0.36 |
| Details for the year ended 31 December | | | | |
| Rental and service income | Baht | 721,489,890 | 637,532,359 | 83,957,531 |
| Total income | Baht | 723,531,469 | 643,440,828 | 80,090,641 |
| Total expenses | Baht | 279,602,253 | 276,646,471 | 2,955,782 |
| Net profit (Increase in net assets from operation) | Baht | 455,647,008 | 426,401,436 | 29,245,572 |
| Gross profit margin | % | 85.40 | 81.23 | 4.17 |
| Net profit margin | % | 62.98 | 66.27 | (3.29) |

BOFFICE managed to attract new tenants signing lease agreements of office space in BHIRAJ TOWER at EmQuartier, accounting for 1.2% of Net Leasable Area. Such agreements will take effect in Q1/2021. In addition, new tenants of BHIRAJ TOWER at BITEC will occupy 11.2% of Net Leasable Area, with their agreements in effect in Q2/2021.

1) Investment Income

In 2020, BOFFICE's total income was 723.53 million Baht, which is 80.09 million Baht or 12.45% higher than the previous year. Most of the income growth was due to the rent and service income. In 2020, BOFFICE made the first additional investment, realizing the income from the additional investment from 20 August 2020 to 31 December 2020.

(Unit: Baht)

| Details | For the year ended 31 December 2020 | For the year ended 31 December 2019 | Change (%) |
|---------------------------|--|--|---------------|
| Investment income | | | |
| Rental and service income | 721,489,890 | 637,532,359 | 13.17 |
| Interest income | 284,200 | 293,940 | (3.31) |
| Other income | 1,757,379 | 5,614,529 | (68.70) |
| Total income | 723,531,469 | 643,440,828 | 12.45 |

2) Expenses

In 2020, BOFFICE had an expense of 279.60 million Baht, which is 2.95 million Baht or 1.07% higher than the previous year, mainly from the property management fee for hiring the Property Manager for BHIRAJ TOWER at BITEC, the first additional investment.

(Unit: Baht)

| Details | For the year ended 31 December 2020 | For the year ended 31 December 2019 | Change (%) |
|-----------------------------------|--|--|---------------|
| Expenses | | | |
| Cost of rental and service | 105,342,632 | 119,690,289 | (12.00) |
| REIT management fee | 21,234,910 | 17,937,580 | 18.40 |
| Trustee and custodian fee | 9,361,970 | 7,854,202 | 19.20 |
| Registrar fee | 4,223,678 | 3,581,090 | 17.94 |
| Property management fee | 51,094,877 | 34,050,259 | 50.06 |
| Amortisation of deferred expenses | 17,264,939 | 17,217,767 | 0.27 |
| Other expenses | 2,447,601 | 4,348,828 | (43.72) |
| Finance cost | 68,631,646 | 71,966,456 | (4.63) |
| Total expenses | 279,602,253 | 276,646,471 | 1.07 |

3) Net Investment Income

In 2020, BOFFICE had a net investment income of 443.93 million Baht, which is 77.14 million Baht or 21.03% higher than the previous year. The increased income comes from the acquisition of additional investment in BHIRAJ TOWER at BITEC in August 2020 and the profit from the decline of the fair value in the property leasehold by 47.89 million Baht or 80.34% from the previous year. This is because the profit of the previous year was attributed to the fact that the property value was appraised higher in the previous year than this year. As a result, BOFFICE has more net assets from its performance by 29.25 million Baht or 6.68% than last year.

(Unit: Baht)

| Details | For the year ended 31 December 2020 | For the year ended 31 December 2019 | Change (%) |
|--|--|--|---------------|
| Investment income | 723,531,469 | 643,440,828 | 12.45 |
| Expenses | (279,602,253) | (276,646,471) | (1.07) |
| Net investment income | 443,929,216 | 366,794,357 | 21.03 |
| Net gain on change in fair value of investment in leasehold right over properties | 11,717,792 | 59,607,079 | (80.34) |
| Increase in net assets from operations | 455,647,008 | 426,401,436 | 6.86 |

The actual net investment income differed from Project statement of income for the twelve-month period from 1 January 2020 to 31 December 2020. The details of such project statement of income are available in the prospectus of the trust units for the first capital increase of BOFFICE at the amount of 63.10 million Baht for investing in BHIRAJ TOWER at BITEC, the first additional investment in August 2020. Therefore, the actual net investment income was realized for the period from 20 August 2020 – 31 December 2020.

The financial position of BOFFICE

1) Assets

As of 31 December 2020, the total assets of BOFFICE was 10,511.97 million Baht, which is 3,548.31 million Baht or 50.95% higher than the previous year. Major changes in BOFFICE assets included:

- 1.1) The investment in leasehold right over properties increased by 3,363.78 million Baht or 51.92% due to the first additional investment.
- 1.2) The investment in securities at the fair value increased by 218.91 million Baht or 74.70% because the money to manage increased due to the first additional investment.

(Unit: Baht)

| Details | As of 31 December 2020 | As of 31 December 2019 | Change (%) |
|---|---------------------------|---------------------------|---------------|
| Assets | | | |
| Investment in leasehold right over properties at fair value | 9,842,994,349 | 6,479,211,187 | 51.92 |
| Investment at fair value through profit or loss | 511,975,597 | 293,067,886 | 74.70 |
| Cash and cash equivalents | 52,931,835 | 53,215,851 | (0.53) |
| Rental and service and other receivables | 10,651,338 | 27,641,255 | (61.47) |
| Deferred expenses | 35,143,131 | 61,962,685 | (43.28) |
| Other assets | 58,269,979 | 48,559,740 | 20.00 |
| Total assets | 10,511,966,229 | 6,963,658,604 | 50.95 |

2) Liabilities

As of 31 December 2020, the total liabilities of BOFFICE was 2,725.75 million Baht, which is 811.83 million Baht or 42.42% higher than the previous year. Major changes in the Liabilities include:

- 2.1) Long-term loans from financial institutions increased by 713.45 million Baht or 41.95% higher due to the loans from financial institutions for the first additional investment in the asset.
- 2.2) The deposit for rent and service fees increased by 73.10 million Baht or 47.44% because BOFFICE made the first additional investment.

(Unit: Baht)

| Details | As of 31 December 2020 | As of 31 December 2019 | Change (%) |
|---|---------------------------|---------------------------|---------------|
| Liabilities | | | |
| Trade and other payables | 55,315,300 | 41,019,543 | 34.85 |
| Advance receipt for rental and services | 28,842,607 | 17,870,735 | 61.40 |
| Deposits from rental and services | 227,213,969 | 154,110,782 | 47.44 |
| Long-term loan from financial institution | 2,414,374,270 | 1,700,919,723 | 41.95 |
| Total liabilities | 2,725,746,146 | 1,913,920,783 | 42.42 |

3) Net assets

As of 31 December 2020, BOFFICE had an increase of net assets by 2,736.48 million Baht or 54.19% because BOFFICE made the first additional investment.

(Unit: Baht)

| Details | As of 31 December 2020 | As of 31 December 2019 | Change (%) |
|--|---------------------------|---------------------------|---------------|
| Net asset | | | |
| Capital from unitholders | 6,978,277,565 | 4,873,441,263 | 43.19 |
| Premium on capital from unitholders | 574,180,632 | - | (100.00) |
| Retained earnings | 233,761,886 | 176,296,558 | 32.60 |
| Net assets | 7,786,220,083 | 5,049,737,821 | 54.19 |
| Net asset value per unit (Baht) | 10.5522 | 9.7994 | |
| Number of units issued at the end of year (unit) | 737,872,074 | 515,310,000 | |

4) Cash Flow Statement

As of 31 December 2020, BOFFICE had a total amount of cash and a cash equivalents of 52.93 million Baht, or 0.28% lower than the previous year. Significant changes in the cash flow statement are discussed below.

- 1) In 2020, BOFFICE had a net cash used in operation activities amount of 2,928.83 million Baht because BOFFICE spent cash to purchase the asset in the first additional investment from loans and fundraising.
- 2) In 2020, BOFFICE had a net cash from financing activities amount of 2,928.55 million Baht from loans and fundraising to invest in BHIRAJ TOWER at BITEC, the first additional investment asset.

(Unit: Baht)

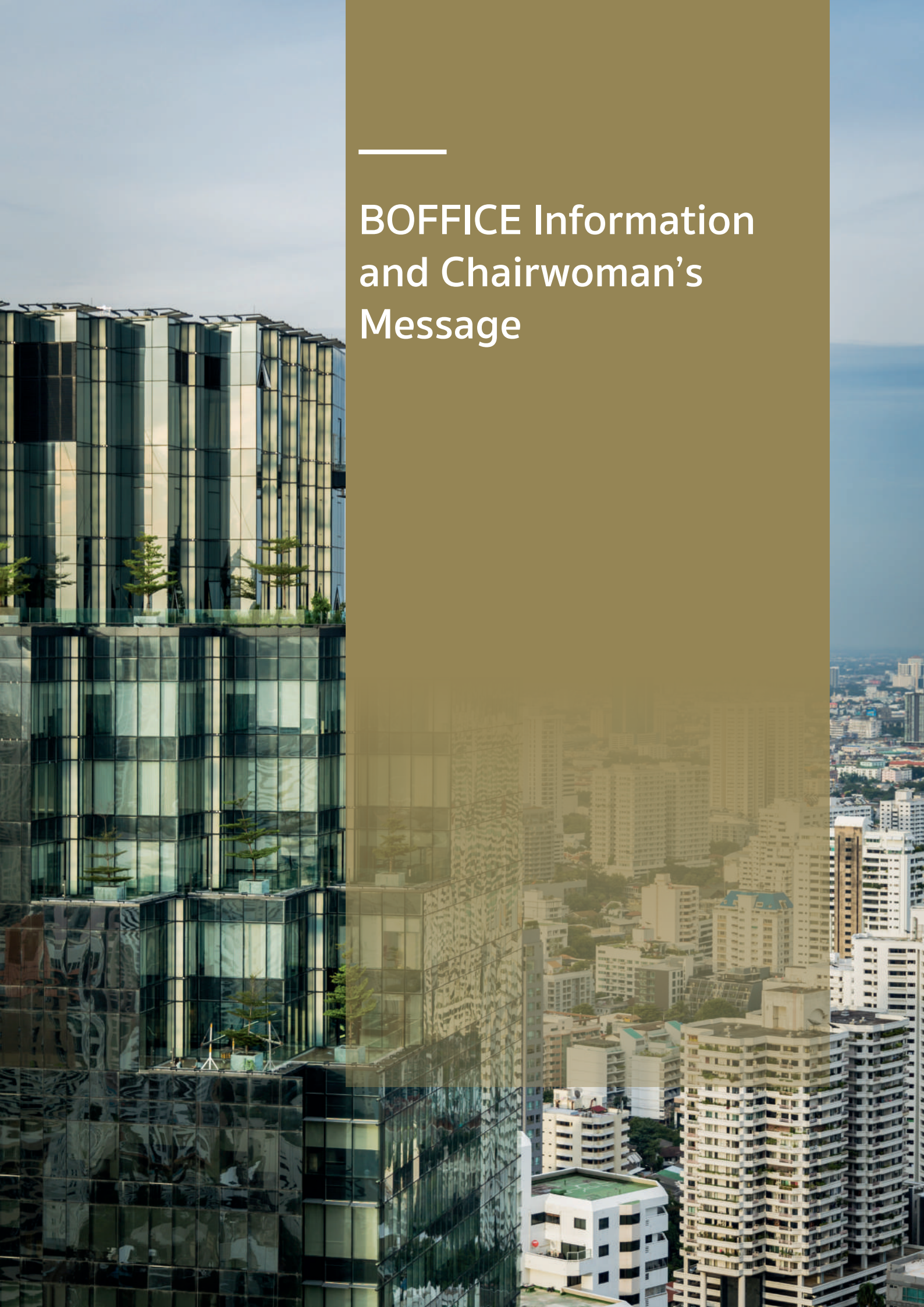
| Details | For the year ended 31 December 2020 | For the year ended 31 December 2019 | Change (%) |
|---|--|--|-----------------|
| Net cash flows from (used in) operating activities | (2,928,833,946) | 440,703,958 | (764.58) |
| Net cash flows from (used in) financing activities | 2,928,549,930 | (417,511,112) | (801.43) |
| Net increase (decrease) in cash and cash equivalents | (284,016) | 23,192,846 | (101.22) |
| Cash and cash equivalents at the beginning of year | 53,215,851 | 30,023,005 | 77.25 |
| Cash and cash equivalents at the end of year | 52,931,835 | 53,215,851 | (0.53) |

Factors or situations that might significantly affect the financial position or performance in the future

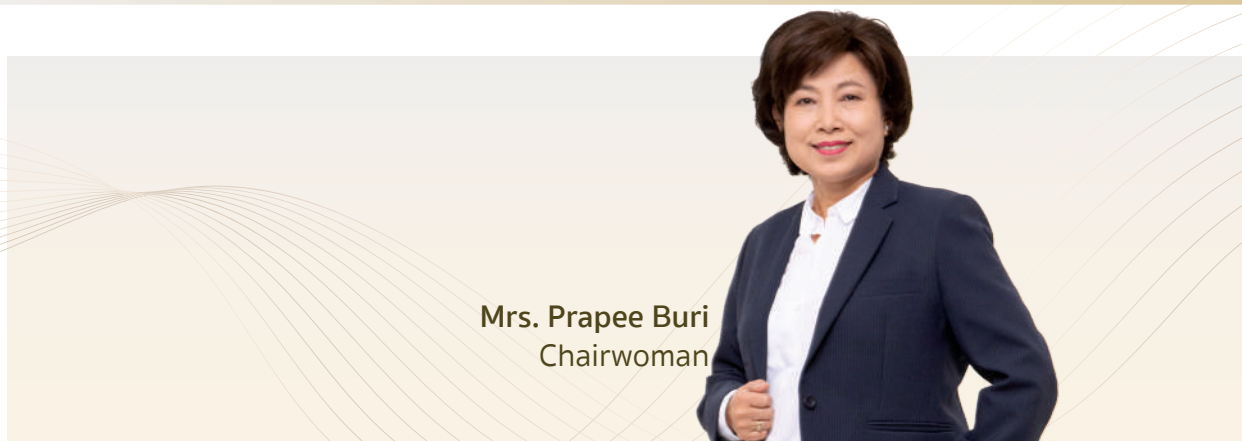
According to the Economic Report by the Office of The National Economic and Social Development Council (NESDB), it is estimated by using the Gross Domestic Product (GDP) that the Thai economy in 2021 will grow by only 2.5 – 3.5%. The negative outlook was due to risk factors and uncertainties of the COVID-19 pandemic, the tendency of delayed tourism revival, financial conditions of household and business sectors, and fluctuations of the global economy and finance. Such risks and limitations might affect the lessees' business operation in BOFFICE's office buildings.

However, the REIT Manager is well aware of the risks and has drawn the strategies to cope with them by developing office service management and developing the asset of BOFFICE and adapting to the current global situations so that tenants are confident in the asset of BOFFICE.

BOFFICE Information and Chairwoman's Message



Chairwoman's Message



Mrs. Prapee Buri
Chairwoman

Dear Valued Trust Unitholders,

Bhiraj Office Leasehold Real Estate Investment Trust (BOFFICE) was established in 2018. On 20 August 2020, BOFFICE made the first additional investment in the leasehold of BHIRAJ TOWER at BITEC, a grade A office building in Sukhumvit Road with its location near Bang Na Intersection and access to Bang Na BTS Station. BHIRAJ TOWER at BITEC is a part of the mixed-use project of Bangkok International Trade & Exhibition Centre (BITEC). After acquisition, BOFFICE currently has 2 acquired leasehold properties, namely BHIRAJ TOWER at EmQuartier Project and BHIRAJ TOWER at BITEC Project. This will further enhance the diversification in location of BOFFICE's existing asset to manage risk factors of BOFFICE effectively. As of 31 December 2020, BOFFICE had total assets of 10,511.97 million Baht. Given the performance in 2020, BOFFICE has declared the totaling distribution payment of 0.6817 Baht per unit, which demonstrating the effectiveness of BOFFICE's building management.

In general, the whole world suffered from the crisis of the COVID-19 pandemic in 2020, which significantly affected the domestic and foreign economies, including tourism, service, production, and logistics. Despite the ongoing outbreak since last year, there is positive progress in vaccine development, and vaccination has been implemented in many countries, including Thailand. Although the pandemic has a massive impact on the business sector of the country in the past year, the occupancy rate of office buildings in Bangkok was relatively satisfactory in 2020.

However, BHIRAJ REIT Management Co., Ltd., as the REIT Manager of BOFFICE, is well aware of the factors and risks that might affect the REIT management. In 2021, BOFFICE has improved its assets to be modern and prepared, not only to respond to the COVID-19 crisis but also difficulties caused by other communicable diseases. The improvement emphasizes the hygiene of building users. Therefore, the face recognition system and access control with member and visitor management systems have been introduced to facilitate building users with the systems that recognize faces and measures their temperature. These data are further linked to the selected floor and the elevator system to minimize users from touching, to facilitate the entrance, and shorten the timing of access to and exit from the building. The UV disinfection technology has also been equipped to the air conditioning system of the building. Lastly, there are plans to improve the service to satisfy the building users for the optimum benefits of BOFFICE.

On behalf of the REIT Manager, I would like to take this profound opportunity to thank you all trust unitholders for your confidence in our company and for investing in BOFFICE. Please rest assured that the REIT Manager is committed and dedicated to managing BOFFICE with good governance principles for the sustainable growth of BOFFICE and best benefits of the trust unitholders.

Prapee Buri

Mrs. Prapee Buri
Chairwoman

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



Mrs. Prapee Buri

Chairwoman, Executive Director



Mrs. Thippaporn Gertphol

Independent Director



Mrs. Sarocha Buri

Executive Director



Mr. Attakorn Netneramitdee

Managing Director



Mrs. Prapee Buri
Chairwoman, Executive Director

Education

- Master of Economics, Chulalongkorn University

Training from Thai Institute of Directors (IOD)

- Board Nomination and Compensation Program (BNCP 6/2019)
- Boardroom Success through Financing & Investment (BFI 5/2018)
- Role of the Chairman Program Class 34/2014
- Director Certification Program (DCP 174/2013)

Work Experience during the past 5 years

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



Mrs. 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)

Work Experience during the past 5 years

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



Mrs. Thippaporn Gertphol
Independent Director

Education

- Bachelor of Accounting, Thammasat University

Training from Thai Institute of Directors (IOD)

- IT Governance and Cyber Resilience Program Class (ITG 12/2019)
- Director Certification Program Update (DCPU 5/2015)
- Monitoring Fraud Risk Management (MFM 6/2011)
- Monitoring the System of Internal Control and Risk Management (MIR 5/2009)
- Monitoring of the Quality of Financial Reporting (MFR 6/2008)
- Audit Committee Program (ACP 3/2004)
- Director Certification Program (DCP 14/2002)

Work Experience during the past 5 years

- 2017 - Present Independent Director,
Bhiraj REIT Management Company Limited
- 2004 - Present Advisor,
Banpu Public Company Limited
- 2000 - Present Director and Treasurer,
Wor Por Ror Or – 4313,
Thailand National Defense College
- 2014 - Present Member of Tax Accounting Committee,
Federation of Accounting Professions
- 2003 - 2020 Independent Director,
Chairman of the Audit Committee, and
Chairman of the Nomination and
Remuneration Committee,
Standard Chartered Bank (Thai) Public
Company Limited



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)

Work Experience during the past 5 years

- 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

BOFFICE Overview

General Information

| | |
|------------------|--|
| 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 of BOFFICE | Infinite |
| Type of BOFFICE | Unit trust is not redeemable |

BOFFICE Information

Summary of trust unit as of 31 December 2020

| | |
|---------------------------------------|---------------|
| Authorized and paid-up capital (Baht) | 6,978,277,565 |
| Par (Baht per unit) | 9.4573 |
| Number of units (unit) | 737,872,074 |

Detail of market price of trust unit

| | | |
|---|----------|----------------------|
| Closing price as of 30 December 2020 | 11.10 | Baht per unit |
| Net asset value (NAV) as of 31 December 2020 | 7,786.22 | million Baht |
| Net asset value (NAV) per Unit as of 31 December 2020 | 10.5522 | Baht per unit |
| Net asset value (NAV) per Unit as of 31 December 2019 | 9.7994 | Baht per unit |
| Market price as of 30 December 2020 | 8,190.38 | million Baht |
| Average market capitalization of year 2020 | 0.26 | million Baht per day |
| Highest price during Accounting period of 2020 | 17.50 | Baht per unit |

Structure of Trust Unitholders

Top 10 of Trust Unitholders (including related parties)

As of 30 December 2020, BOFFICE had major Trust Unitholders as follow;

| No. | Trust Unitholder Name | Number of Units (Unit) | Portion (%) |
|---------------------------------|--|---------------------------|----------------|
| 1 | BHIRAJ BURI Company Limited and BHIRAJ BURI HOLDING Company Limited | 163,745,900 | 22.19 |
| 2 | Mrs. Prapee Buri and Mr. Prasarn Bhiraj Buri* | 56,152,242 | 7.61 |
| 3 | Social Security Office | 50,119,200 | 6.79 |
| 4 | K Property Sector Fund | 40,985,989 | 5.55 |
| 5 | Thai Life Insurance Public Company Limited | 37,994,893 | 5.15 |
| 6 | TMB EASTSPRING Property and Infrastructure Income Plus Flexible Fund | 32,623,800 | 4.42 |
| 7 | Government Saving Bank | 30,069,900 | 4.08 |
| 8 | Krungthai-AXA Life Insurance Public Company Limited | 27,940,200 | 3.79 |
| 9 | Muang Thai Life Assurance Public Company Limited | 24,453,600 | 3.31 |
| 10 | Allianz Ayudhya Assurance Public Company Limited | 22,728,000 | 3.08 |
| Total Top 10 Trust Unit Holders | | 486,813,724 | 65.98 |
| Other Trust Unitholders | | 251,058,350 | 34.02 |
| Total | | 737,872,074 | 100.00 |

Remarks * they are spouse.

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

| No. | Trust Unitholders Name | Number of Units (Unit) | Portion (%) |
|-------|---|---------------------------|----------------|
| 1 | BHIRAJ BURI Company Limited and BHIRAJ BURI HOLDING Company Limited | 163,745,900 | 22.19 |
| Total | | 163,745,900 | 22.19 |

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

1. BHIRAJ BURI HOLDING Company Limited (“BHIRAJ BURI HOLDING”)

BHIRAJ BURI HOLDING is an indirect major shareholder of BOFFICE, holding 82.69% of the issued and paid-up capital in BHIRAJ BURI Company Limited. By holding shares in BHIRAJ REIT Management Company Limited, BHIRAJ BURI HOLDING is also the company's controlling person of the REIT Manager. BHIRAJ BURI HOLDING, which a juristic person under a company registered in Thailand, currently holds 70% of the share capital issued and paid.

Benefit Distribution of BOFFICE

Policy on Benefit Distribution

- 1) The REIT Manager will distribute benefits to Trust Unitholders in an amount of not less than 90% of the adjusted net profit for that fiscal year. Such benefits distributed to Trust Unitholders consist of year-end distribution and distribution for each accounting period (if any). However, benefit distribution made by the REIT Manager to Trust Unitholders 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 Unitholder.

The adjusted net profit refers to the adjustment with the following items;

- (1) Deduction of unrealized profits from the appraisal or appraisal review of BOFFICE's assets. As well as adjust other items in accordance with the guidelines of the SEC to be in line with BOFFICE cash flow status.
 - (2) Deduction of reserves for repayment of loan debts or obligations from BOFFICE borrowing in accordance with the amount specified in the Registration statement, the Prospectus or the Annual registration statement, as the case may be.
- 2) In case BOFFICE sustains retained deficits, the REIT Manager shall not distribute benefits to Trust Unitholders.
- 3) In case benefits are distributed to Trust Unitholders in each accounting period, the REIT Manager shall make an announcement of the benefit distribution to Trust Unitholders, arrange for the closure of the register to compile a list of Trust Unitholders entitled to the benefit distribution, and proceed with the benefit distribution to Trust Unitholders within the specified period as follows;
 - (a) In case of year-end distribution, the REIT Manager shall make the year-end distribution within 90 days from the end of an accounting year. The distribution shall be made within 30 days from book closing date in order to determine the right of Trust Unitholders entitled to the benefit distribution.
 - (b) In case of distribution for each interim accounting period (if any), the REIT Manager shall make the benefit distribution for each interim accounting period within 90 days from the end of such accounting period for the latest quarter prior to the benefit distribution. The distribution shall be made within 30 days from book closing date in order to determine the right of Trust Unitholders 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 and Trust Unitholders in written. In case the REIT Manager fails to make benefit distribution to Trust Unitholders 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 Unitholders.

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 Trust Deed, unless in case that the SEC 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 Unitholders entitled to benefit distribution shall be the Trust Unitholders listed on the Trust Unitholders register of BOFFICE on the book closing date of Trust Unitholders for benefit distribution according to the proportion of trust unit holding of each Trust Unitholders. 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, such same individual or a group of person shall not be entitled to receive benefits only BOFFICE unit that exceeds the rate specified in the Notification of the SEC.
- 5) Trust Unitholders or the related party of Trust Unitholders who hold trust units in excess of the rate or do not comply with the criteria set out in Notification no. Tor Chor. 49/2555 shall receive benefits only in accordance with the proportion of trust units held at the rate or the rule specified by Notification no. Tor Chor. 49/2555. The REIT Manager will arrange calculations to find the number of trust units that are entitled to receive benefits for each Trust Unitholders belonging to such group. Averaging the unitholding of each Trust Unitholders (Pro Rata Basis) will be used as the basis for calculating the compensation payment unless the SEC announces, determines, commands, or waivers in other options. The compensation which cannot be paid to the Trust Unitholders shall belong to other Trust Unitholders in proportion to their trust units. The REIT Manager will consider allocating such benefits to the Trust Unitholders who are entitled to receive it at that time.

Historical Benefit Distribution

According that BOFFICE has made an investment in assets, enabling BOFFICE to proceed with the payment of benefits 4 times for the year of 2020. The details of payment are summarized as follows:

| Operating Period | Payment Date | Distribution Payment (Baht per unit) |
|--|------------------|---|
| 1 January – 29 February 2020 | 10 April 2020 | 0.1104 |
| 1 March – 30 June 2020 and retain earnings | 9 September 2020 | 0.2497 |
| 1 July – 30 September 2020 | 17 December 2020 | 0.1512 |
| 1 October – 31 December 2020 | 25 March 2021 | 0.1704 |
| Total Distribution Payment per Unit in 2020 | | 0.6817 |

Historical Record of the Distribution Payments

| Details | Year | | |
|---|---------------|---------------|---------------|
| | 2020 | 2019 | 2018 |
| (1) Distribution Payment per Unit (Baht) | 0.6817 | 0.6810 | 0.1315 |
| (2) Distribution on Reduction of Capital per Unit (Baht) | - | 0.0293 | 0.5134 |
| Total Distribution Payment per Unit (1) + (2) (Baht) | 0.6817 | 0.7103 | 0.6449 |

Information of the Trustee

| | |
|---|--|
| Company Name | Kasikorn Asset Management Company Limited |
| Address (Head Office) | 400/22, KASIKORNBANK Building, 6 th & 12 th Floor, PhahonYothin Road, Samsen Nai, Phaya Thai, Bangkok 10400 |
| Company Contact | Telephone: 0-2673-3999 Fax: 0-2673-3988 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 the Trustee

The Trustee is responsible for managing BOFFICE with duty of loyalty, duty of care, reasonable diligence and expertise. The 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 Trust Deed are as follows;

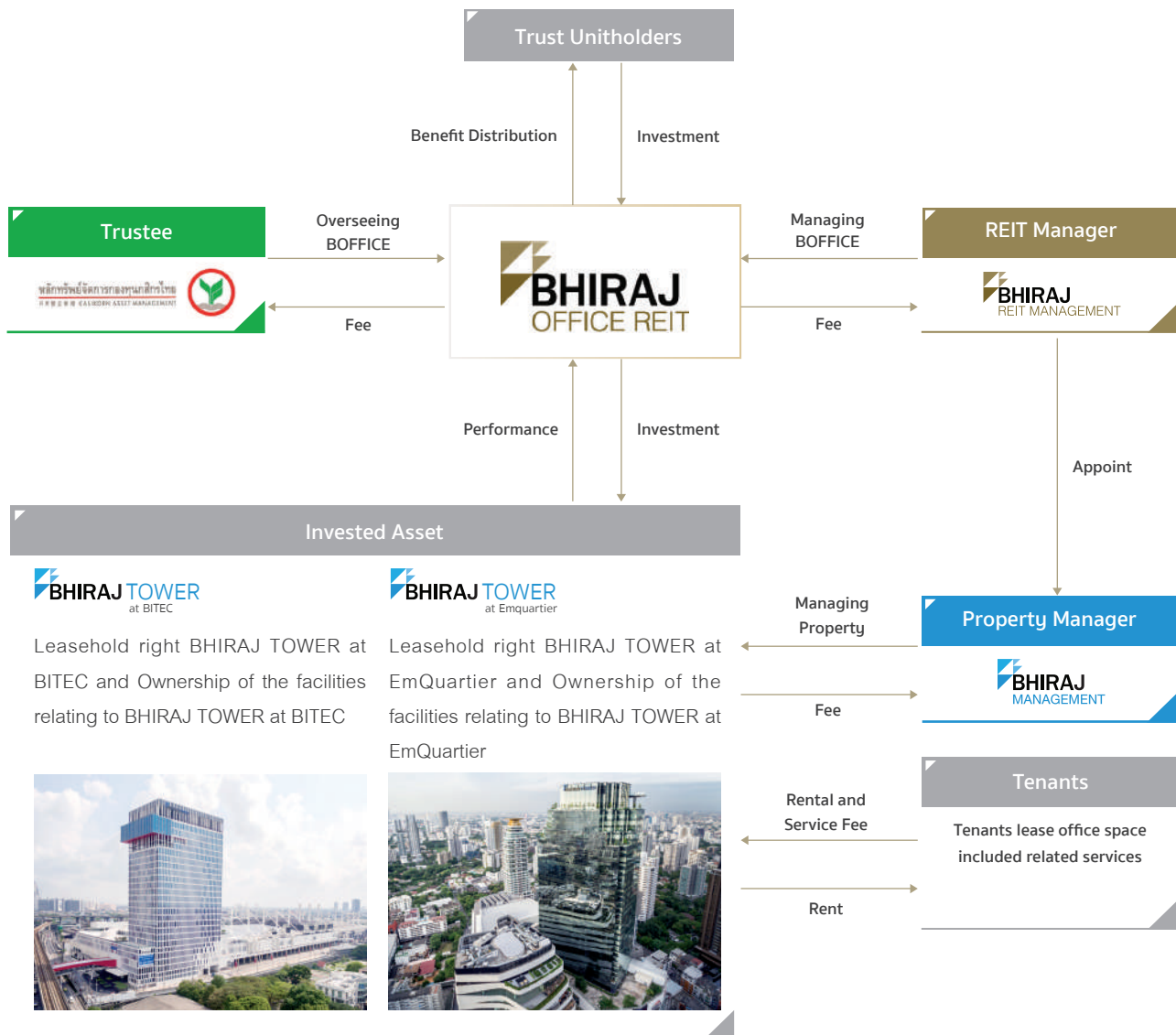
- 1) Ensure the Trust Deed is in accordance with the relevant laws and proceed in accordance with the specified criteria in the event of amendments to the Trust Deed.
- 2) Monitoring and inspecting the REIT Manager to manage BOFFICE in accordance with the Trust Deed and related laws
- 3) Report to the 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
- 4) Attend the meeting of Trust Unitholders every time. In case there is a request for the resolution of the Trust Unitholders' 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 Unitholders that such operation cannot be carried out if it is not in accordance with the Trust Deed or related laws
- 5) Manage BOFFICE as necessary in order to prevent, hinder, or restrict severe damages to the benefits of BOFFICE or the Trust Unitholders or in case the REIT Manager fails to perform duties, and have an authority to recruit new the REIT Manager

- 6) Prepare the report and present it to the Trust Unitholders together with the annual report of BOFFICE by identifying how the Trustee 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
- 7) Maintain capital funds and comply with the rules of relevant announcements.

The Trust Unitholders can find further details about the scope, authority, duties and responsibilities of the Trustee in the Trust Deed.

Management Structure

BOFFICE Structure



The REIT Manager

Information of the REIT Manager

Bhiraj REIT Management Company Limited, the REIT Manager, is a company registered in Thailand on 28 June 2017 with an authorized capital of 10,000,000 Baht, divided into 10,000 common shares at 1,000 Baht per share. The objective of the Company is to manage the real estate investment trust specifically. BHIRAJ BURI Company Limited will be the major shareholder, representing 70% of the total shares issued. Summary on the information of REIT Manager can be found below:

| | |
|---|--|
| Company Name | Bhiraj REIT Management Company Limited |
| Date of Incorporation | 28 June 2017 |
| Company Address | 591 Sukhumvit Road, Klong Tan Nuea Sub-district, Vadhana District, Bangkok |
| Contact | Telephone: 02-261-0170 Website: www.bofficereit.com Email: boffice.brrm@bhirajburi.co.th |
| Authorized Capital | 10,000,000 Baht |
| Description and Scope of Business Operation | REIT Manager |
| Board of Directors | 1. Mrs. Prapee Buri (Chairwoman and Executive Director) 2. Mrs. Sarocha Buri (Executive Director) 3. Ms. Thippaporn Gertphol (Independent Director) |
| Accounting Period | 1 January - 31 December |

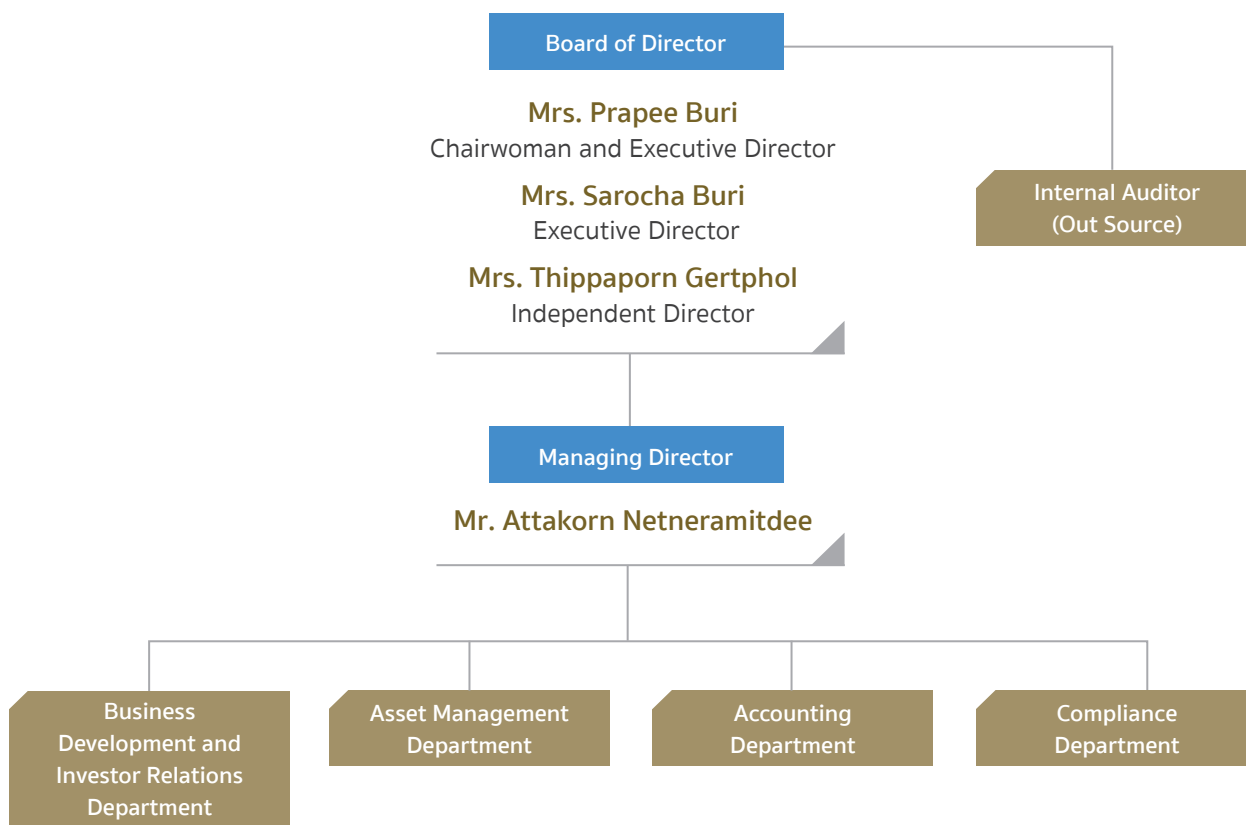
Shareholding Structure of Bhiraj REIT Management Company Limited

| Rank | Shareholder | Number of Shares Held | Percentage of issued shares |
|-------|-------------------------------------|-----------------------|-----------------------------|
| 1 | BHIRAJ BURI Holding Company Limited | 7,000 | 70.00 |
| 2 | Ms. Panittha Buri | 1,498 | 14.98 |
| 3 | Mr. Pitiphatr Buri | 1,498 | 14.98 |
| 4 | Mr. Prasarn Bhiraj Buri | 2 | 0.02 |
| 5 | Mrs. Prapee Buri | 2 | 0.02 |
| Total | | 10,000 | 100.00 |

The fourth and fifth shareholders belong to the related person of shareholders as they are defined as legally married couples. The fifth shareholder, Mrs. Prapee Buri, is the Chairwoman and the Executive Director and the authorized person of BHIRAJ REIT Management Company Limited.

Management Structure of the REIT Manager

The management structure of the REIT Manager consists of the Board of Directors and executives according to the management structure as follows;



Scope of Duties and Responsibilities of the Board of Directors of the REIT Manager

Board of Directors of the REIT Manager is the key player in approving the REIT Manager's vision, mission, strategy, direction and policy regarding short-term and long-term business operations and plans; providing financial policies, risk management and corporate overview; regulating and evaluating the performance of the REIT Manager and employees to maintain operation efficiency in accordance with the established policies and business plans, the scope of the REIT Manager appointment agreement, the Trust Deed, Registration Statement, prospectus, objectives and article of association of the REIT Manager, resolution of the Board of Directors meeting, resolution of the Trust Unitholders meeting and related laws, for the maximum benefits of BOFFICE and the Trust Unitholders.

In addition, the Board of Directors of the REIT Manager also plays an important role in the regulation of compliance with the implementation and disclosure of information that may present a conflict of interest, in accordance with the regulations of the Office of Securities and Exchange Commission, Stock Exchange, and related regulators. The scope of authority and responsibility for the Board of Directors of the REIT Manager is as follows:

- 1) Perform duties in accordance with the laws, objectives and regulations of the REIT Manager, as well as the resolution of the Board of Directors meeting of the REIT Manager, and the resolution of the Trust Unitholders meeting, with duty of loyalty, duty of care, accountability, and ethic.
- 2) Manage BOFFICE under the supervision of the Trustee, and establish long-term business strategies and plans, organize an appropriate organizational structure, and regulate business policies, such as the investment of BOFFICE, BOFFICE's performance, annual budget draft and business plan for BOFFICE, explore risk factors that may affect the interest of BOFFICE, operational performance of various parties, and things that may create conflicts of interest, etc.
- 3) Establish a capital structure management policy for BOFFICE, taking into account the suitability, reasonableness, and the maximum benefits of BOFFICE and the Trust Unitholders, as well as other factors, especially when applying for a loan, issuing debentures, or incurring of other debts.
- 4) Regulate and provide necessary advice that enables the performance of executives and employees to support the operation of the REIT Manager to be in accordance with the contracts and regulations regarding the responsibilities of the REIT Manager.
- 5) Regularly regulate and monitor the performance of the REIT Manager, as well as provide necessary advice to ensure that the operation of the REIT Manager will achieve the goals, overcoming challenges and solving problems that may arise in a timely and appropriate manner.
- 6) Review, regulate, and provide necessary advice for the REIT Manager to have an internal control system, including efficient and productive work system as the REIT Manager.
- 7) Review, regulate, and take necessary actions to review and update important policies and plans related to the REIT Manager's role to be up-to-date and suitable for the business.
- 8) Review, regulate, evaluate the performance of the REIT Manager executives, including the appointment of executives of director level, and provide necessary advice to ensure that the executives will perform assigned tasks with full capacity and in accordance with rules and regulations of relevant contracts for the benefits of BOFFICE.
- 9) Review and regulate the performance evaluation of the Property Manager, providing necessary advice to ensure that the Property Manager will perform assigned tasks in accordance with rules and terms of relevant contracts for the benefits of BOFFICE.
- 10) The Board may assign one or more directors or any other person to perform any action on behalf of the Board. However, such action may not include the authorization or sub-authorization that grants directors or the authorized person the authority to approve actions that involve the interest of the directors or related persons, or any benefits that would conflict with the interest of BOFFICE.

From the scope of authority mentioned above, the REIT Manager shall conduct a meeting for the Board of Directors to acknowledge and approve procedures necessary for the operation of BOFFICE and the REIT Manager as follows:

Agenda to be Acknowledged and Approved by the Board of Directors

Agenda to be acknowledged by the Board of Directors

- 1) Performance of the REIT Manager and BOFFICE.
- 2) Progress in the implementation of the business plan established by the REIT Manager for the benefits of BOFFICE, issues and challenges as well as solutions with the support from the Property Manager.
- 3) Guidelines for mitigating risks or any incidents that may affect the operation of BOFFICE.
- 4) Internal control system and operation system of the REIT Manager, as well as guidelines and progress on solving issues.

Agenda to be approved by the Board of Directors

- 1) Establish long-term business strategies and plans, organize a suitable organizational structure, and regulate business policies, risk factors that may affect the benefits of BOFFICE
- 2) Financial statements and distribution of benefits for the Trust Unitholders
- 3) BOFFICE's budget, BOFFICE's annual business plan strategy prepared by the REIT Manager with support from the Property Manager
- 4) Special expense or special investment that is not included in the annual budget plan, requested by related department of the REIT Manager
- 5) Transactions made between BOFFICE and related persons of the REIT Manager or the related persons of the Trustee. In the event that the transaction made between BOFFICE and such related persons must be approved in the Trust Unitholders meeting. If the value of a transaction exceeds one million Baht, or more than 0.03% of the net asset value of BOFFICE, whichever is higher
- 6) Guidelines for handling significant disputes and complaints regarding the operation of BOFFICE, which must be reviewed by the Board of Director
- 7) Intercompany and any matters that may cause a conflict of interest with the operation of BOFFICE
- 8) Selection of the Property Manager
- 9) Selection of an auditor, financial consultant, independent financial consultant, or other consultants, etc., in accordance with the scope of authority

- 10) Approval of an investment, disposition of the major assets of BOFFICE, management of BOFFICE by the Asset Management Department and related departments, for the compliance with the Trust Deed, Registration Statement, prospectus and related laws and notifications.
- 11) Other matters required the approval from the Trust Unitholders
- 12) Other important matters and matters related to the operation of the REIT Manager and BOFFICE
All directors are given the opportunity to express their opinions during the meeting before voting. A summary on the resolution of each agenda will be provided, as well as the written record of the meeting.

Director, managing director, and head of the department of the REIT Manager shall not have any prohibited characteristics according to the Notification of the Capital Market Supervisory Board regarding the prohibited characteristics of personnel in the capital market business. Directors of the REIT Manager must not also be the person listed as unsuitable by the Stock Exchange, and shall not be a person deemed as untrustworthy according to the notification of the Office of Securities and Exchange Commission regarding untrustworthy characteristics of company directors and executives, and shall never be convicted of an offense under the securities law, capital business law, securities business law, credit foncier business law, commercial banking law, non-life insurance law, anti-money laundering law, or similar laws related to financial business, both Thai and foreign laws, or offenses relating to unfair trading practices in securities or fraudulent, deceitful, and corrupted management.

Independent Director

The REIT Manager has one independent director, which is not less than one-third of the number of all directors of the REIT Manager. Selection of an independent director of the REIT Manager involves at least the following qualifications:

- 1) Holds no more than 1% of the total number of shares with voting rights in the REIT Manager, parent company, subsidiary company, associated company, major shareholder, company authority, or a related person. This shall include shares held by related parties according to Section 258 of the Securities Act of such independent director as well.
- 2) Must not be or never been involved in the management. Also, shall not be an employee, staff, consultant who receives a regular salary, or an authority of the REIT Manager, parent company, subsidiary company, associated company, sister company, or a related person. Such involvement and interest shall not be presented for at least two years.
- 3) Must not have or never had a business relationship with the REIT Manager, parent company, subsidiary company, associated company or a related legal entity that may hinder the ability to make an independent judgment. The independent director shall not be or never been a major shareholder, non-independent director, or an executive of a party having a business relationship with the REIT Manager, its parent company, subsidiary company, associated company or a legal entity that it may share a connection, unless has not been involved in such position for at least two years.

- 4) No relation in bloodline or any registration as father, mother, spouse, family member and child, also spouse of the child, director, major shareholder, authority or person to be nominated as the director, authority of BOFFICE or its subsidiary.
- 5) Must not be or never been the auditor of the REIT Manager, parent company, subsidiary company, associated company, or a related legal entity. The auditor must not be the major shareholder, non-independent director, executive or the managing partner of the audit firm, by which the auditor of the company, parent company, subsidiary company, associated company or a related legal entity works for, unless such involvement has not be presented for at least two years.
- 6) Must not be or never been a service provider of any professional, including legal and financial consultant who receives a service fee of more than two million Baht per year from the REIT Manager, parent company, subsidiary company, associated company or a related legal entity. The state of being a legal entity of the service provider also includes being the major shareholder, non-independent director, executive or managing partner of such service provider, unless such involvement has not be presented for at least two years.
- 7) Must not be a director appointed to represent the director of the REIT Manager, the major shareholder, or a shareholder, which is related to the major shareholder of the REIT Manager.
- 8) Must not be a person deemed as unsuitable for being a director as per the regulation set forth by the Stock Exchange, and shall not be a person deemed as untrustworthy according to the notification of the Office of Securities and Exchange Commission regarding untrustworthy characteristics of company directors and executives.
- 9) Must never been convicted, by lawfully authorized entity, of an offense under the securities law, capital business law, securities business law, credit foncier business law, commercial banking law, non-life insurance law, anti-money laundering law, or similar laws related to financial business, both Thai and foreign laws, or offenses relating to unfair trading practices in securities or fraudulent, deceitful, and corrupted management.
- 10) Must have no characteristics that hinder the ability to make an independent opinion of the operation of the REIT Manager

Scope of Authority and Responsibility of the Independent Director of the REIT Manager

- 1) Supervise and provide necessary advice to the REIT Manager for the implementation of the preparation and disclosure of information in financial reports of the REIT Manager and BOFFICE in an accurate, complete, adequate, reliable and timely manner.
- 2) Supervise and provide necessary advice to the REIT Manager for the implementation of the internal control system and suitable work system as the REIT Manager.
- 3) Review and provide comments on related matters or matters that may lead to a conflict of interest with BOFFICE so that they are in accordance with the related laws and regulations. This is to ensure that such matters are reasonable and in the best interest of BOFFICE.
- 4) Other operations as assigned by the Board of Directors of the REIT Manager that are deemed beneficial to BOFFICE.
- 5) Require relevant parties of the REIT Manager to regularly report to the independent director for approval and acknowledgment in order to provide necessary advice on the following matters:
 - (1) Matters related to or may lead to the conflict of interest with BOFFICE
 - (2) Weaknesses and improvement needed in the internal control system and the work system in acting as the REIT Manager, as well as the progress in the improvement

Scope of Authority and Responsibility of the Director of the REIT Manager

The Board of Directors and the Independent Director play an important role in supervising and providing necessary advice to the REIT Manager to operate in the name of REIT Manager, and ensure that the operation is in accordance with related rules and contracts. The Managing Director is responsible for controlling, following up, supervising and overseeing the work of the REIT Manager to ensure the operational efficiency. The scope of authority and responsibility of the Managing Director is as follows:

- 1) Responsible for, oversee and manage the operation and/or day-to-day management, including the regulation of overall operation of the REIT Manager to ensure that it is in accordance with related regulations and contracts, as well as the resolution of the Board of Directors meeting.
- 2) Define the organizational structure, management method, as well as responsible for the selection, training, hiring and dismissal of the REIT Manager, setting of wages, salaries, compensation, bonuses and various benefits for the employees.
- 3) Oversee and regulate the operation of the REIT Manager.
- 4) Represent the REIT Manager, as well as being authorized to contact government agencies and related regulators.
- 5) Have an authority to issue, amend, update rules, orders and regulations related to the operation of the REIT Manager.
- 6) Have an authority and responsibility as assigned by the Board of Directors of the REIT Manager.

- 7) Have an authority to sub-authorize and/or assign another person to perform a specific task on its behalf through sub-authorization and/or such sub-authorization must be within the scope of the power of attorney provided, and/or shall be in accordance with the regulations, requirements or orders set by the REIT Manager's Board of Directors. Such authorization and power of attorney granted by the Board of Directors must not be an authorization or sub-authorization that allows the Board of Directors or the authorized party to approve matters that involve the interest of oneself or the related party, or that may conflict with the interest of BOFFICE.

Scope of Authority and Responsibility of the REIT Manager

Main duties and responsibilities of the REIT Manager include the management of BOFFICE, which covers the investment in the BOFFICE's assets and the operational inspection of the Property Manager. The REIT Manager shall perform duties under the supervision of the Trustee, with duties and responsibilities as follows:

- 1) **General responsibilities**
 - 1.1) The REIT Manager will act as a trusted professional, operate with caution and integrity for the best interest of the Trust Unitholders as a whole, and in accordance with the Trust Deed, REIT Manager appointment Agreement, related laws as well as the additional commitments provided in the disclosed documents for the benefits of offering trust units to the investors. In addition, the REIT Manager must not take any action that conflicts with the interest of the Trust Unitholders and investors as a whole, and is liable without limitation of liability in the event that the REIT Manager fails to perform the duties and/or performing the duties incompletely and incorrectly.
 - 1.2) The REIT Manager must perform in accordance with the following business practices of a REIT Manager as follows:
 - (a) Provide sufficient funds to continuously operate the business and take responsibilities that may arise from the operation as the REIT Manager.
 - (b) Disclose and provide sufficient opinions or information that are crucial and related to the investment decision of the investors. Such opinions or information must be clearly communicated, authentic and do not cause confusion.
 - (c) Do not misuse the information received from the operation of the REIT Manager for personal benefits, or cause damage or impact to the overall interest of BOFFICE.
 - (d) Cautiously operate to avoid causing conflict of interest. In case there is a conflict of interest, necessary measures must be taken to ensure that the investors are treated fairly and appropriately. The REIT Manager will take the following actions to prevent a conflict of interest:
 - (1) The REIT Manager shall not seek for other interest that may conflict with the best interest of BOFFICE. If there is a possibility that the conflict may occur, the REIT Manager must be able to demonstrate a mechanism that such management of BOFFICE will be in the best interest of BOFFICE and the Trust Unitholders as a whole.

- (2) In the event that the REIT Manager also manages other REITs, the core assets of BOFFICE applied for the offering of trust units must not be of the same type as the core assets of such other REITs.

In addition, before entering into the transaction that may conflict with the interest of BOFFICE. The REIT Manager shall disclose sufficient information to the Trust Unitholders or the investors according to the terms in the Trust Deed as follows:

- (1) A disclosure through the Stock Exchange, in accordance with the regulations of the Stock Exchange regarding such matters, or any other channels that the Trust Unitholders can thoroughly access the transaction information.
- (2) Provide a reasonable period of time for the disclosure, which must not be less than fourteen days.
- (3) Provide a clear channel, method and timing of the objection, which must not be less than fourteen days, except in the event that the Trust Unitholders' resolution is requested upon making the transactions, the objection must be made during the request for the resolution from the Trust Unitholders.

In the event that the Trust Unitholders express a clear objection using disclosed method under Clause (3) of more than one-fourth of the total unit of trust sold, the Trustee may not conduct or allow the transaction that is in conflict with the interest of BOFFICE.

- (e) Comply with the Securities Act, the Trust Act and other laws related to the operation of BOFFICE, as well as the ethics and professional standards set by associations related to securities business, or organizations related to securities business as approved by the Office of the Securities and Exchange Commission, mutatis mutandis, and must not support, order, or cooperate with any person in the practice that violates such laws or regulations.
- (f) The REIT Manager is responsible for cooperating with the Trustee or the Office of Securities and Exchange Commission, including the disclosure of information that may significantly affect the management of BOFFICE, or other information that should be disclosed. The REIT Manager shall be especially responsible for:
 - (1) Prepare and compile information and documents related to the management, internal control, and disclosure of information related to BOFFICE. Upon requested by the Trustee, the REIT Manager must cooperate in delivering the information and evidence, as well as allow the inspection of the property at the location as requested by the Trustee, to ensure that the REIT Manager does not violate the law or the terms of specified in the Trust Deed, and maintains the interest of the Trust Unitholders.

- (2) During the period before the establishment of BOFFICE, the REIT Manager is responsible for submitting information and documents related to structure of BOFFICE, methods of leasing, procurement and collection of income, expenses that could be collected from BOFFICE, agreement between BOFFICE and other companies or individuals, etc., allowing the Trustee to effectively plan, monitor, and review the management, internal control, and the disclosure of such information.

The REIT Manager is responsible for coordinating and delivering the information and documents to the Trustee with the materials, consistency and schedule as specified within the REIT Manager appointment agreement. This includes the submission of any other documents requested by the Trustee as necessary and relevant to the management of BOFFICE within a reasonable period of time.

- 1.3) The REIT Manager is required to provide liability insurance for the faults that may arise from its business or operation as the REIT Manager, as well as the operation of the Board of Directors and its employees throughout the term of the REIT Manager appointment Agreement.
- 1.4) In order to make a real estate-related transaction for BOFFICE, the REIT Manager must comply with the following rules:
 - (a) Take action to ensure the disposition of the property, and the entering into a contract relating to the property for BOFFICE is correctly done and is lawfully enforceable.
 - (b) Take action to ensure a proper investment in a property of BOFFICE, with at least proceed as follows:
 - (1) Evaluate the readiness to manage such property investment before becoming the REIT Manager, or before investing in such property for BOFFICE, as the case may be.
 - (2) Analyze and study the feasibility, as well as audit and review (by preparing a Due Diligence) the property to comply with the criteria and guidelines for managing funds and trusts that invest in real estate, as announced by the Office of Securities and Exchange Commission. Also, assess the risks that may arise from investing in that such property, as well as establish a risk management guideline. Such risks shall include risks associated with the development or construction of the property (if any), for example, risks of construction delay and the inability to benefit from the property.
- 1.5) The REIT Manager must arrange for a meeting of the Trust Unitholders as specified in the Trust Deed.
- 1.6) In the event of changing the REIT Manager, the REIT Manager shall undertake and provide necessary cooperation in order to successfully transfer the work to the person who will be in charge of the position.

- 1.7) In the event that a consultant is appointed to provide advice or suggestion on a property investment and management, the REIT Manager shall proceed as follows:
- (a) Ensure that the consultant notifies about the interest in the matter considered.
 - (b) Consultants with interest, both directly or indirectly, shall not participate in the decision-making process of that particular matter.
- 1.8) The REIT Manager must prepare a financial statement in accordance with the accounting standards as described under the law on accounting profession, and submit the statement to the Office of Securities and Exchange Commission within three months from the end of the fiscal year. The financial statement must be audited and commented by an auditor approved by the Office of Securities and Exchange Commission.
- 1.9) Prepare and disclose information of BOFFICE, including information under Section 56 and Section 57 of the Securities Act, as well as other information as specified in the Trust Deed and the REIT Manager appointment Agreement.
- 1.10) Prepare and disclose information of BOFFICE to the Trustee, the Office of Securities and Exchange Commission, and Trust Unitholders, as specified in the Securities Act, other related laws, and the Trust Deed. This includes sending the BOFFICE's annual report together with the invitation letter of the annual general meeting or other documents required by the Office of Securities and Exchange Commission to the Trust Unitholders. The REIT Manager shall also submit relevant documents or evidence, operate or refrain from operations as ordered or requested by the Office of Securities and Exchange Commission.
- 1.11) Avoid situations that may caused doubt on the independence of the REIT Manager, especially the selection, purchase, sale, rent, sub-lease, or lease of a property, as well as securities and other services for BOFFICE. The REIT Manager, directors, executives, and employees of the REIT Manager are prohibited from receiving soft commissions or benefits from the services provided, or any other benefits from the original owner of the property, or sponsors, securities sellers, service providers or brokerage firms as their personal income or benefits.
- 1.12) The REIT Manager is responsible for disclosing the interest or benefits of the REIT Manager and the related persons of the REIT Manager, from the company that or person who is a trading partner of BOFFICE as stated in the prospectus, Registration Statement for trust offering, invitation letter to the meeting for approval of various matters, and the annual report of BOFFICE, so that the investors and the Trustee can use them to determine the independence of the REIT Manager when making a transaction for BOFFICE and the reasonableness of such transaction.

Interest or benefits to be disclosed includes being a creditor, debtor, surety or being guaranteed, mutual holding, or having the same major shareholder or executive, providing and receiving of services, mutual trading, expense paid on behalf of the other, etc.

- 1.13) In the event that the REIT Manager seeks to let another person to operate under its responsibility, details of the transition and responsibilities of the REIT Manager shall be clarified during the selection of the representative, as well as the responsibilities of such representative. Details regarding the transition shall not contradict with the Notification Sor Chor 29/2555

2) Management Duty of BOFFICE

- 2.1) To provide appropriate and efficient supervision and management for BOFFICE, as well as to be in accordance with the laws, rules and the Trust Deed, and to protect the interest of BOFFICE and the Trust Unitholders as a whole, the REIT Manager is responsible for providing a quality work system, with effective audit and balance of operation that can fully support its responsibilities, at least to cover the following topics:
- (a) Establishment of the BOFFICE management policy and the management of BOFFICE's capital structure, real estate investment decision, establishment of policies and strategies for obtaining benefits the property, in order to cautiously manage the investments as assigned, in line with the investment policy stated in the Trust Deed, as well as related laws and regulations, and to protect the interest of BOFFICE and the Trust Unitholders as a whole.
 - (b) Management and risk management related to the management of BOFFICE as assigned to prevent and manage risks effectively.
 - (c) Management of the conflict of interest involved, particularly, between BOFFICE and the REIT Manager and the person related to the REIT Manager. This includes measures or procedures to protect the best interest of BOFFICE or the Trust Unitholders as a whole once the conflict occurs.
 - (d) Selection of personnel of the REIT Manager and representative for the task related to the operation of BOFFICE in order to find a competent and qualified candidate for the job.
 - (e) Operational regulation of the REIT Manager and its personnel, including the supervision of its representative for the task related to the operation of BOFFICE, ensuring that it would comply with the law, rules and regulations, the Trust Deed, the Securities Act, notifications, orders issued by virtue of such law, as well as other laws relating to the operation of BOFFICE.
 - (f) Complete and sufficient disclosure of information as per the requirement stated in the Trust Deed and in accordance with the rules issued under the Securities Act, the Trust Act, rules or orders issued by virtue of such laws, as well as other laws relating to the operation of BOFFICE.
 - (g) Back-office operation

- (h) Internal audit and control
- (i) Communication with investors and complaint management
- (j) Legal dispute management

2.2) The REIT Manager may assign other parties to undertake matters which are related to the REIT Manager's business operations as deemed necessary to increase the efficiency and agility of the business, whereby in such cases, the following rules shall be applied:

- (a) The assignments shall not be in a nature that may impact efficiency of the REIT Manager's performances.
- (b) There shall be measures to support the business continuity in the event that the assigned parties fail to carry on the operations.
- (c) In the event that the assignments are related to investments in other assets of BOFFICE, the assigned party must be legally authorized to perform such tasks.

The above assignments shall not include any assignment of the tasks and functions as prescribed under Clause (2.1) (a) (b) (c) (d) and (i).

In the event that the REIT Manager seeks to assign tasks for which it is responsible to other parties, other than its tasks of real estate management, such as the management of the other assets of BOFFICE, which are not the major assets, the REIT Manager shall make a careful selection of the relevant parties for such assignments, and shall supervise and monitor the assignees' performance. The assignment conditions shall not conflict or breach Notification of the Office of the Securities and Exchange Commission Sor Chor. 29/2555.

- 2.3) The REIT Manager shall manage BOFFICE according to the provisions prescribed in the Trust Deed and shall oversee and protect the interest of the Trust Unitholders
- 2.4) The REIT Manager shall carefully and cautiously conduct due diligence on any potential real estate investment of BOFFICE, and shall record and safeguard information, documents, and evidence related to the selection, inspection, and decisions on whether to invest or not invest therein for BOFFICE. As for such due diligence, the REIT Manager shall comply with the guidelines on the management of property funds and real estate investment trusts.
- 2.5) The REIT Manager shall act to assure its professional management of BOFFICE's financial aspects as well as the economic value of BOFFICE's assets, and such management is carried out for the benefits of the Trust Unitholders such as:
 - (a) Formulating investment and risk management strategies and policies that are efficient and in compliance with the obligations prescribed in the Trust Deed.

- (b) Determining borrowing facilities and encumbrances on BOFFICE's properties, and strictly ensure that such borrowings and encumbrances are within the limit prescribed in the Trust Deed.
- (c) Investing in real estate that suit the investment objectives of BOFFICE.
- (d) Managing BOFFICE's cash flow.
- (e) Considering the distribution payments of BOFFICE.
- (f) Arranging for appropriate insurances to cover any potential damage that may occur to BOFFICE's real estates and relevant third party liability insurance with suitable and sufficient coverage amounts to possibly renovate the damaged assets into their former stages, such that BOFFICE would receive similar benefits from such assets as previously done, and with returns of no less than previously received.
- (g) Arranging for tenant mix planning.
- (h) Overseeing that tenants comply with the conditions set forth in the lease agreement, service agreement, and other related agreements.
- (i) Overseeing the compliance of the real estate regulations and/or the conditions prescribed in the leasehold rights of the property invested by BOFFICE, as well as monitoring and taking relevant actions to ensure that such property and/or leasehold rights shall not be used to operate immoral or illegal business
- (j) Managing the rental spaces such as control and oversee rental operations, negotiate tenancy agreements, review rental rates or fees, terminate or renew rental contracts, etc. In the event that a rental agreement has a term of more than three years, the REIT Manager shall seek approval from the Trustee prior to any further action. Such request for approval shall not impede the rights of the Trustee to file for damage compensation in the event that the REIT Manager enters into a contract without approval from the Trustee.
- (k) Assessing past rental operations to set appropriate rental and tenancy terms and conditions, preparing rental and tenancy agreements, as well as relevant service contracts, monitor and evaluate rental and service charge collections to determine suitable amounts of allowance for doubtful accounts and bad debt expenses, or bad debt write-offs (and appropriately reinstate account by reversing the write-off entry in the event that such bad debts are recovered).
- (l) Arranging for appropriate security and safety systems for the properties invested by BOFFICE, such as the fire alarm system, emergency communications plan and disaster management.

- (m) Formulating policies and action plans for the administration, maintenance and renovation of the properties invested by BOFFICE to assure that their conditions are comparable to those of its industry peers.
- 2.6) The REIT Manager shall review and inspect to make sure that BOFFICE shall have proper ownerships and/or rights in the property that it intends to invest; whether the right of ownership or leasehold right, and that any agreements and contracts that BOFFICE shall enter as the counterparty thereof are duly prepared according to the applicable laws, as well as binding and enforceable in accordance with the conditions therein prescribed.
- 2.7) The REIT Manager shall arrange that all documents and evidence related to the BOFFICE's operation are systematically kept and protected; for instance, the invitation letter for the Trust Unitholders meeting, Registration Statement for Offering Trust Units, prospectus, BOFFICE's Annual Report, and the compliance records of BOFFICE and its invested properties with applicable regulations. This information and documents shall be kept in a manner which is proper, complete, and accountable for at least five years from the date of preparing such information and documents, or as required by the law.
- 2.8) The REIT Manager shall prepare and disseminate BOFFICE's financial statements, annual report, and other relevant information which are accurate and complete and promptly distribute them within the time frame as prescribed by the law, as well as in accordance with the Trust Deed, and the rules of the Stock Exchange.

The REIT Manager, as well as its directors and executives who are involved in the preparation and dissemination of BOFFICE's information, must be responsible for the contents of such information which shall be reported or notified to the Trust Unitholders and general investors. There shall be a review procedure which ensures that the disclosed information in the Registration Statement for Offering Trust Units, prospectus, invitation letter for the Trust Unitholders meeting, advertisement brochure, published notification, or any other disseminated documents are verified to be accurate, complete, and not lacking in material information. Such disclosure shall also provide sufficient information for investment decisions, and comply with applicable laws, notifications and regulations.

- 2.9) The REIT Manager shall oversee that the Trust Unitholders obtain accurate and adequate information prior to their respective exercise of the voting rights for any authorization, and that they duly receive such information in advance and within the prescribed time frame as set forth in the Trust Deed and the rules of the Stock Exchange.
- 2.10) The REIT Manager shall oversee that BOFFICE complies with laws or operational guidelines issued by relevant government agencies or other authorities, as well as regulations of the Stock Exchange

- 2.11) The REIT Manager shall make distribution payment to the Trust Unitholders of BOFFICE for an amount of no less than 90% of its adjusted net profit for the fiscal year, which includes net earnings of the cash position of BOFFICE. The payment shall be made within ninety days from the fiscal year ending or from the ending date of the relevant accounting period during which such distribution payment is made, whichever the case may be. Nevertheless, in the event that BOFFICE still carries any retained deficits, it shall make no distribution payment to its Trust Unitholders.
- 2.12) The REIT Manager shall define the annual scope of work or appraisal for property appraisers that include inspections of BOFFICE's properties and comparing them with other nearby properties of similar characteristics
- 2.13) The REIT Manager may hire any property agent to assist the Property Manager in finding tenants.
- 2.14) Regarding investment in other assets, other than the investment in the core assets, the Trustee shall assign the REIT Manager to manage such investment as per the regulations prescribed in the Notification of the Office of the Securities and Exchange Commission Sor Ror. 26/2555, and in the Trust Deed. Such assignment shall not impede the rights of the Trustee to assign its rights to any other person to manage such other investments which are not the major assets of BOFFICE.

3) Duties assigned to the Property Manager

Even though the REIT Manager may assign its property management tasks to the Property Manager who is a third-party, the REIT Manager is still required to oversee the performance of the Property Manager to assure the best interest of BOFFICE and its Trust Unitholders. Therefore, the REIT Manager shall perform at least the following:

3.1) Selection of the Property Manager

For the selection of a third-party to be the Property Manager who shall oversee activities such as sales, marketing, and day-to-day operations of BOFFICE's properties, the REIT Manager must at least complete the following:

- (a) Assess and evaluate past experiences, reputations, and track records of the Property Manager in relation to its capabilities to find tenants, collect debts, carry out building interior and equipment maintenance, administer rental spaces, service tenants, monitor internal controls, and properly oversee expenses and disbursements etc.
- (b) Review a suitable remuneration rate for the Property Manager which is subject to its work competency and performance, and provide sufficient motivation to the Property Manager as part of the effort to improve the BOFFICE's earnings. For instance, the remuneration of the Property Manager may be tied to the actual collection of rental incomes and/or services fees or the net profit from real estate rental, etc.

- (c) Arrange a mechanism which allows BOFFICE to change the Property Manager in the event that such Property Manager does not comply with the prescribed conditions or that its work performance does not meet a satisfactory standard.
- (d) Arrange to have a process to regularly inspect, monitor, and evaluate the internal control system of the Property Manager to assure that its internal control system remains effective in providing protection against fraud or capable of easily detecting corruption and misconducts, such as requiring that the Property Manager's internal control system must be assessed by its auditor during the audit process and to report the findings of any weakness or flaws in such system to the REIT Manager etc. The REIT Manager shall state in the Property Management appointment Agreement that the Property Manager must be responsible for any benefit loss of BOFFICE caused by the negligence on the part of the Property Manager in its operational control process.
- (e) In the event that the REIT Manager finds out that the Property Manager's action or failure to act impairs the credibility of the Property Manager in carrying out its duties as set forth in the Property Manager appointment Agreement, the REIT Manager shall arrange to terminate the Property Manager appointment Agreement, so that the REIT Manager can either take over the Property Manager's position or select a new Property Manager to replace the former one. However, in the event that BOFFICE enters into any loan agreement of which its covenants may prohibit any change of the Property Manager, thus such change therefore requires an approval from the BOFFICE's lenders.

3.2) Regulation of the Property Manager's Performance

The REIT Manager has a duty to supervise the work and performance of the Property Manager to ensure that it is protecting the best interest of BOFFICE and its Trust Unitholders, and shall undertake at least the following:

- (a) The REIT Manager shall participate in the preparation or the review and approval of the annual budget plan of the Property Manager to assure that there are proper details of income and expenses, to avoid any misappropriation of expenses, to set performance target for monthly and annual earnings, and to inspect that the disbursements are in line with the budget plan. The annual budget plan must be approved by the Trustee.
- (b) The REIT Manager shall prescribe incentive criteria that motivate the Property Manager to put an effort into enhancing the value of and the returns for BOFFICE, while mitigating relevant risks to the Trust Unitholders.
- (c) The REIT Manager shall participate in the preparation or the review of the Property Manager's strategic plans to assure that it can increase earnings, mitigate the risks of the rental income volatility and/or the fluctuation in the service fees for BOFFICE, as well as to oversee that the Property Manager performs in accordance with the planned strategies.

- (d) The REIT Manager shall participate in the preparation or the review of the tenant selection guidelines for key tenants, or participate in the tenant mix planning with the Property Manager to limit and mitigate risks of the rental income volatility and/or the fluctuation in the service fees for each year.
- (e) The REIT Manager shall review or participate in the formulation of pricing policy for rental rates and/or service fees to assure that such pricings are appropriate and in line with prevailing market conditions.
- (f) The REIT Manager shall assess the cost control system for repair and maintenance expenses related to equipment and buildings to assure that the conditions of such assets are in a comparable stage to those of its industry peers.
- (g) The REIT Manager shall assess the suitability of the control procedure in the procurement system of the Property Manager to assure the justified economic values of the procured goods and services.
- (h) The REIT Manager shall monitor and control the Property Manager's revenue collection to assure that BOFFICE fully receives its rental income and service fees.
- (i) The REIT Manager shall instruct the Property Manager to monitor and oversee that tenants duly pay their applicable taxes
- (j) The REIT Manager shall observe and examine the Property Manager's misconducts, as well as performing a random inspection of its operations.
- (k) The REIT Manager shall select and assess the internal control systems of the Property Manager, and shall set its own control procedures and systems to monitor and randomly inspect the Property Manager to ensure that the Property Manager complies with the following rules:
 - (1) Correctly and completely collect all incomes and transfer them to BOFFICE
 - (2) Do not overcharge BOFFICE with unreasonable expenses. Any charges for BOFFICE shall be within the authorized framework of the Property Management Agreement, and
 - (3) Provide adequate and appropriate inspection and maintenance for BOFFICE's assets so that such assets will continue generating long-term benefits.

Property Manager

1. Summary of the Property Manager

| | |
|---|--|
| Company Name | BHIRAJ Management Company Limited |
| Date of Incorporation | 18 December 2013 |
| Company Address | 591 Sukhumvit Road, Klong Tan Nuea Sub-district, Vadhana District, Bangkok |
| Contact | Telephone: 02-261-0261 |
| Authorized Capital | 25,000,000 Baht |
| Description and Scope of Business Operation | Manage office building |
| Major Shareholder Structure (Shareholding Proportion) | 1. BHIRAJ BURI Holding Company Limited (70.00%) 2. Ms. Panittha Buri (14.98%) 3. Mr. Pitiphatr Buri (14.98%) |
| Board of Directors | 1. Mr. Prasarn Bhiraj Buri 2. Mrs. Prapee Buri 3. Ms. Panittha Buri 4. Mr. Pitiphatr Buri |
| Accounting Period | 1 January - 31 December |

2. Duties and Responsibilities of the Property Manager

1) Duties Related to Property Management

The Property Manager is in charge of providing a maintenance and repair of the properties invested by BOFFICE as deemed necessary, to maintain such properties in a good condition for the benefit of the service; managing and generating income from the properties invested by BOFFICE; facilitating the Trustee, the company appraising BOFFICE's properties, and the REIT Manager in matters related to real estate as deemed necessary and appropriate; jointly operate with the REIT Manager to enable BOFFICE to acquire a license and/or any other relevant and necessary documents to generate benefits from the properties invested by BOFFICE; recruit tenants to lease the project area; coordinate and negotiate with tenants to enter a lease agreement or any other contracts related to the project; deliver income, expense and payment related to the operation of BOFFICE; manage the operation according to various contracts; provide assistance to the REIT Manager as reasonably requested in the event that the REIT Manager seeks to sell, transfer, lease, transfer of leasehold right, or dispose of (if any) by any means of the properties to other person; contact, coordinate, provide information, submit documents, fees and land and building taxes arising from the properties that BOFFICE is obliged to pay the withholding tax due to project management, and/or any other taxes related to the properties and/or the project management to officials from relevant government agencies; take action and/or coordinate with the REIT Manager and provide assistance to the REIT Manager in providing public utilities for the tenants of BOFFICE's properties; perform any other necessary actions in order to manage the properties in accordance with the BOFFICE management scheme and related laws, etc.

- 2) Duties related to the preparation of statements, reports, management documents, and internal auditing

Provide accounts and reports as assigned by BOFFICE, including but not limited to daily debt collection reports, daily parking fee summary, accounts receivable report on the last business day of the month, as well as any documents and evidence relating to the Gross Property Operating Revenue and the Operating Expenses of BOFFICE, in order to submit such accounts, reports and documents to the REIT Manager within the specified time. The Property Manager will prepare such accounts in accordance with generally accepted accounting principles, separating into the assets and/or any interest generated from BOFFICE's assets and/or any assets received by the Property Manager as the Property Manager, and/or to be accepted on behalf of BOFFICE instead of personal assets. The Property Manager will compile documents and evidence for accounting and accounting records for a minimum period of time as required by the relevant laws, to maintain the completion of the information and ready for the internal audit by the REIT Manager, the Trustee, and the person assigned by the REIT Manager or the Trustee as requested.

- 3) Marketing

Coordinate with the REIT Manager to develop and provide an advertising and promotion plan for the assets invested by BOFFICE. This shall be in accordance with the annual operation plan as approved by the REIT Manager.

The Property Manager is related to the REIT Manager (BHIRAJ REIT Management Company Limited) as both companies are the subsidiaries of BHIRAJ BURI Holding Company Limited, and that BHIRAJ BURI Holding Company Limited is also a Trust Unitholder of BOFFICE, holding a total of 2.20% of the total trust units sold. BHIRAJ BURI Holding Company Limited is the parent company of BHIRAJ BURI Company Limited, which is the major Trust Unitholder of BOFFICE, holding a total of 19.99% of the total trust units sold. However, BOFFICE has a mechanisms and measures for selecting a property manager, as detailed in Form 56-REIT1, Part 3, Item 9.4., "Selection of the Property Manager", taking into account the maximum benefits of the Trust Unitholders.

Contact Information

1. Auditor

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

2. Trust Registrar

Name Thailand Securities Depository Company Limited
Address 93 Ratchadapisek Road, Din Daeng Sub-district, Bangkok. 10400
Tel 0-2009-9000
Website www.set.or.th/tsd

3. Appraisers

Name Jones Lang Lasalle (Thailand) Company Limited
Address 175, 19th Floor, Sathorn City Tower, Thung Maha Mek Sub-district,
Sathon District, Bangkok. 10120
Tel 0-2624-6400
Website www.jll.co.th

Name Siam City Appraisal Company Limited
Address 731, 4th Floor, P. M. Tower, Asok - Din Daeng Road, Din Daeng Sub-district,
Din Daeng District, Bangkok. 10400
Tel 0-2247-4715-6
Website <http://www.siamcityappraisal.com/>

Business Overview and Descriptions of Invested Assets

 **BHIRAJ TOWER**



Total Asset Value
10,511.97 million Baht



Net Leasable Area **81,496** Sq.m.

Business overview, policies and sources of income

Business overview of BOFFICE

BOFFICE has the policy to acquire the benefits from the core assets of BOFFICE by leasing the space of such asset to retail tenants as specified in the topic “Core Assets of BOFFICE”. The REIT Manager procures the benefits from the asset of BOFFICE by setting the policies and strategies for managing the asset of BOFFICE for the maximum benefits of BOFFICE and assigning the property management duty to BHIRAJ Management Co., Ltd. as the Property Manager. The responsibilities of the Property Manager include procuring the benefits by leasing the space according to the policies determined by the REIT Manager, coordinating and facilitating the tenants, and collecting the rent and service charges to BOFFICE. The Property Manager will procure the prospective tenants, lead the site visiting to the property and negotiate with the interested parties directly, as well as maintaining the properties of BOFFICE in a good and functional condition.

The strategies for operation or benefit procurement

BHIRAJ REIT Management Co., Ltd. (“the Company” or “the REIT Manager”), as the REIT Manager, has the duty to procure benefits from the assets to generate commercial income from rental area and service business and maximize the benefits to the Trust Unitholders. The Company has significant policies and business strategies as follows:

1. Regarding asset management, the REIT Manager shall monitor the operating results of BOFFICE by comparing the Annual Budget of each year. Including compare the Business Profit of previous years to ensure that BOFFICE has gained the target profit. However, if the operating results of BOFFICE does not achieve the target, the REIT Manager shall analyze potential causes and improve its operation to achieve the target.
2. The REIT Manager shall set the rental rate appropriately according to the market situation.
3. The REIT Manager shall improve operation performance and prioritize the quality of service to ensure convenience to tenants, maintain the customer base, and control the operation expenses.
4. The REIT Manager shall increase the potential of BOFFICE's assets by maintaining project areas and improving the condition of the assets regularly.
5. BOFFICE emphasizing on investment in quality assets with potential location, ideal qualities for a real estate business in order to make profitable turnover and ensure sustainably satisfactory return on investment.

The Property Manager is responsible for managing the properties to generate benefits in the form of leasable area according to the REIT Manager's policy, coordinating with and facilitating tenants, collecting the rental fees and submit to BOFFICE, and maintaining BOFFICE's properties in good and functional conditions.

The core assets of BOFFICE

BOFFICE invests in the core assets to generate the return on investment with a long-term sustainably satisfactory level to Trust Unitholders. The REIT Manager will set appropriate policies and strategies for proper management of the assets to generate commercial income to BOFFICE and maximize the overall benefits to Trust Unitholders. The investment income from the properties BOFFICE invested in are:

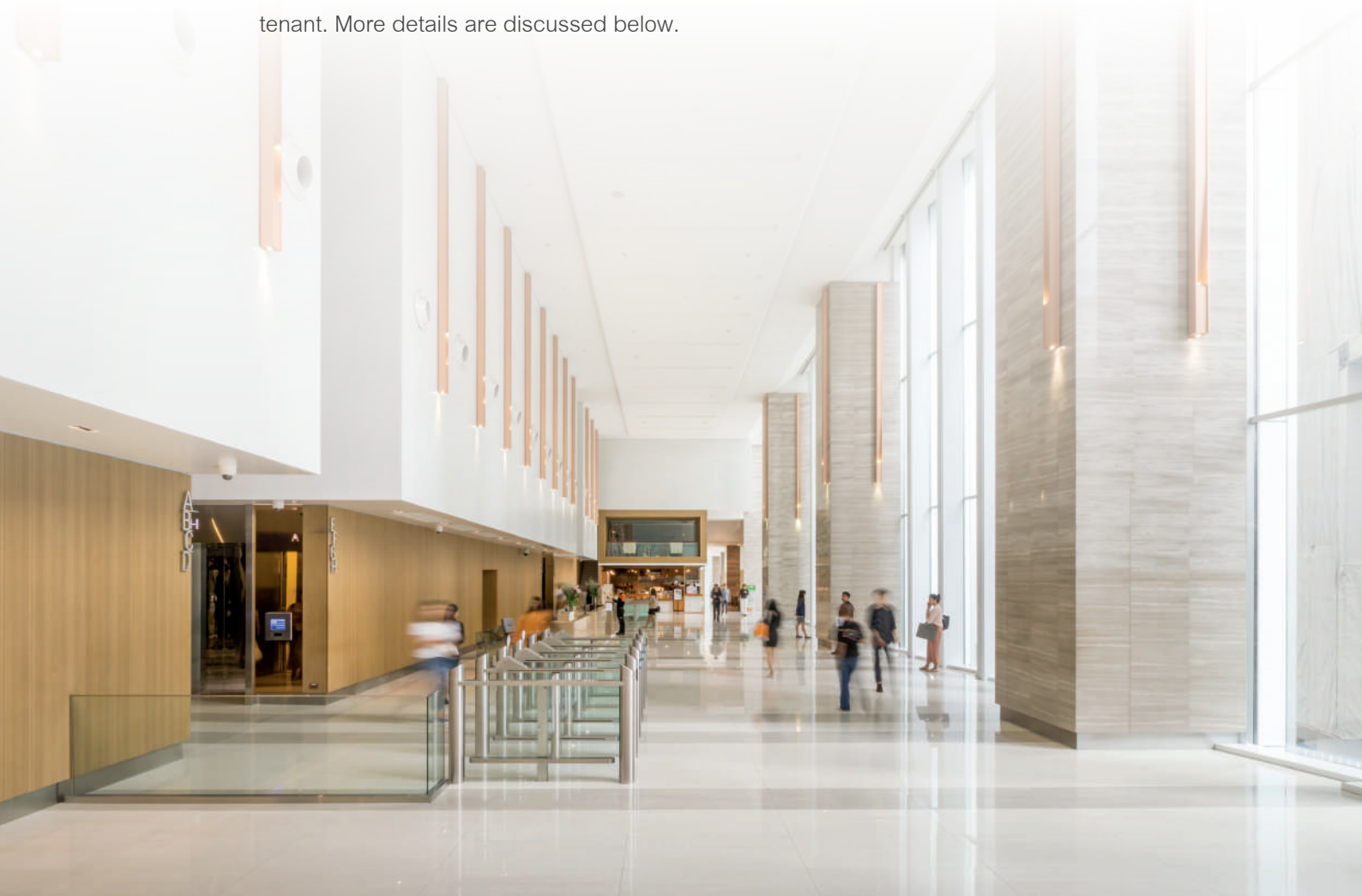
1) Rental and service income

Rental and service income from leasing the office area and retail area to tenants directly, which the tenants use the leased area to operate their own businesses. In most cases, BOFFICE calculates rental and service income at a constant rate, depending on the size of the area. Most lease agreements has a term of three years, which tenants pay rental and service fees on a monthly basis to BOFFICE.

2) Other income

Other income consist of revenue from parking fee, overtime air conditioning fee, utility fee from tenants, service fee, sales promotion and advertising fees (profit share from revenue of LCD display media), rental and service income of the telecommunication systems, fines, and other incomes.

As of 31 December 2020, the tenants' business types are vary. The type of tenants' business and size of the leased area also differ. The income is not significantly dependent on a specific tenant. More details are discussed below.





Business type of tenants in BHIRAJ TOWER at EmQuartier

| Business type of tenants | Number of tenants | Leased area (sq.m.) | Ratio of the net leasable area (%) | Ratio of the total rental income (%) |
|------------------------------------|-------------------|---------------------|------------------------------------|--------------------------------------|
| Commodities | 28 | 21,307 | 43.08 | 45.88 |
| Service | 35 | 12,469 | 25.21 | 28.90 |
| E-commerce | 3 | 3,614 | 7.31 | 7.32 |
| Finance and banking | 9 | 3,173 | 6.42 | 7.33 |
| Government agencies | 2 | 1,849 | 3.74 | 4.35 |
| Manufacturing industry | 2 | 1,018 | 2.06 | 2.23 |
| Real estate development and agents | 4 | 1,117 | 2.26 | 2.50 |
| Retail | 3 | 581 | 1.17 | 1.49 |
| Total (leased area) | 86 | 45,128 | 91.24 | 100.00 |
| Vacant area | | 4,332 | 8.76 | |
| Total (net leasable area) | | 49,460 | 100.00 | |

Remark : As of 31 December 2020, the leasable area in which BOFFICE will invest includes the leased area as per the Lease Agreement and the Service Agreement, as well as the leased area as per the Letter of Intent in the lease and service.

In addition, data of the expiry dates of each lease agreement are presented in the table below.

Table of tenants sorted by expiry year in the lease agreements

| Expiry year | The expiring area in the lease agreement (sq.m.) | Ratio of leased area with approaching expiry to the net leasable area (%) | The ratio to the total rental income (%) | The number of agreements with term expiry ¹ (agreements) |
|------------------------|--|---|--|---|
| 2021 | 22,199 | 44.88 | 47.17 | 46 |
| 2022 | 18,965 | 38.34 | 42.38 | 31 |
| 2023 | 3,964 | 8.01 | 10.44 | 17 |
| Net leased area | 45,128 | 91.24 | 100.00 | 94 |
| Vacant area | 4,332 | 8.76 | - | - |
| Total | 49,460 | 100.00 | 100.00 | 94 |

Remark: As of 31 December 2020, the leasable area in which BOFFICE will invest includes the leased area as per the Lease Agreement and the Service Agreement, as well as the leased area as per the Letter of Intent in the lease and service.

¹ Some tenants made more than one agreement. Each agreement has different expiry terms.

As of 31 December 2020, BHIRAJ TOWER at EmQuartier had an average occupancy rate throughout the fiscal year 2020 of 94.62% and the rental rates of lease agreements in 2020 ranged from 954 – 1,350 Baht/ sq.m./ month.



Business type of tenants in BHIRAJ TOWER at BITEC

| Business type of tenants | Number of tenants | Leased area (sq.m.) | Ratio of the net leasable area (%) | Ratio of the total rental income (%) |
|------------------------------------|-------------------|---------------------|------------------------------------|--------------------------------------|
| Manufacturing industry | 11 | 10,166 | 31.73 | 37.31 |
| Service | 7 | 7,236 | 22.59 | 28.77 |
| Real estate development and agents | 7 | 4,847 | 15.13 | 17.54 |
| Finance and banking | 1 | 1,407 | 4.39 | 4.66 |
| Commodities | 10 | 2,603 | 8.13 | 11.00 |
| Retail | 2 | 314 | 0.98 | 0.72 |
| Total (leased area) | 38 | 26,573 | 82.95 | 100.00 |
| Vacant area | | 5,463 | 17.05 | |
| Total (net leasable area) | | 32,036 | 100.00 | |

Remark: As of 31 December 2020, the leasable area in which BOFFICE will invest includes the leased area as per the Lease Agreement and the Service Agreement, as well as the leased area as per the Letter of Intent in the lease and service.

In addition, data of the expiry dates of each lease agreement are presented in the table below.

Table of tenants sorted by expiry year in the lease agreements

| Expiry year | The expiring area in the lease agreement (sq.m.) | Ratio of leased area with approaching expiry to the net leasable area (%) | The ratio to the total rental income (%) | The number of agreements with term expiry ¹ (agreements) |
|------------------------|--|---|--|---|
| 2021 | 16,903 | 52.76 | 62.00 | 23 |
| 2022 | 680 | 2.12 | 2.96 | 3 |
| 2023 | 8,990 | 28.06 | 35.04 | 20 |
| Net leased area | 26,573 | 82.95 | 100.00 | 46 |
| Vacant area | 5,463 | 17.05 | | - |
| Total | 32,036 | 100.00 | 100.00 | 46 |

Remark: As of 31 December 2020, the leasable area in which BOFFICE will invest includes the leased area as per the Lease Agreement and the Service Agreement, as well as the leased area as per the Letter of Intent in the lease and service.

¹ Some tenants made more than one agreement. Each agreement has different expiry terms.

As of 31 December 2020, BHIRAJ TOWER at BITEC had an average occupancy rate throughout the fiscal year 2020 of 90.52% and the rental rates of lease agreements in 2020 ranged from 630 – 885 Baht/ sq.m./ month.

Details of tenants associated with BOFFICE

Tenants associated with the Trustee

KASIKORNBANK Public Company Limited (“KASIKORNBANK”) is a major shareholder in Kasikorn Asset Management Co., Ltd. (“KAsset”) (“the Trustee”) at the ratio of 99.99% of the total paid-up capital. Therefore, KASIKORNBANK is associated with the Trustee and KASIKORNBANK has made a lease and service agreement with BOFFICE. The details are discussed below.

As of 31 December 2020, KASIKORNBANK, as a tenant, entered into a lease and service agreement to operate a business on BHIRAJ TOWER at EmQuartier with an estimated area of 1,640 sq.m. The lease term shall last for three years, starting from 1 October 2018 onwards. The conditions of the lease and service, the rental and service charges shall be in the same standard as the one that BOFFICE offers to other tenants and service users of BHIRAJ TOWER at EmQuartier.

The REIT Manager has assessed and deemed that such a transaction will be beneficial for BOFFICE and Trust Unitholders and it is not contrary to the Trust Deed of BOFFICE or any relevant laws. KASIKORNBANK is a large corporate in the finance and banking industry, resulting in a higher ratio of finance and banking sector in the Project. As a result, the Tenant Mix demonstrated a better distribution. The conditions for lease and service, including the rental and service charge shall be the same as BOFFICE's offers to other tenants in BHIRAJ TOWER at EmQuartier.

Tenants associated with the REIT Manager

The COVID-19 pandemic that has affected the economies of the entire world and Thailand since Q1/2020 occurred in the same time frame as the first additional investment in BHIRAJ TOWER at BITEC. In this investment, BOFFICE entered into a lease and service agreement with Parinthorn Company Limited on the estimated area of 3,636 sq.m. During this difficult time, major tenants are likely to prematurely terminate the lease of some area or not review the agreement after the expiry of the agreement due to the impact of the COVID-19 pandemic on tenants' businesses. Such decisions might be made to minimize the risk of BOFFICE by using the same rate of the existing tenant and having the lease term of one year from 20 August 2020, the day on which the first additional investment was made or the lease effective date starting from the expiry date or termination date of the above lease agreement on 19 August 2020 as specified in the prospectus for offering trust units for the first increase of capital of BOFFICE. More details can be downloaded from www.bofficereit.com.

As of 31 December 2020, Parinthorn Company Limited (“Parinthorn”), a juristic person associated with the REIT Manager, entered into a lease and service agreement on the estimated area of 1,312 sq.m. with a lease and service term of one year and the same rental rate as the above principles.

The REIT Manager has assessed and deemed that such a transaction will be beneficial for BOFFICE and Trust Unitholders and it is not contrary to the Trust Deed of BOFFICE or any relevant laws. Parinthorn is the owner of BITEC, which is a part of the mixed-use project like BHIRAJ TOWER at BITEC. The conditions for lease and service, including the rental and service charges shall be the same as specified in the prospectus for offering trust units for the first increase in the capital of BOFFICE.

Important events in BOFFICE's Operation

BOFFICE made changes and achieved milestones as described below.

| 2018 | 2019 | 2020 |
|---|--|--|
|  <ul style="list-style-type: none"> • BOFFICE was established according to the Trust for Transactions in Capital Market Act, B.E. 2550 (2007) on 15 January 2018, with Kasikorn Asset Management Co., Ltd. acts as the Trustee and Bhiraj REIT Management Co., Ltd. acts as the REIT Manager.  <ul style="list-style-type: none"> • On 18 January 2018, BOFFICE made the initial investment in the leasehold right of BHIRAJ TOWER at EmQuartier, with a total investment value of 6,605 million Baht (excluding applicable taxes) by offering to sale the trust unit worth 5,153 million Baht and long-term loan of 1,720 million Baht.  <ul style="list-style-type: none"> • On 23 January 2018, BOFFICE started the first trading day in the Stock Exchange of Thailand (SET). |  <ul style="list-style-type: none"> • On 12 June 2019, BOFFICE held an Extraordinary Meeting of Trust Unitholders No. 1/2019 to seek approval of the first additional investment of BOFFICE in BHIRAJ TOWER at BITEC by means of issuance and offering to sell new trust units, the offering method, the management method of the sold trust units and additional offered trust units, and loans along with recognizance regarding loaning from financial institutes. The above agendas were unanimously resolved by the Trust Unitholder Meeting.  <ul style="list-style-type: none"> • On 12 June 2019, BOFFICE held an Extraordinary Meeting of Trust Unitholders No. 1/2019 to seek approval of amendment in the Trust deed regarding reasons for the reduction of paid-up capital. The amendment was unanimously resolved by the Trust Unitholders. |  <ul style="list-style-type: none"> • On 26 March 2020, BOFFICE announced the changed method of the General Meeting of 2020. More specifically, the physical meeting scheduled on 23 April 2020 at AMBER 1, the 2nd Floor, Bangkok International Trade & Exhibition Centre (BITEC) would be changed to postal delivery of BOFFICE reports for 2020 to Trust Unitholders and publishing the reports on BOFFICE's website. The change was made in consideration of the Notification No. Sor Ror 27/2563 (2020) re: General Trust Unitholders Meeting of 2020 for investing in real properties due to the COVID-19 pandemic, which was issued by Securities and Exchange Commission (SEC). • On 9 June 2020, BOFFICE entered a loan transaction to settle the debt of the original loan Agreement (Refinancing) with Kasikorn Bank Public Company Limited. The used loan amount was 1,720 million Baht, and letter of guarantee valued 4 million Baht was used to guarantee the use of electricity with the Metropolitan Electricity Authority for the first investment in the core asset.  <ul style="list-style-type: none"> • On 20 August 2020, BOFFICE made the first additional investment in the leasehold right in BHIRAJ TOWER at BITEC with a total investment value of 3,300 million Baht (excluding the registration fee, value added tax, revenue stamp, and other applicable fees and expenses). The trust units were offered to sell with a worth of 2,738 million Baht and long-term loan of 700 million Baht. This Project, Bhiraj management Co., Ltd. performs the role of the Property Manager.  <ul style="list-style-type: none"> • On 21 August 2020, BOFFICE started the first trade of the first additional investment in the Stock Exchange of Thailand (SET). |

Descriptions of the core assets

1) BHIRAJ TOWER at EmQuartier

BHIRAJ TOWER at EmQuartier is an office building developed as part of the Mixed-Use Commercial Complex on the starting section of Sukhumvit Road, with office buildings and a department store all blended harmoniously in the same area. The Mixed-Use Commercial Complex comprises 4 buildings, namely (1) BHIRAJ TOWER at EmQuartier Office Building, (2) The Glass Quartier Building, (3) The Waterfall Quartier Building, and (4) The Helix Quartier Building. This investment is in the area of BHIRAJ TOWER at EmQuartier Office Building and the areas related to the operation of the office, some of which are in the Glass Quartier Building and the Waterfall Quartier Building. BOFFICE invested in the conveyance the building's facilities and movable properties relating to the operation of the office building, excluding the EmQuartier Department Store and the common usable area between the office building and the shopping complex. The location and details of each building are illustrated in the following figure.

The location of BHIRAJ TOWER at EmQuartier
in the Mixed-Use Commercial Complex



Location and surrounding area

BHIRAJ TOWER at EmQuartier Office Building is a Grade A office building located at 689, Sukhumvit Road, Khlongtan Nuea Subdistrict, Vadhana District, Bangkok. The front is facing directly with Sukhumvit Road between Soi Sukhumvit 35 and Soi Sukhumvit 39. This location is in the Bangkok's central business district (CBD) with direct access from BTS Phrom Phong Station to M floor of the EmQuartier Department Store toward the office building's lobby. Furthermore, the Building is also located near Sukhumvit MRT Station with direct access to BTS Asok Station, which is only one station or 1.2 kilometers away. Besides, expressways are not far from the Building. All these mass transit and public transport systems make it easy to commute.



Location of the Building

Description of Investment

| | |
|--|---|
| Characteristics of the investment | <ol style="list-style-type: none"> Long-term partial leasehold right of BHIRAJ TOWER at EmQuartier <ol style="list-style-type: none"> Leasable office space of BHIRAJ TOWER at EmQuartier (15th – 42nd floors and some areas of 43rd floor), and retail store leasable area (M floor) The common areas of the office building such as the fire escape, the elevators, the office corridors, and the office lobby The parking areas of the office building (located at 2M floor, 3rd floor, and 3M floor of The Waterfall Quartier building) The areas for office building facilities (some parts of the Waterfall Quarter and BHIRAJ TOWER at EmQuartier) also cover the facilities shared with the EmQuartier Department Store (located in the Waterfall Quartier building, some part of BB floor, B floor, G floor, and 5M floor). Ownership of movable assets relating to BHIRAJ TOWER at EmQuartier operation, including facilities of the office building, the common area with the EmQuartier, and related equipment |
| Investment term | Approximately 26 years and 9 months, starting from the leasehold registration date to 30 September 2044 |
| Investment date | 18 January 2018 |
| Value invested by BOFFICE | 6,668,789,000 baht |
| Appraisal value of the asset as of 1 June 2020 | 6,505,000,000 baht (appraised by Jones Lang Lasalle (Thailand) Co., Ltd.) |

| Characteristics of the assets invested by BOFFICE | |
|---|---|
| Location | 689 Sukhumvit Road, Khlongtan Nuea Subdistrict, Vadhana District, Bangkok |
| The land owner | BHIRAJ TOWER at EmQuartier Project is located on an area of 13 rai and 32 square wah, owned by BHIRAJ BURI Co., Ltd. |
| The property owner | The building is owned by BHIRAJ BURI Co., Ltd. |
| Type of utilization | Office Building for rent |
| Gross Floor Area | 94,853 sq.m., including office area for rent, the common area of the office building, parking area of the office building, facilities area, and other area relating to the Project |
| Net Leasable Area | 49,460 sq.m., including leasable office area of 49,164 sq.m., terrace 232 sq.m., and retail store leasable area 64 sq.m.. |
| Construction completion year | Year 2015 |
| Nature of obtaining benefits | Benefits are obtained by leasing the space to retail tenants and services related to the leased assets. |
| Target groups | Target tenants are from a wide range of business and service sectors. |
| Limitations or obligations | Under the loan agreement, BOFFICE is required to comply with certain financial conditions stated in the agreement, such as maintaining the loan debt to total asset ratio and the leverage ratio. |



Value based on the recent appraisal

The most recent asset appraisal was performed by Jones Lang Lasalle (Thailand) Co., Ltd., an appraiser approved by the Securities and Exchange Commission Office (SEC). The income approach was used as a criterion for making the asset appraisal report. The income approach as it reflected the competence of assets in generating future income within the leasehold period by Discounted Cash flow Analysis. 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 lease agreement to be the current value by optimal discount rate.

Key assumptions for appraising the asset with the income approach

| | |
|--|--|
| Details | Long-term partial leasehold right of the office building and ownership of movable assets related to the operation of BHIRAJ TOWER at EmQuartier |
| Appraiser | Jones Lang Lasalle (Thailand) Co., Ltd. |
| Appraisal approach | Income Approach |
| Appraisal period | 24 years and 4 months, starting from the end of the appraisal date to 30 September 2044 (according to the remaining term of the leasehold period) |
| Appraisal date | 1 June 2020 |
| Appraisal value of the asset | 6,505,000,000 baht (six billion, five hundred five million baht only) |
| Key assumptions | |
| The rental rates and growth rate from 2020 | <ul style="list-style-type: none"> - Office space for rent at the rate of 1,030 baht/sq.m./month for vacant space with a 4% increase every year - Retail store leasable area at the rate of 1,650 baht/sq.m./month (with a 12% increase every 3 years) |
| Occupancy Rates | <ul style="list-style-type: none"> - Office space: Years 1-3 = 97% of Net Leasable Area Year 4 onwards = 95% of Net Leasable Area - Retail store leasable area: 100% of Net Leasable Area |
| Discount Rate | 9.0% |

Remark: The facility rate will be increased by 3% per based on the estimated rate of 2020, the reserve for building renovation by 2% – 2.5% of the total income, and the property manager fee as stipulated in fixed amount throughout the Property Manager Appointment Agreement

2) BHIRAJ TOWER at BITEC

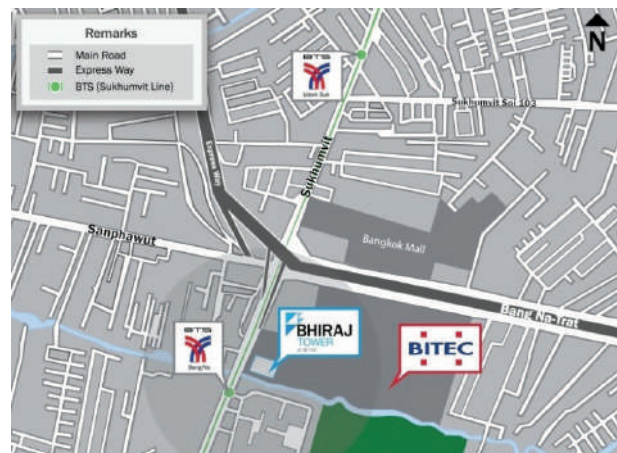
BHIRAJ TOWER at BITEC is an office building developed as part of the BITEC Mixed-Use Complex located on Sukhumvit Road near Bang Na Intersection. The complex consists of the exhibition center, convention center, and office building. The investment in BHIRAJ TOWER at BITEC covers partial ownership of the facilities and movable assets relating to the building's operation, excluding the Bangkok International Trade & Exhibition Centre (BITEC), the common usable area between the office building and BITEC, and ownership of shared facilities. BOFFICE has registered the charge on immovable property on the land or in the building for shared facilities.

Photo of BHIRAJ TOWER at BITEC



Location and surrounding area

BHIRAJ TOWER at BITEC is located on Sukhumvit Road, near Bang Na Intersection and 150 meters away from Bang Na BTS Station. There is a skywalk bridge from the BTS station to BHIRAJ TOWER at BITEC via the second floor of the Bangkok International Trade & Exhibition Centre (BITEC) and the lobby on the G floor of the building. In addition, the Project is only 100 meters from the entrance to and exit from an expressway with access to other road networks such as Chalong Rat Expressway, Chalerm Maha Nakhon Expressway, and Buraphawithi Expressway, thus easy transport by car.



Location of the Building

| Investment details | |
|---|--|
| Characteristics of the investment | <ol style="list-style-type: none"> 1. Long-term partial leasehold rights of BHIRAJ TOWER at BITEC <ol style="list-style-type: none"> 1.1 Leasable office space of BHIRAJ TOWER at BITEC (Floors 10-28 and some areas of Floor 9) and retail store leasable area (G floor) 1.2 The common areas of the office building such as office corridor, office lobby, elevator lobbies, and restrooms, including the 29th floor and the rooftop 1.3 Parking areas of BHIRAJ TOWER at BITEC on B1 – B3 floors 1.4 Some facility areas of BHIRAJ TOWER at BITEC 2. Ownership of movable assets relating to the operation of BHIRAJ TOWER at BITEC <ol style="list-style-type: none"> 2.1 Ownership of movable assets in the building facilities related to the office building operation such as the air conditioning system, electricity system (excluding the substation), the sanitation system (excluding the wastewater treatment system and water storage tanks), the communication system, the elevator and escalator systems, the fire prevention and firefighting systems (partial), the security system, and the building automation system. 2.2 Ownership of movable assets in the building facilities for parking areas of the office building 2.3 Ownership of equipment used for decorating the office building or commercial purposes of BHIRAJ TOWER at BITEC |
| Investment term | 30 years, starting from the leasehold registration date to 19 August 2050 |
| Investment date | 20 August 2020 |
| Value invested by BOFFICE | 3,331,020,000 baht |
| Appraisal value of the asset as of 1 June 2020 | <ul style="list-style-type: none"> • 2,999,000,000 baht (appraised by Jones Lang Lasalle (Thailand) Co., Ltd.) • 3,001,600,000 baht (appraised by Siam City Appraisal Co., Ltd.) |
| Characteristics of the assets invested by BOFFICE | |
| Location | 4345 Sukhumvit Road, Bang Na Tai Subdistrict, Bang Na District, Bangkok |
| Landowner | BHIRAJ TOWER at BITEC is located on the land owned by Pharindhorn Co., Ltd. |
| Property owner | BHIRAJ TOWER at BITEC is owned by Pharindhorn Co., Ltd. |
| Type of utilization | Office Building for rent |
| Gross floor area | 70,741 sq.m., including the office space for rent, common area, the parking area of the office, facility area, and other areas relating to the Project operation |
| Net Leasable Area | 32,036 sq.m., including the office space 31,822 sq.m. and retail store leasable area 154 sq.m.. |
| Construction completion year | 2017 |
| Nature of obtaining benefits | Benefits are obtained by leasing the space to retail leaseholders and services related to the leased assets. |
| Target groups | Target tenants are from a wide range of business and service sectors. |
| Limitations or obligations | Under the loan agreement, BOFFICE is required to comply with certain financial conditions stated in the agreement, such as maintaining the debt to net asset ratio and the leverage ratio. |

Value based on the recent appraisal

The most recent asset appraisal was performed on 1 June 2020 by Jones Lang Lasalle (Thailand) Co., Ltd., and Siam City Appraisal Co., Ltd., appraisers approved by the Securities and Exchange Commission Office (SEC). The income approach as it reflected the competence of assets in generating future income within the leasehold period by Discounted Cash flow Analysis. 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 lease agreement to be the current value by optimal discount rate.

It should be noted that the recent asset appraisal had been appraised before BOFFICE invested in the asset.



Key assumptions for appraising the asset with the income approach

| Appraiser | Siam City Appraisal Co., Ltd. | Jones Lang Lasalle (Thailand) Co., Ltd. |
|---|--|--|
| Appraisal value | 3,001,600,000 baht | 2,999,000,000 baht |
| Appraisal date | 1 June 2020 | |
| Appraisal period | 30 years, from June 2020 – May 2050 | |
| Appraisal approach | Income Approach | |
| Key assumptions | | |
| Net Leaseable Area | 32,072 sq.m., including - Office space for rent 31,918 sq.m. - Retail store leasable area 154 sq.m. | |
| Occupancy Rate | - Year 1 : 91.6% - Year 2 : 92.3% - Year 3 : 96.9% - Year 4 : 97.1% - Year 5 onwards : 97.5% | - Year 1 - 2 : 95% - Year 3 onwards : 98% |
| Occupancy Rate | Calculation of the rental rates - Before the expiration of the lease agreement, the rental rate will be based on the rental rate in the lease agreement. - After the expiration of the lease agreement, the lease rate will be based on the market rental rates as per the assumptions of the asset appraiser at the approximate rate of 685 baht/ sq.m./ month. | Calculation of the rental rates - Before the expiration of the lease agreement, the rental rate will be based on the rental rate in the lease agreement. - After the expiration of the lease agreement, the lease rate will be based on the market rental rates as per the assumptions of the asset appraiser at the approximate rate of 695 baht/ sq.m./ month. |
| The growth rate of office space rental rate | - Year 2 : 3.0% per year - Year 3 onwards: 4.0% per year | 4.0% per year |
| Discount rate | 9.50% | 9.50% |

Details of Core Asset Acquisitions and Sale in the Accounting Period

Details of Core Asset Acquisitions in the Accounting Period

BOFFICE invested in BHIRAJ TOWER at BITEC on 20 August 2020, which is the first additional investment. Details are presented in the table below.

| Investment Details | |
|--|--|
| Investment Asset | <ol style="list-style-type: none"> 1. Long-term partial leasehold rights in BHIRAJ TOWER at BITEC <ol style="list-style-type: none"> 1.1 Leasable office areas of BHIRAJ TOWER at BITEC (Floors 10-28 and some areas of Floor 9) and retail store leasable area (G floor) 1.2 The common area of the office building, such as office corridor, office lobby, elevator lobbies, and restrooms, including the 29th floor and the rooftop 1.3 Parking areas of BHIRAJ TOWER at BITEC on B1 – B3 floors 1.4 Some facility areas of BHIRAJ TOWER at BITEC 2. Ownership of movable assets relating to the operation of BHIRAJ TOWER at BITEC <ol style="list-style-type: none"> 2.1 Ownership of movable assets in the building facilities related to the office building operation such as the air conditioning system, electricity system (excluding the substation), the sanitation system (excluding the wastewater treatment system and water storage tanks), the communication system, the elevator and escalator systems, the fire prevention and firefighting systems (partial), the security system, and the building automation system. 2.2 Ownership of movable assets in the building facilities for parking areas of the office building 2.3 Ownership of equipment used for decorating the office building or commercial purposes of BHIRAJ TOWER at BITEC |
| Investment Term | 30 years, starting from the leasehold registration date to 19 August 2050 |
| Investment Date | 20 August 2020 |
| Value invested by BOFFICE | 3,331,020,000 Baht ¹ |
| Office Building Lessor | Parinthorn Co., Ltd. |
| Property Seller | Parinthorn Co., Ltd. and Penta 591 Co., Ltd. |
| Appraised Value of the Asset as of 1 June 2020 | <ul style="list-style-type: none"> • 2,999,000,000 Baht (appraised by Jones Lang Lasalle (Thailand) Co., Ltd.) • 3,001,600,000 Baht (appraised by Siam City Appraisal Co., Ltd.) |

Remark : ¹The registration fee, excluding value added tax

The objective of investing in the core asset in the first additional investment was to create good, sustainable, and long-term return on investment for Trust Unitholders. This could be achieved by increasing the asset, managing the asset by BOFFICE to generate commercial income to BOFFICE, maximizing the benefits to Trust Unitholders on the whole, and distributing the risk in investment. The opinions of the REIT Manger and Financial Advisor about price fairness of the invested asset in the first additional investment are provided in the Form 56-REIT1 Part 2 Article 2.4.4.

The asset appraisal was appraised by the appraisers before the investment. Details of the asset appraisal are discussed in the topic “Descriptions of the core assets” of BHIRAJ TOWER at BITEC under the “Key Assumptions for appaising the asset with the income approach”.

In the first additional investment in the core asset, there are some expenses incurred from the investment as described in the following table.

| Expenses Relating to the Investment | Amount Include VAT (Baht) |
|--|------------------------------|
| The application fee for the offering trust units and statement of the offering trust units | 866,621 |
| Other expenses, such as legal fee, independent appraisal fee, financial advisor fee, underwriting fee, loan procurement fee, audit fee, PR cost for offering the trust unit, etc | 62,075,707 |
| Total expenses | 62,942,328 |

Details of Core Asset Sale in the Accounting Period

BOFFICE did not sell any core assets in the accounting period from 1 January to 31 December 2020.

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 assets.
- 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 BOFFICE and for the benefits of Trust Unitholders.

Loan will be conducted principally for benefit of Trust Unitholders. 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 assets will benefit to Trust Unitholders, because REIT will receive lower financial cost when compared to invest in core assets by using capital from offering trust units to investors only. The interest rate that BOFFICE has to pay on this loan is in line with the borrowing rate of prime customers that most domestic Commercial Banks offer to their clients who operate the office rental business and under similar conditions.

Benefits of Borrowing

Loan of BOFFICE for investing in core assets will benefit to Trust Unitholders, because BOFFICE will receive lower financial cost when compared to invest in core assets by using capital from offering trust units to investors only. The interest rate that BOFFICE has to pay on this loan is in line with the borrowing rate of the prime customers that most domestic commercial banks offer to their clients who operate the office rental business and under similar conditions (e.g. the Right between creditors and Shareholder/Trust Unitholders and other risk factors).

Summary of loan agreements and details of collaterals

BOFFICE currently has some loans. 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) | <p><u>1st Loan Amount</u> Long-Term Loan type, 1,720 million Baht for debt repayment of the initial investment in core assets.</p> <p><u>2nd Loan Amount</u> Long-Term Loan type, 700 million Baht for investment in core assets invested in the 1st capital Increase.</p> <p><u>3rd Credit Amount</u> Letter of Guarantee type, 4 million Baht for yearly Revolving Credit to guarantee the use of electricity to the core assets.</p> |
| Interest Rate | Minimum Loan Rate (MLR) minus by rate determined in the loan agreement (%) |
| 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 Collateralization on lease agreement of BHIRAJ TOWER at EmQuartier Office Building 2. Business Collateralization on system building or utility system, equipment and/or the right of claims under sale agreement of BHIRAJ TOWER at EmQuartier Office Building chattels 3. Business Collateralization on common area service agreement 4. Business Collateralization on public utility service agreement 5. Business Collateralization on parking area service agreement 6. Business Collateralization 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 |
| 1 st Loan Amount | |

| | |
|-----------------------------|---|
| Collaterals | 1. Business Collateralization on lease agreement of BHIRAJ TOWER at BITEC Office Building |
| 2 nd Loan Amount | 2. Business Collateralization on system building or utility system, equipment and/or the right of claims under sale agreement of BHIRAJ TOWER at BITEC Office Building chattels |
| | 3. Business Collateralization on common area service agreement |
| | 4. Business Collateralization on public utility service agreement |
| | 5. Business Collateralization on parking area service agreement |
| | 6. Business Collateralization on other agreement pertaining to BOFFICE's operation |
| | 7. Endorsement on all risk insurance and business interruption insurance on BHIRAJ TOWER at BITEC Office Building except Third Party Liability Insurances, defining the lender as co-beneficiary and/or co-insured |
| | Beside from the conditions specified above, other terms and conditions on the provision of this loan collateral shall be in accordance with the terms of the loan agreement, collateral contract and related financial documents which the parties will have agreed to. |
| | “Business Collateralization” means enacting assets as collateral for debt repayment under the Business Security Act B.E. 2558 Which can be pledged as collateral, including the right to receive rental payments under the relevant lease, the right to deposit in relevant accounts. The lender can enforce the collateral when there is a reason for the enforcement of the security as specified in the collateral agreement including the event of contract breach under the loan agreement (for example, the borrower fails to pay the debt, the borrower fails to comply with the financial documents including bankruptcy borrowers and etc.) and the lender has issued a letter notifying the parties for the enforcement of collateral as stipulated in the Business Security Act. |

Statement of Loan at the end of accounting year 2020

| | |
|--|---|
| Outstanding Loan (Baht) | 2,420,000,000 |
| Total Assets (Baht) | 10,511,966,229 |
| Loan to Total Assets (%) | 23.02 |
| 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

According to the Office of the National Economic and Social Development Council (NESDB), Thailand witnessed an economic recession by 6.1% in 2020 compared to 2.3% growth in 2019, with exports, private consumption, and net investment dropped by 6.6%, 1.0%, and 4.8%, respectively, average inflation rate -0.8%, and current account surplus 3.3% of the GDP.

In 2021, NESDB anticipates a growth of 2.5% – 3.5%. Key contributory factors include (1) the turnaround trend of the global economy and trade volume, (2) driving force from the government spending, (3) increasing demand of the domestic private sector, and (4) adjustment to the unusually low growth base in 2020. It is estimated that the export value in USD reported by MASCI will grow by 5.8%, private consumption and net investment by 2.0% and 5.7%, respectively, headline inflation rates 1.0% - 2.0%, and current account surplus 2.3% of the GDP. However, the economic recovery in the later stage may face risk factors and uncertainty of the COVID-19 pandemic, the trend of delayed recovery of the tourism industry, the financial status of household and business sectors, the risk of drought, and fluctuation of the global economy and finance.

On 23 December 2020, the meeting resolved to keep the policy interest rate at a record low at 0.50% a year. It is estimated that the Thai economy is likely to improve but at a slow pace. Therefore, there is still a need for support from sustained low policy interest rates. However, the economic recovery may face high uncertainties due to the crisis and control measures to control the new wave of the COVID-19 pandemic, effectiveness and comprehensiveness of vaccination, and high unemployment rates. Despite the stable financial situation, the household and SME sectors are still fragile. It is worth noting that Thailand's monetary policy is consistent with the major economic countries and most countries in the region, which maintain the policy interest rates at the same level as the previous quarter. The Federal Reserve System (FED) announced to hold the policy interest rates between 0.00% – 0.25% per year and would continue to do so until the target employment rate achieves its full potential and the inflation rate exceeds the target level.

Most recently, in January 2021, the Financial Institutions Policy Committee and the central banks of the major economic countries and those of most countries in the region decided to keep the policy interest rates at 0.50% per year.

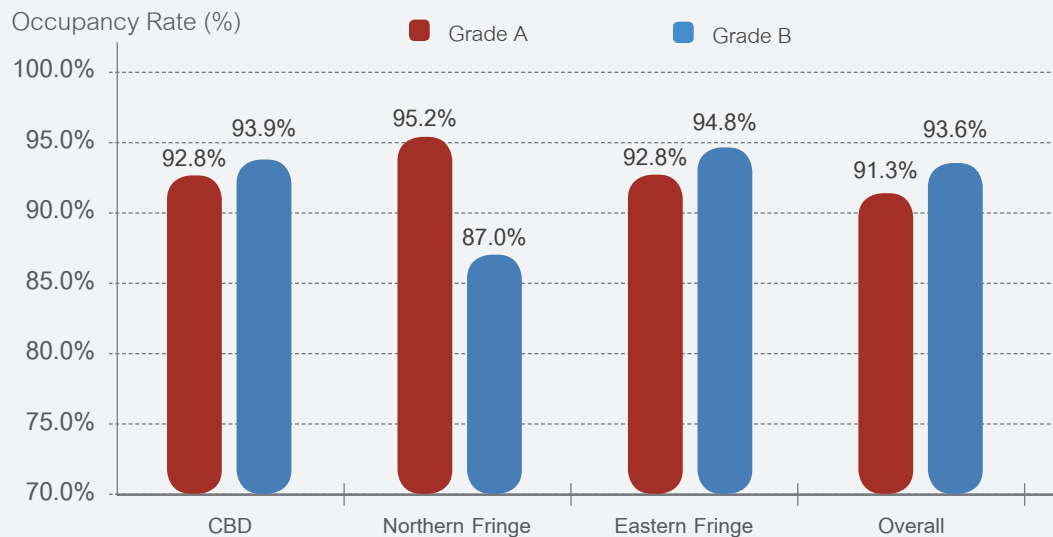
Real Estate Industrial Situation in Office Building Commercial Sector

According to a research article by Colliers International Thailand, the demand for office buildings in Thailand in the 4th quarter of 2020 was 9.1 million sq.m. This quarter, the office space entirely constructed accounted for 27,119 sq.m, including Block 28 at Samyan, Summer Point at Sukhumvit 69, and Muang Thai Phatra Complex on Charansanitwong Road, with an additional 478,290 sq.m. of office space expected to be complete within 2021.

In response to the COVID-19 pandemic and economic slowdown, most leaseholders decided to reduce their lease space, pleaded for a temporary discount, or shifted to use co-working space instead. However, there is emerging demand from other thriving industries, such as e-commerce, logistics, and technology.

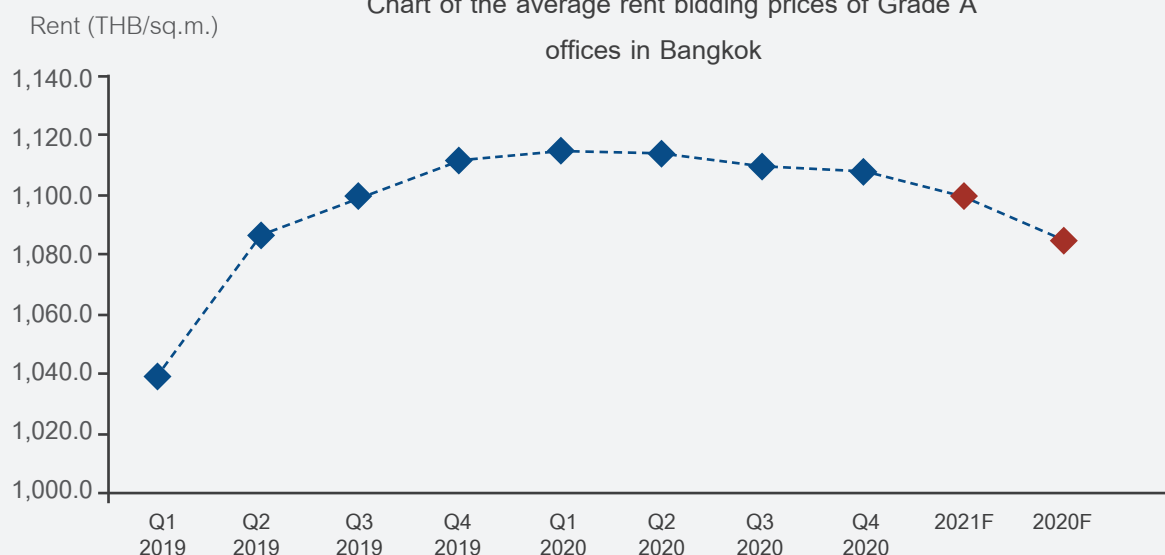
As of Q4 2020, the occupancy rate of office space in Bangkok was 93.6%. Sukhumvit area had the highest occupancy rate in the central business district (CBD) of 94.7%. The average rent bidding price of Grade A office space in the CBD was 1,108 Baht per sq.m. per month, while that of Grade A office space in Bangkok, in general, ranged from 900 – 1,600 Baht. It was noted that the average rent bidding price dropped by 0.18%, partly due to the discount policy to help those affected by the COVID-19 crisis.

Chart of occupancy rate of office buildings in the 4th quarter of 2020



Source: Research Department, Colliers International Thailand Co., Ltd.

Chart of the average rent bidding prices of Grade A offices in Bangkok



Source: Research Department, Colliers International Thailand Co., Ltd.



Risk Management and Corporate Governance of BOFFICE

Risk Factors

1) Risks about business competitors of BOFFICE

BOFFICE might experience the risk of increased supply of leasable office area in the future due to the increasing in new office buildings for rent. Such increase in supply might attract tenants to rent other offices, affecting the occupancy rate, the bargain of space rental rate, and operation of BOFFICE. However, with the location of BHIRAJ TOWER at EmQuartier at the Central Business District (CBD), the outstanding environment of the project, and direct access to public transit like BTS Phrom Phong Station, this asset has a considerable advantage and high competitiveness compared to other office buildings. In the meantime, BHIRAJ TOWER at BITEC is located on Sukhumvit Road, near Bang Na Intersection. The office building is right next to Bangkok International Trade & Exhibition Centre (BITEC). People who come to the building can take the sky walk on the second floor of BITEC to access BHIRAJ TOWER at BITEC directly. Moreover, the sky walk is also connected to public transit of BTS Bang Na Station with a walking distance of 150 meters. Also, the building is close to the entrance and exit of expressways such as Chalong Rat Expressway, Maha Nakhon Expressway, and Burapha Withi Expressway. The building is fully equipped with parking space. The building was design to not have the pillar at the middle, tenants are free to decorate their offices to reflect their identities and suit the function of each office. This is an advantage and unique characteristic of the core assets, making BOFFICE's assets fiercely competitive compared to other office buildings.

2) The risks of tenants and clients in default on rental fees and/or service charges and/or prematurely terminating the lease agreements and service agreements, which may negatively affect BOFFICE's financial status and operation results

The rental fees and service charges that BOFFICE collects from tenants according to lease agreements and service agreements are the main source of BOFFICE's income. BOFFICE might be at the risk of tenants and clients default on rental payment and/or service charges and/or prematurely terminating lease agreements and service agreements. Reasons for terminating agreements are vary, including domestic economic fluctuations and the COVID-19 pandemic globally and in Thailand which has had extensive economic impact on the overall economy and business industries since the first quarter of 2020. If lease agreements and service agreements are prematurely terminated and BOFFICE is unable to find new tenants for the vacant areas, it will affect the income of BOFFICE directly, along with the ability to benefits distribution to Trust Unitholders.

To minimize the risk, the REIT Manager and Property Manager has reviewed the policies and revised the strategies relating to the procurement of benefits by hiring experts to select new tenants, determined a set of criteria to screen for tenants who have high business potential by considering their financial stability, reliable background, reputation, and acceptance. Currently, the REIT Manager and the Property Manager are monitoring the situation and assessing the chance of agreement renewal or termination continuously. The REIT Manager and the Property Manager are taking their best efforts in maintaining the base of tenants and clients in the midst of the fluctuating economic condition and minimizing the risk of tenants and clients default on rental payment and/or service charges and/or prematurely terminating lease agreements and service agreements.

3) Risks associated with renewal of agreements and/or finding tenants and clients upon the expiry of the existing agreements within an immediate period of time and/or renewal or execution of new lease agreements and service agreement under which BOFFICE receives lower benefits

The core assets of BOFFICE might encounter a situation in which several lease agreements expire at a similar period of time if all or some tenants or service users do not wish to renew their lease agreements or service agreements for whatever reasons. Such a situation might lead to a significant level of vacant area and lower income from the rent and service charges to BOFFICE. According to the data of leasable area of BOFFICE's core assets as of 31 December 2020, the expiries of lease agreements and service agreements in the core assets of BOFFICE are shown in the table below.

| Agreement expiry year | Proportion of net leasable area (%) | | |
|------------------------|-------------------------------------|--------------------------|-----------------------------------|
| | BHIRAJ TOWER at EmQuartier | BHIRAJ TOWER at BITEC | Percentage of BOFFICE's assets |
| 2021 | 44.9 | 52.8 | 48.0 |
| 2022 | 38.3 | 2.1 | 24.1 |
| 2023 | 8.0 | 28.1 | 15.9 |
| Net Leased area | 91.2 | 82.9 | 88.0 |
| Vacant area | 8.8 | 17.1 | 12.0 |
| Total | 100.0 | 100.0 | 100.0 |

In addition, there might be event when BOFFICE needs to renew agreements or enter into lease agreements or service agreements under which BOFFICE receives lower benefits than the existing agreements. The causes of such incidents vary, including lower demand for office space, significantly higher supply of office space, or other economic conditions that might affect tenants or clients' ability to pay the rent or service charges, which is beyond the control of BOFFICE. If the new rent or service charge rates upon renewal or execution of new agreements are significantly lower than expected, it can also cause adverse impact on the operation results and financial status of BOFFICE.

However, BOFFICE's core assets are located in an easily accessible area. Specifically, the buildings are directly connected with the BTS sky train network and supportive environment. For example, BHIRAJ TOWER at EmQuartier is close to the EmQuartier Departmentstore, that is an Departmentstore developed as part of the Mixed-Use Commercial Complex as well as BHIRAJ TOWER at EmQuartier, that serves the need of the new generations and urban lifestyle, thus a huge advantage that may motivate the current tenants and clients to renew lease agreements and service agreements. Moreover, the REIT Manager will always continue to maintain the core assets of BOFFICE as Grade A office buildings to ensure that tenants and clients have confidence in and satisfaction with the quality of the areas and service and that they want to rent in a long run. Furthermore, the current tenants and clients have invested a considerable amount of money decorating their offices. This is a supportive factor that motivates them to renew their agreements upon the expiry of the agreements. If they decide not to renew the agreements, tenants and clients will have to spend additional costs decorating the new offices and lack continuity in the business operation.

However, if tenants and clients decide not to renew their lease agreements and service agreements, they are required to notify BOFFICE as the lessor and service provider. The Property Manager has a policy to survey the intention to renew the agreements about 6 months before the expiry of a lease agreement and service agreement. This will give the REIT Manager and the Property Manager some time to get prepared for entering into a lease agreement and service agreement with new tenant.

4) Potential risk in bank loan

As of 31 December 2020, BOFFICE had loan debt to total asset ratio of BOFFICE as 23.02%. The total amount of loans from a financial institute was 2,420 million Baht. BOFFICE might the risk from such loans due to the floating interest rate during the term of the Loan Agreement. This might bring about adverse impact on BOFFICE's operation and ability to distribute benefits to Trust Unitholders. Moreover, if BOFFICE is unable to pay the interest and/or the principal of loan or is in default of any other provisions as specified in the Loan Agreement, the lender might choose to take legal actions against BOFFICE due to BOFFICE's non-compliance with the Loan Agreement or exercise the rights under the Loan Agreement due to BOFFICE's non-compliance with the Loan Agreement. For example, the lender may assign any or all amounts under any financial document to be due immediately. Alternatively, the lender may exercise, in part or in whole, the rights under the main agreement. However, the REIT Manager considers that the risk from BOFFICE's failure to pay the interest specified in the Loan Agreement is low because the core assets of BOFFICE can generate income to BOFFICE continuously and the ratio of loan debt to total asset is still low.

In addition, if BOFFICE borrows another amount of loan to pay the debt (Refinancing), there could be a risk of long processing time or not achieving as good conditions as in the original loan agreement. In additional loaning, some provisions may limit the operation of BOFFICE. All these risks might affect flexibility of BOFFICE, and consequently, BOFFICE's ability to distribute benefits to Trust Unitholders, or lower benefits in an adverse scenario. However, the REIT Manager is aware of BOFFICE's ability to settle the debt with an interest and its ability to establish obligations, and has plans to settle the loan debts and find other alternatives to maximize the benefits to the Trust Unitholder and BOFFICE.

5) Risks from natural disaster, flood, acts of terrorism, thefts, and other force majeure events

Natural disaster, flood, acts of terrorism, thefts, and other force majeure events might cause damage to the core assets of BOFFICE and damage or loss of lives, bodies, and assets of tenants and clients. To mitigate the risk, BOFFICE has made the Property All Risks Insurance to cover the damage to the core assets and damage from accident and natural disasters such as fires, thunders, earthquakes, floods, thefts, and other force majeure events. However, coverage of the insurance company has certain limitations or exceptions according to the insurance policies. Some events may not be covered or cannot be included in the insurance, such as the risk from embezzlement, dishonesty, pollution, security of electronic data or the data on the Internet, danger from fungus, political movements, warfare and terrorisms, public insurgency to the uprising level, cybercrime, danger from the coronavirus or the outbreak of a disease. The REIT Manager and the Property Manager will do their best efforts in making the most appropriate insurance for the best benefits to BOFFICE.

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

The business of BOFFICE may be at the risk of operating or utilizing the core assets. Although BOFFICE has made adequate and appropriate insurance for such assets according to laws and relevant agreements, the compensation rate for the loss to BOFFICE might not be worth the economic benefits that BOFFICE might lose or the insurance claim time for BOFFICE's loss of income. For instance, the insurance policy for business interruption that BOFFICE has made for the loss of benefits for 24 months for the core assets might not cover the actual time that BOFFICE is unable to make use of the investment assets or unable to exercise the rights specified in other applicable insurance contracts, either in part or in whole. Furthermore, there could be a delay in the compensation that is not BOFFICE's fault.

In addition, BOFFICE may be at the risk of financial loss upon critical events in which BOFFICE may not receive sufficient compensation or not be able to make an insurance for such events. This will directly affect the expected benefits of Trust Unitholders.

However, the REIT Manager and the Property Manager has made the Property All Risks Insurance in which BOFFICE and/or the lender is or will be the co-insureds or co-beneficiaries according to the Loan Agreement (if any). The insurance limit shall not be lower than the full replacement cost, excluding the cost of land. The REIT Manager considers that, determining the insurance limit to be not lower than the full replacement cost excluding the cost of land throughout the lease term despite a shorter lease term is reasonable when comparing to downsizing the insurance limit based on the remaining lease term to reduce the insurance premium because it is impossible to predict the damage on the assets will occur and whether the economic loss will not be worth saving on the insurance premium in the last few years of the Lease Agreement. However, the pricing principle for investing in the core assets of BOFFICE is based on the income approach, but the insurance limit is based on the full replacement cost excluding the cost of land. Therefore, BOFFICE might be at the risk if the value of the leasehold right from the income approach in the period of such a level of damage on the assets that the business cannot proceed is higher than the compensation from the insurance company based on the full replacement cost excluding the cost of land. In this scenario, BOFFICE will be at the risk of financial loss because it may not be sufficiently compensated, which will directly affect the expected benefits to the Trust Unitholders.

In addition, the REIT Manager managed to enter BOFFICE into the Public Liability Insurance and Business Interruption Insurance for the core assets by setting the insurance limit as BOFFICE deems appropriate and adequate for the loss of benefits during the repair or reconstruction of the core assets. The coverage time shall not last less than 24 months. BOFFICE will be the beneficiary under such Business Interruption Insurance and/or manage to designate the lender as a co-insured and co-beneficiary according to the provision in the Lease Agreement (if any), to ensure that the core assets are covered by the policies of the Public Liability Insurance and Business Interruption Insurance.

7) The risk that BOFFICE's properties are invested under legal requirements about environment because the compliance with such legal requirements may force BOFFICE to bear several expenses and responsibilities

The properties that BOFFICE invests in are under the legal requirements about environment, including sanitation laws and pollution control laws regarding air pollution, water pollution, waste disposal, and noise pollution. The property owners or managers might have to take legal responsibilities for violating these laws or not complying with the requirements, and punishments may include fine or imprisonment. Furthermore, BOFFICE might have to bear the cost to be in compliance with such legal requirements. In presence of contamination and pollution or inability to resolve the arisen pollution, BOFFICE shall have to take responsibilities and these might significantly affect leasing the properties.

8) The risk about accounting standard, financial report standard in Thailand and/or amendment of related laws, rules or regulations, where it is unable to guarantee that such changes will not cause significant impact on financial statement of BOFFICE or financial status and operation result of BOFFICE

The operation result and benefit distribution of BOFFICE may be affected by the effectiveness of a new accounting standard in Thailand or revision in the standard of financial report, amendments of laws, regulations, notifications, requirements, provisions, policies, and/or orders of government agencies or any organizations with legal authorities. However, the Company is always monitoring the effectiveness, changes, and revisions of the accounting standard, the standard of financial report, laws on land and properties, and other applicable laws, as well as guideline practices to prepare and train the employees regularly so that the reports, accounting record financial statements, and operation are in compliance with relevant standards and laws.

9) The risk of land expropriation by government entities

BOFFICE might be at the risk of land expropriation by government entities, either in part or in whole, according to the law on land expropriation. In this case, BOFFICE will not be able to use the assets on the expropriated land and may not be compensated from the expropriation or the compensation value is lower than the investment amount in the assets. This event might make the Trust Unitholders' benefits lower than the expected return of investment and the investment amount. It should be noted that the compensation money that BOFFICE will receive depends on the condition in applicable agreements, the remaining term of using the asset after the expropriation or the compensation money received from the expropriation.

10) The risk in property leasehold value which may lower due to the remaining leasehold term

BOFFICE invested in the leasehold right of real properties. The appraisal value of the leasehold right might be lower due to the remaining leasehold term when the expiry date comes closer. The change in such leasehold value will significantly affect the net asset value of BOFFICE and/or the benefit distribution of BOFFICE. Therefore, the appraisal value and/or any reference reports, as well as the net asset value per trust unit might not indicate the fair value of BOFFICE's assets.

11) The risk about renewal of agreements in the future regarding the right to use the BTS Station sky walk

Regarding BHIRAJ TOWER at EmQuartier, BHIRAJ BURI Co., Ltd. entered into an agreement with The Bangkok Mass Transit System Public Company Limited (BTS) to link a part of BTS Phrom Phong Station to a part of BHIRAJ TOWER at EmQuartier on M Floor. Regarding BHIRAJ TOWER at BITEC, Parinthorn Co., Ltd. entered into an agreement with BTS and Bangkok Metropolitan Administration (BMA) to build a sky walk between Bangkok International Trade & Exhibition Centre (BITEC) and a part of BTS Bang Na Station. The two agreements aimed to use the sky walks as the public passages for accessing the sky trains and the core assets of BOFFICE. The concession terms of both agreements will expire in 2029 and 2022, respectively. When such concession terms expire, BOFFICE might be at the risk in the future for not being able to link the sky train access to the BTS Station to some part of the core assets or bearing additional expenses due to the new agreement with the BTS operator at the time. If BOFFICE does not have the right to link this part of the core assets with the BTS stations, it may be difficult for tenants and clients who use the BTS sky walk to access the core assets of BOFFICE. If there are additional expenses in the future, these expenses may also affect BOFFICE's operation. However, if BOFFICE does not have the right to link the sky walk to the BTS stations to some parts of the core assets, tenants and clients can still use the main accesses to the BTS station in front of the core assets as normally.

12) The risk from the fact that BOFFICE does not distribute the investment

As of 31 December 2020, BOFFICE has invested in long-term leasehold rights in two projects, namely BHIRAJ TOWER at BITEC and BHIRAJ TOWER at EmQuartier. The risk is distributed to two locations to minimize the fluctuation in investment, from originally having only once project at BHIRAJ TOWER at EmQuartier. It should be noted that the REIT Manager is keenly aware of the importance of distributing the investment and determining the investment policies and strategies to develop the existing core assets and those in the future.

13) The risk about the Property Manager's ability to procure benefits from the assets

The Property Manager is responsible for managing the assets that BOFFICE invests in as assigned by the REIT Manager in the Property Manager Assignment Agreement, procure benefits from the assets, and undertake relevant actions such as finding prospective tenants, renewal of agreements with the current tenants, collecting the income as per the agreements, maintaining BOFFICE's assets in a good and profitable condition. The operation outcomes of the Property Manager have, therefore, direct effects on the operation result of BOFFICE. However, if the Property Manager is unable to perform his/her duties for any reasons even if BOFFICE offers adequate and attractive remuneration and still fails to recruit or assign a new property manager immediately, the failure may lead to adverse impact on the BOFFICE's operation result and ability to distribute benefits to Trust Unitholders. The Company, however, as a REIT manager, has knowledgeable and trained personnel who can perform the tasks during the procurement process of the new property manager.

14) The risk about the pandemic of deadly contagious disease, the panic of the outbreak which may negatively affect the procurement of benefits, financial status, and operation result of BOFFICE

The pandemic of COVID-19 that has largely affected the economy resulted in fluctuations in every industry, particularly the exports and private investment which have witnessed a tendency of recession since 2020. The Government's strict measures to control the virus might force some businesses of the tenants and service users to face problems, lower their employment rate, and reduce their expenses to suit the situation. Furthermore, tenants and service users may take the preventive measures by adopting the stay-at-home and social distancing policies. These might lead to changes in behavior and lifestyle, the demand for office space, and office rental rates in the future. For instance, the work from home policy may result in lower consumption of the buildings' infrastructure, which is a source of BOFFICE's income. In addition, BOFFICE has cooperated with the preventive policies and measures to minimize the risk, for instance, the screening point, availability of gel sanitizer, and other measures, which may incur additional expenses to control the outbreak of the deadly contagion.

It should be noted that the REIT Manager and the Property Manager are monitoring the situation closely in order to undertake appropriate measures to help tenants who are affected by the crisis and adjust the strategies and action plan for managing the core assets to serve the changed styles and needs of tenants in both short and long terms.

15) The risk from conflict of interest

The REIT Manager has designated and will designate BHIRAJ Management Co., Ltd. as the Property Manager to manage the core assets of BOFFICE. However, BHIRAJ Management still performs duties of a property manager for other office buildings that Bhiraj Buri and/or its subsidiary company owns the assets, namely:

- 1) United Business Centre II (UBC II) on Sukhumvit Road under the long-term leasehold right of Prime Office Leasehold Property Fund (POPF)
- 2) BHIRAJ TOWER at Sathorn on Sathorn Road
- 3) Summer Lasalle on Lasalle Road

Therefore, the procurement of benefits and asset management of BOFFICE by the Property Manager might result in a conflict of interest, which may affect the rental rates in the assets that BOFFICE will investment in and the turnover, income, and profits from the assets that BOFFICE will invest in. To clarify, if a prospective tenant is considering more than one office that the Project Manager is managing (including the core assets of BOFFICE), and that still has leasable area, the Property Manager may offer the rental rate of other buildings which are not the core assets of BOFFICE to the prospective tenant. Therefore, the prospective tenant may decide to rent the office space of other buildings than that of the core assets of BOFFICE.

However, the REIT Manager estimated that the chance of conflict of interest is relatively thin for several reasons. First of all, BHIRAJ TOWER at EmQuartier and United Business Centre II are on the same area, but they are at different distances from the BTS station. Also, the two projects have different positions in terms

of marketing and the rates of rent and level of service. That is to say, BHIRAJ TOWER at EmQuartier is a Grade A office building while United Business Centre II is a Grade B buildings, which are relatively different, according to the definition of Grad A office buildings by Jones Lang Lasalle Co., Ltd. (JLL), for example:

- A grade A building shall have a direct access or less than 5-minute walking distance from the nearest BTS station.
- Each floor shall have a minimum area of 1,000 sq.m., proportionate shape, no pillar at the center, and a minimum height of 2.7 meters from the floor to the ceiling.
- The building shall be decorated with high quality material, both interior and exterior, and a large lobby area.
- There shall be high-efficiency and high-speed elevator systems and a separate cargo elevator.

In the negotiation between the Property Manager and the target customers, the target customers normally inform the desired characteristic of the leasable area and the range of rental rates to the Property Manager. Particularly, reputed Thai and international companies have a set of criteria for selecting the office location. Provided with the basic information, the Property Manager will present the target customers with the leasable area of every office building under his or its management which fits the desired characteristics and range of rental rates. This process will minimize the risk of conflict of interest because the target groups of both buildings are different in terms of marketing positions and the rental rates and service rates of each project.

Regarding BHIRAJ TOWER at Sathorn, the Property Manager considers that this Project was designed to be different from typical office buildings. It is a low-rise medium-sized building with four stories, renovated from an old building. Therefore, it is not rated to any grade of typical office buildings. The target customers of BHIRAJ TOWER at Sathorn are small to medium-sized companies that need a different type of office building from BHIRAJ Tower at EmQuartier and BHIRAJ TOWER at BITEC. Specifically, BHIRAJ TOWER at Sathorn has smaller and less efficient infrastructure systems than typical Grade A office buildings. For example, it does not an elevator access control system between floors. So, it does not fulfill the needs of large corporates. In addition, the difference in size of buildings also reflects difference in rental rate and service charges, thus low chance of conflict of interest between the core assets of BOFFICE and BHIRAJ TOWER at Sathorn.

Regarding Summer Lasalle, although its location is close to BHIRAJ TOWER at BITEC, there is a huge difference in the distance from the nearest BTS station. Summer Lasalle is a low-rise office building with unique characteristics. It is not categorized as a typical office building. With its unique characteristics, the Trust Manager considers that the chance of conflict of interest between the core assets of BOFFICE and Summer Lasalle is unlikely.

In the future, if there is any office building as an asset under the management of BHIRAJ Management, with similar marketing position, location, and grades as the core assets of BOFFICE and the possibility of conflict of interest with BOFFICE (an office building project, whether a building and/or all buildings with equivalent qualities and grades as the first additional investment which might be developed on the BITEC Project), the Property Manager will find retail tenants to rent the space and use the services of BOFFICE and

maintain the existing retail tenants for the maximum benefit of BOFFICE. The Property Manager shall not undertake any dishonest or unfair acts that might cause the current retail tenants in the leased properties of BOFFICE to terminate the agreement or not renew the lease agreement or service agreement in the aforementioned area in order to enter into an agreement with another office building of the promisor or the Property Manager or any associated person in an unfair manner. However, there is an exception for the case in which the retail tenants wish to move or specify another building of the promisor. In this case, the Property Manager will ensure that the same group of persons will not make use of any commercial information of BOFFICE for their own benefits or those of any third party. This measure aims to prevent conflict of interest in the future.

If there is a new project of the office space type in the BITEC Project and the asset to be invested in has the leasable area that fits the purpose of the prospective tenant or equivalent, the Property Manager will offer the leasable area in the asset that BOFFICE will invest in to the prospective retail tenants and the existing retail tenants who wish to rent additional space ("prospective tenants") before offering the leasable area of the future projects to the prospective tenants. If any prospective tenant is specifically interested in renting leasable area of the future project, the Property Manager may offer the leasable area in the assets that BOFFICE will invest in to the prospective tenant at the same time as the leasable area of the future project. This measure aims to prevent conflict of interest in the future.

In addition, BHIRAJ BURI has made an agreement with BOFFICE as specified in the Undertaking Agreement, which also specifies that, regarding the service for the same group of persons¹, BOFFICE shall have the option to buy/lease the future projects² (only the projects in the BITEC Project), along with the lease term of the core asset in the first additional investment when the future projects have all the required qualifications as specified in applicable agreements in the prospectus for offering trust units in the first capital increase of BOFFICE. Although Parinthorn, the landlord of the future projects, is not a party in the Undertaking Agreement with BOFFICE, if BHIRAJ BURI or the same group of persons of BHIRAJ BURI does not comply with the provision in the Agreement, BOFFICE may claim the actual damage from BHIRAJ BURI for not complying with its obligations to the Undertaking Agreement. Furthermore, BOFFICE has the right to offer from BHIRAJ BURI for the construction of new projects which are office buildings as specified in the Undertaking Agreement for the first additional investment of BOFFICE. This measure will help reduce conflict of interest with BHIRAJ Management.

Remarks: ¹ The same group of persons also include Parinthorn. Currently, Parinthorn is the owner of the land on which BITEC Project is located and BHIRAJ the promisor with BOFFICE according to the Action Agreement.

² Future projects refer to any office building project, in as one building and/or all buildings with equivalent qualities and grades to the assets in the first additional investment, which may be developed on the BITEC Project area.

16) Limitations in procuring the benefits from the core assets

The Lease Agreement in the core assets with some tenants has a certain limitation to prohibit tenants from operating the business or prevent any company or any group of persons from operating the same business type as tenants in BHIRAJ TOWER at BITEC and BHIRAJ at EmQuartier, which are the core assets, as well as certain conditions about the size of the leasable area of lessor throughout the term of the Lease Agreement. These conditions might limit BOFFICE's ability to make use of the core assets. As the matter of fact, BHIRAJ TOWER at BITEC has a total leasable area, including that of the tenants with such conditions, of 9,016 sq.m., which accounts for 28.1 of the net leasable area of BHIRAJ TOWER at BITEC. On the other hand, BHIRAJ TOWER at EmQuartier has a total leasable area, including that of the tenants with such conditions, of 1,912 sq.m., which accounts for 3.9 of the net leasable area of BHIRAJ TOWER at EmQuartier.

However, the occupancy rate of BHIRAJ TOWER at BITEC is relatively high. Therefore, this limitation may not be a significant obstacle for procuring the benefits from BHIRAJ TOWER at BITEC. To consider renewing lease agreements or service agreements, the REIT Manager and the Property Manager can use their discretion to set the condition for procuring the maximum benefits for BOFFICE.

17) The risk associated with some parts of the systems in BHIRAJ TOWER at BITEC not being in the area BOFFICE will invest in and currently being in a property under mortgage

Some parts of the Bangkok International Trade & Exhibition Centre (BITEC) are the installation areas of facilities of BHIRAJ TOWER at BITEC, which will be invested by BOFFICE (including the in-building air conditioning system with chillers, the cooling towers, and the water pumps). Some parts of the land plots no. 13542, no. 13543, and no. 44198, and some parts in the Bangkok International Trade & Exhibition Centre (BITEC) are the installation areas of shared facilities between BITEC and BHIRAJ TOWER at BITEC. The latter area was registered mortgage as a deposit to the lender of Parinthorn. If the said land and properties are in foreclose of mortgage, BOFFICE may be at a great risk of being revoked from these areas by the new property owner (the person who buys the said land and property from the foreclosure of the mortgage). In this case, BOFFICE will not be able to use the said area at its convenience or the new property owner (the person who buys the said land and property from the foreclosure of the mortgage) may be in default to prevent BOFFICE from using the said area.

However, the facility areas of BHIRAJ TOWER in which BOFFICE will investment under the mortgage are equivalent to a total area of 1,187 sq.m., cover only the supporting asset, and do not function as the core asset that BOFFICE will make use from. In addition, Parinthorn will register the obligations in the real property on the land and building area, which include the mortgaged area to BOFFICE for 30 years, which is the same period as the lease term, so that BOFFICE has the ownership right over the supporting facilities and the shared assets.

18) The risk of BOFFICE's taxes and fees

In the future, taxes and fees collected from BOFFICE might change from the present. For example, the transfer, reception of the leasehold right transfer, sale, buy, or reception of ownership in properties might be wholly or partially born by BOFFICE. These taxes and fees may be different from the current rates.

Corporate Governance of BOFFICE

The Company has been regulating BOFFICE in accordance with the Trust Deed, as well as related laws and notifications. The Company has provided the Operation manual and internal control system to define the duties and scope of the Company's operations in each division, with a board of directors consisting of three directors, one of which is an independent director. The Company, however, does not establish a board of subcommittees.

The Board of Directors' Meeting of REIT Manager

1) Requirements and Process of meeting

BHIRAJ REIT Management Co., Ltd. holds the Board of Directors' Meeting every quarter, which requires at least 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 the directors attending the meeting. Directors with interest shall not participate in the decision-making process of that particular issue. An invitation letter along with the agendas and related information will be submitted to the directors for consideration at least 7 days prior to the meeting. The general agendas are as follows:

(a) Matters for acknowledgement

- 1) Report of BOFFICE's operating results
- 2) Progress on important matters related to the operation of BOFFICE
- 3) BOFFICE risk monitoring and mitigation
- 4) Report on the questions from investors and other relevant investor relations
- 5) Other matters (if any)

(b) Matters for approval

- 1) Financial statement of BOFFICE
- 2) Payment distribution to the Trust Unitholders
- 3) Capital reduction of BOFFICE
- 4) Budget, business plans and strategies of BOFFICE prepared by the REIT manager, with supports from the Property manager
- 5) Related party transaction or any transaction that may cause a conflict of interest with the operation of BOFFICE
- 6) Significant matters related to the operation of BOFFICE, for example, the annual general meeting of Trust Unitholders
- 7) Other matters (if any)

(c) Approval on the report of previous Board of Directors meeting

Every director is given the opportunity to express freely an opinion during the meeting before voting. A summary on the resolution of each agenda will be provided. There will be a written record of the meeting, as well as the report on the approved agenda will be kept as evidence.

- 2) Significant transaction of BOFFICE proposed during the Board of Directors meeting in the previous accounting period.

In 2020, the REIT Manager had conducted Board of Directors meetings to approve and acknowledge the significant operations of BOFFICE as follows:

| Meeting No. | Date | Matter / Agenda on Significant Transaction | Resolution | Reason |
|-------------|-------------|---|--|---|
| 1 / 2020 | 20 Feb 2020 | <ul style="list-style-type: none"> Benefit Distribution Annual general meeting for the year 2020 of Trust Unitholders of BOFFICE Identify Trust Unitholders that are able to subscription the additional trust units for the 1st capital increase Refinance the 1,720 million Baht loan of BOFFICE | <ul style="list-style-type: none"> Dividend payment at the rate of 0.1961 Baht per trust unit on 16 Mar 2020 Annual general meeting for the year 2020 of Trust Unitholders of BOFFICE will be held on 23 Apr 2020 Set to be on 6 March 2020 Refinance with KASIKORNBANK Public Co., Ltd. | <ul style="list-style-type: none"> To comply with the benefits distribution policy of BOFFICE and related rules To comply with the law To comply with the law To lower the interest by refinancing which will benefit BOFFICE |
| 2 / 2020 | 2 Mar 2020 | <ul style="list-style-type: none"> Benefit distribution | <ul style="list-style-type: none"> Dividend payment at the rate of 0.1104 Baht per trust unit on 10 Apr 2020 | <ul style="list-style-type: none"> To comply with the benefit distribution policy of BOFFICE and related rules |
| 3 / 2020 | 25 Mar 2020 | <ul style="list-style-type: none"> Amendment in the procedure for conducting the annual general meeting for the year 2020 of Trust Unitholders of BOFFICE | <ul style="list-style-type: none"> Conduct the annual general meeting for the year 2020 of Trust Unitholders of BOFFICE using other methods instead of using a venue at Bangkok International Trade & Exhibition Centre (BITEC) | <ul style="list-style-type: none"> To comply with the regulations |

| Meeting No. | Date | Matter / Agenda on Significant Transaction | Resolution | Reason |
|-------------|-------------|--|---|---|
| | | <ul style="list-style-type: none"> Postponement of offering and allocation of Additional Trust Units for the First Capital Increase | <ul style="list-style-type: none"> Acknowledged postponement of offering and allocation of Additional Trust Units for the First Capital Increase | <ul style="list-style-type: none"> To comply with the regulations |
| 4 / 2020 | 8 May 2020 | <ul style="list-style-type: none"> Cancellation of benefit distribution | <ul style="list-style-type: none"> Benefit will be distributed in the next earnings announcement | <ul style="list-style-type: none"> To reduce the expense and achieve maximum benefit for BOFFICE |
| 5 / 2020 | 22 May 2020 | No agenda on significant transactions for the Trust Unitholders | | |
| 6 / 2020 | 10 Jul 2020 | <ul style="list-style-type: none"> Identify Trust Unitholders that are able to subscription the additional trust units for the 1st capital increase | <ul style="list-style-type: none"> Set to be on 24 Jul 2020 | <ul style="list-style-type: none"> To comply with the regulations |
| 7 / 2020 | 31 Jul 2020 | <ul style="list-style-type: none"> Benefit distribution | <ul style="list-style-type: none"> Dividend payment at the rate of 0.2497 Baht per trust unit on 9 Sep 2020 | <ul style="list-style-type: none"> To comply with the benefit distribution policy of BOFFICE and related rules |
| 8 / 2020 | 12 Nov 2020 | <ul style="list-style-type: none"> Benefit distribution | <ul style="list-style-type: none"> Dividend payment at the rate of 0.1512 Baht per trust unit on 17 Dec 2020 | <ul style="list-style-type: none"> To comply with the benefit distribution policy of BOFFICE and related rules |
| 9 / 2020 | 17 Dec 2020 | No agenda on significant transactions for the Trust Unitholders | | |

Prevention of Insider Trading

The REIT Manager places great emphasis on preventing Insider Trading. The Policy is adopted for directors, executives and employees to comply with the laws, notifications, rules, orders, and related regulations, with measures and methods as follows:

1) Disclosure of interests of directors, executives, and employees

The Company requires a report on the interests of directors, executives, and employees since the start of their position, and conduct regular reviews. Moreover, the Company requires to disclose details on related transactions in the note to financial statement, annual report, prospectus, annual registration statement, or other channels etc.

The Company also provides a channel to be informed the change of trust unit ownership to Compliance Department once the Board of Directors has reported via Securities and Exchange Commission's system.

2) Protection and prevention of Insider Trading

The Company has a segregated system of work and human resources, as well as limits the access to insider information, only allowing employees to gain access to need-to-know basic information, and limits the access to insider information to prevent the leakage of the information. Office rooms are separated and requires the employees who may be aware of the insider information to keep the information confidential, not to be disclosed to other people, or use the insider information for the benefit of themselves and others.

The Company also provides a suspension period for trading (including the act of transferring and receiving) of a trust unit, which all directors, executives and employees of the company will be announced at the time the company is processing considering the significant insider information that may affect the price of trust units or securities, which has not been disclosed to the public, until the information has been made public. The Company also monitors the trading of trust units including the act of transferring and receiving) among the employees, and acknowledges the directors, executives and employees of the inspection, to ensure that the directors, executives and employees of the Company will comply with the Company's policies, guidelines and internal regulations, including the rules, regulations and/or orders from related agencies.

In addition, if an employee is found to violate the regulation in any case, which causes damage or loss of reputation to the Company or BOFFICE, the employee will be subject to severe disciplinary action or employment termination without compensation. Moreover, the company may consider carrying out both civil and criminal prosecution against the offender (if any).

Investments Approval and Management of BOFFICE

1) Processes and factors taken in consideration when making a decision to invest in additional real estate or leasehold right, and BOFFICE management

- 1) Rules for additional investment in the future - If BOFFICE would invest in additional real estate or leasehold right, and would benefit from the real estate or the leasehold right, the REIT Manager will have to proceed in accordance with the following rules:
 - 1.1) The core asset that BOFFICE will invest in can be located in Thailand or abroad. BOFFICE will focus on investing in office buildings, office spaces, and other commercial buildings. BOFFICE may consider additional investment in assets other than office buildings, office spaces, and commercial buildings, if the REIT Manager has conducted a research on the asset, as well as assessed various factors involved, and sees that the investment will benefit the Trust Unitholders.
 - 1.2) Real estate investment includes the investment for ownership or long-term leasehold right, either or both.
 - 1.3) Acquired real estate must not be subject to any real rights or any disputes unless the REIT Manager and the Trustee have provided a written agreement that being subject to

such real rights or disputes does not significantly affect the utilization of the property, while the acquisition condition of the property is also beneficial to the Trust Unitholders as a whole.

- 1.4) In addition, BOFFICE may indirectly invest in the core asset of BOFFICE, as a real estate investment through the holding of shares in a company established for the same purpose as BOFFICE. The investment will be in accordance with the regulations set forth by the SEC and the Trust Deed.
- 1.5) A contract for acquiring real estate must contain no agreement or any obligation that may result in BOFFICE unable to sell the property at a fair price (at the time of disposition), such as an agreement that grants the counterparty the right to purchase the property from BOFFICE before any other parties, with the price fixed in advance, etc., or that BOFFICE would have more responsibilities than that of an ordinary lessee when the lease is terminated.
- 1.6) Acquired property must be ready to be utilized with a total benefit no less than 75% of the additional trust unit value requested to be offered for sale plus the loan (if any).

BOFFICE may invest in projects that have not yet been completed. The value of the investment for the acquisition and development of the property must not exceed 10% of the total asset value of BOFFICE (after the offering to sell units) and must demonstrate that there will be sufficient working capital for such development, without affecting BOFFICE.

- 1.7) Value appraisal is completely conducted according to the following criteria:
 - (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) The appraisers in (a) shall be the appraiser of asset value approved by the SEC in accordance with the Notification of Securities and Exchange Commission regarding the approval of appraisal companies and Lead appraisers. In the event that the invested property is in a foreign country, the appraiser can be a person from the list of people authorized by the local government or regulatory authority of the country where the property is located. If not from the list, the appraiser must fall in one of the following categories:
 - (1) Being a professional practitioner relating to asset value appraisal who has widely acceptable performances in the nation where such real estate is located

- (2) Being a person having the international standards of operation and working system for asset value appraisal
 - (3) Being an appraiser of asset value having international wide networks
- 2) Method of BOFFICE's additional core asset and equipment acquisition
 - 2.1) Prior to the acquisition of core assets, these processes must be fulfilled:
 - (a) Due diligence of information and contracts relating to the core assets and equipment (if any), such as financial and legal information, condition of the property to be invested, and the ability of the counterparty to perform juristic act, etc., to support investment decision and accurate disclosure of information. In the event that the landlord or the transferor of leasehold right is connected with the REIT Manager, the REIT Manager will need to provide a financial advisor to give opinions on the analysis of such information.
 - (b) Assess the value of core assets and equipment
 - 2.2) Acquisition of an additional core asset must comply with the following regulations:
 - (a) In terms of substance of transaction, it must be the transaction with the following characteristics;
 - (1) In compliance with the Trust Deed and related laws
 - (2) For the best benefit of BOFFICE
 - (3) Reasonable and use fair price
 - (4) Expenses for making transactions collected from the BOFFICE (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 the approval system, must proceed as follows:
 - (1) To receive an approval from the Trustee that transactions are in accordance with the Trust Deed and related laws
 - (2) In the event that the acquired core assets worth from 10% or higher of the total asset value of BOFFICE, approval from the Board of Directors of the REIT manager is also required.
 - (3) In the event that the acquired core assets worth from 30% or higher of the total asset value of BOFFICE, the approval must be made during the meeting of Trust Unitholders, with at least three-fourth of the total number of

votes of the unitholders attending the meeting and having the right to vote. The calculation of the value of such core assets will be calculated based on the total asset acquisition value of each project that makes BOFFICE ready to earn income, including assets related to that project.

- (c) The process of seeking approval from the Trustee or requesting for a resolution during the meeting of Trust Unitholders requires responsibilities from the REIT Manager and the Trustee as follows:
 - (1) The REIT Manager must arrange documents for approval or invitation to the meeting, as the case may be, expressing his opinion on the transaction involving the acquisition of additional core asset, with clear reasons and supporting information
 - (2) The Trustee must attend the Trust Unitholders meeting to provide opinions on the transaction as whether it is in accordance with the Trust Deed and related laws.

2) Provision of Benefits, Policy and Procedures on Supplying Tenants

- 1) The REIT Manager shall procure benefits from the core assets of BOFFICE through leasing, subleasing, offering space with rental fees, or providing services related to the use of space or for renting purposes only. In this regard, the REIT Manager shall not operate in any manner which will use BOFFICE to operate the business in the property, such as a hotel or hospital business, etc.
- 2) In the event that the REIT Manager leases the property to a person who will use the property to operate a business that BOFFICE cannot operate by itself, such as a hotel or a hospital business, etc., there must be an agreement that determines a fixed number of most of the rental fees as in advance.
- 3) BOFFICE is prohibited from using the area or leasing the property to any person who has a potential to use the property to operate an unethical or unlawful business. BOFFICE must provide an agreement such that BOFFICE could terminate the lease if it appears that the lessee uses the real estate to operate such business.
- 4) The REIT Manager will maintain the core assets in good condition and the core assets is ready to procure income. The REIT Manager will be responsible for providing adequate and appropriate insurance to restore the property of BOFFICE to its previous state if changed, in order for BOFFICE to procure benefit in the same manner as previously done. This covers damages that may occur to the real estate, business interruption insurance, and third party liability insurance in the event that a third-party suffers damage from the property, or from the operation of the property with reasonable financial compensation. The REIT Manager will allow the Trustee, on behalf of BOFFICE and/or the lender in the event that BOFFICE applies for a

loan (if any), to be the co-beneficiaries of such insurance (except for the third party liability insurance). In the event that BOFFICE would invest for the acquisition of ownership by subleasing a property or renting areas in a building or renting building, the REIT Manager will ensure that the assets invested by BOFFICE are insured within appropriate financial limit. If the Trustee, on behalf of BOFFICE, are not the beneficiaries and the insureds of such insurance due to any reason, such as the being the beneficiaries and the insureds would contradict with the lease agreement, the REIT Manager will proceed to ensure that there are adequate measures or mechanisms in place for using the compensation to rebuild a new asset for further benefit procurement and/or compensate BOFFICE for the lack of benefit due to the possession of the asset invested BOFFICE

- 5) In the event that BOFFICE acquires an ownership of a property and the REIT Manager seeks to generate income from the property by leasing it to the former owner, the REIT Manager shall set the rental fee as if it was a normal transaction with a third party

Selection of the Property Manager

In order to select a third-party property manager to be the Property Manager to manage the property that BOFFICE has invested in, such as taking care of the sale, marketing, and day-to-day management of the property, the REIT Manager must at least proceed as follows:

- 1) Provides an evaluation of experience, reputation and past performance of being a real estate manager, including the ability to find tenants and users, debt recovery, indoor property maintenance, management of rental space, tenancy service, internal control system to prevent the leakage of income and reimbursement control, etc.
- 2) Considers the appropriateness of the remuneration for the Property Manager, which must be determined according to the level of operational capability, in order to motivate the Property Manager to create more income for BOFFICE. For example, the remuneration can be calculated based on the rental fees and/or actual service fees or net profit from property leasing, etc.
- 3) Provide a mechanism that allows BOFFICE to change the Property Manager in the event that the Property Manager does not comply with terms and conditions, or provides unsatisfactory management results.
- 4) Establishes a system to regularly monitor, review and evaluate the Property Manager's internal control system, to ensure that the system remains effective and can prevent fraud, or make it easy to detect fraudulent or non-compliant practices, such as requiring the auditor of the property manager to assess the internal control system during the audit and report any weaknesses or errors within the internal control system to the REIT Manager. The REIT Manager must state in the letter of employment that the Property Manager is responsible for any damage incurred to the interests of BOFFICE due to negligent management of the Property Manager.

- 5) In the event that the REIT Manager finds that the Property Manager has committed / or refrained from an action that causes a loss of credibility according to the employment contract, the REIT Manager must terminate the contract of that Property Manager in order to operate instead of such the Property Manager, or select a new property manager. However, in the event that BOFFICE has applied for a loan, by which the loan agreement prohibits the change of property manager, such change must be approved by the lender of BOFFICE.

Supervision of the Property Manager's Performances

- 1) The REIT Manager is responsible for supervising the management and performance of the Property Manager. In order to protect the interests of BOFFICE and Trust Unitholders, the REIT Manager must at least proceed as follows:
 - 1.1) The REIT Manager must be involved in the preparation or the approval of the annual budget plan proposed by the Property Manager that shows details of income and expenses, to 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) The REIT manager must establish the conditions that motivate the Property Manager to add values and returns for BOFFICE, as well as reduce the risks for Trust Unitholders.
 - 1.3) The REIT manager must participate in consideration or the revision of the strategic plans proposed by the Property Manager in order to boost income acquisition and reduce the risks from the fluctuation of rental income and/or service fees for BOFFICE, as well as to supervise the Property Manager to perform in accordance with the plans.
 - 1.4) REIT Manager must be involved in consideration or revision of the guidelines for selecting tenants and key users, or participate in business organization plan of the Property Manager's tenant to limit and control the risks and fluctuation of rental income and / or service fees each year.
 - 1.5) The REIT Manager shall review or participate in determining policies on 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) The REIT Manager shall monitor and supervise the Property Manager to establish and implement work policies and operational plans for the management, maintenance and improvement of the assets invested by BOFFICE in order for the property to be in good condition and able to generate income.
 - 1.7) The REIT manager must assess the appropriateness of the management system regarding the procurement of the Property Manager so that goods or services received by BOFFICE are cost-effective.
 - 1.8) The REIT Manager must monitor and supervise the income collection of the property managers so that BOFFICE will receive complete rental fee and/or service charge.

- 1.9) The REIT Manager must require the Property Manager to follow up, and supervise the tenants and service users to pay various taxes as required by the law.
- 1.10) The REIT Manager must analyze the management irregularities of the Property Manager, as well as provide a random inspection on the performance of the Property Manager.
- 1.11) The REIT Manager must assess the Property Manager's internal control system.
- 2) The monitoring system and random inspection to ensure that the Property Manager comply with the following rules:
 - 2.1) Collects and deliver the income to BOFFICE correctly and completely
 - 2.2) Not collect expenses from BOFFICE in an amount that exceeds the necessity and must be under the frame of REIT Manager Appointment Contract for such collection.
 - 2.3) Provides adequate and appropriate maintenance for the BOFFICE's assets so that they can be used for generating income in a long term.

In 2020, the 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

The REIT Manager has the main objective of enabling the Trust Unitholders to receive consistent and continuous long-term benefits from their investments, taking into account the benefits received from a development and a quality enhancement of a property invested by BOFFICE. Guidelines and system for the REIT Manager to monitor and supervise the benefits from the property invested by BOFFICE are as follows:

- 1) The REIT Manager and the Trustee will monitor the performance of BOFFICE each year, by comparing with the annual budget and the performance of BOFFICE in the previous year, in order to make the operation of the property invested by BOFFICE profitable. In the event that the performance of the property invested by BOFFICE does not meet the expected target, the REIT Manager will conduct a thorough analysis to determine the cause, and will work closely with the Property Manager to develop an operational plan to improve the performance of the property invested, such that the performance would be in accordance with the goal or expectation.
- 2) The REIT Manager and the Property Manager will work together to grow the business and develop good relationship with various clients, while managing to keep the rental rate and rental fee and/or service fee at the level that brings the maximum benefits to BOFFICE. The REIT Manager and the Property Manager will jointly control and manage marketing costs and risks related to the management of the property invested by BOFFICE.
- 3) REIT Manager will cooperate with the Property Manager to increase the efficiency of the BOFFICE's property management, as well as to control and manage the operating expenses, without causing any impact on the service quality.

- 4) The REIT Manager and the Property Manager will work closely together to increase the potential of property invested by BOFFICE, which will include:
 - 4.1) defining target customers by adjusting marketing strategies, service quality, rental rates and service fees to suit the needs of target customers.
 - 4.2) taking care and providing a maintenance for the area around the invested property, such as the improvement of a public and common area, or a specific area for a specific usage.
 - 4.3) improving the image of the invested property, providing a maintenance for the property to meet the standards, repairing the invested property to be suitable for use and create satisfaction for the customers.
- 5) BOFFICE and REIT Manager have a policy to procure benefits from the property invested by BOFFICE, by leasing the area of such property to tenants, as well as providing necessary services and serviced related to the rental. The Property Manager shall be responsible for providing persons interested in renting areas of the BOFFICE's assets by allowing them to visit the site of the project and directly negotiating with persons interested in rental areas.
- 6) The REIT Manager will provide a minimal insurance as follows:
 - 6.1) Sufficient and appropriate insurance of BOFFICE's interests as a result of the investment in a property or the acquisition of leasehold rights, to cover the damage that may occur to BOFFICE due to an incident, by stating that the lender is the co-beneficiary in the event that BOFFICE has applied for a loan, or the Trustee as the beneficiaries if no loan is involved (case-by-case), with the approval from the Trustee.
 - 6.2) Third party liability insurance for a third-party that may suffer from the damage occurred from the defection of the invested property or structure. In the event that the insurance has already been made by the lessor of the property, or that the tenant of the property has already applied for an insurance, BOFFICE should only apply for the insurance that would prevent BOFFICE to compensate in case of subrogation.
 - 6.3) Any insurance of BOFFICE shall be valid throughout the period of the ownership of the Trustee over the property.
- 7) Transactions made with connected persons will be performed according to the following criteria:
 - 7.1) Transactions with parties related to the REIT Manager will be conducted in accordance with the Trust Deed and related laws for the best interest of BOFFICE
 - 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 the REIT Manager

Throughout the effective term of the contract, the REIT Manager will receive an annual management fee not more than 0.30% of the cost of BOFFICE's core assets plus the amount of invested capital in financial instruments, and/or deposited with financial institutions. In the event that the major asset of BOFFICE is disposed, the remuneration will be calculated using the cost of the major asset, subtracted by the amount of capital decreased from the disposition of the major asset. The leasehold right taken into the calculation will only cover the period by which the right is effective. The actual amount charged is stated in "Form 56-REIT1, Part 1, Fees Charged from BOFFICE". In addition, in the event that the REIT Manager acquires a new asset, the fee charged will not exceed 0.75% of the value of asset acquired by BOFFICE (if the property belongs to the person connected with the REIT Manager) and not exceed 1.00% of the value of asset acquired by BOFFICE (if the property belongs to the person that shares no connection with the REIT Manager). Such fees will be the incentive for the REIT Manager to search for a new major asset for BOFFICE, which will generate income and creates a sustainable return on investment for Trust Unitholders.

Information Disclosure and Communication with Trust Unitholders

BOFFICE has approaches on information disclosure based on the nature of the information and actual situation. Managing Director of the REIT Manager is responsible for considering information before disclosure to Trust Unitholders, with details as follows:

| Information Disclosure | Events |
|-------------------------------|---|
| Immediate Disclosure | <ul style="list-style-type: none"> • Information that affects prices, investment decisions, and Trust Unitholders' benefits • Information about operations such as payments and benefit distribution • 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 Trust Unitholders |
| Within 3 business days | <ul style="list-style-type: none"> • Information that does not have a direct impact, but should be disclosed to investors, such as a relocation of the headquarters, change of directors, change of auditors, etc. |
| Within 14 days | <ul style="list-style-type: none"> • Information that the Stock Exchange must collect as reference, such as a copy of Trust Unitholders meeting minutes, report on the capital increase, etc. |
| Within 15 days | <ul style="list-style-type: none"> • Report of BOFFICE'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 by a period of time | <ul style="list-style-type: none"> • Quarterly financial statement, submitted within 45 days after the end of an accounting period • Annual financial statement, submitted within two months after the end of an accounting period (when the financial statement of the 4th quarter is not prepared) • Management Discussion and Analysis submitted together with financial statements • Form 56-REIT1 submitted within 3 months after the end of an accounting period • Annual report and the invitation letter for the annual general meeting, submitted within 4 months after the end of an accounting period • Net asset value report, within 45 days after the end of an accounting period |

Arrangement of Trust Unit Holders' Meeting

The REIT Manager's minimal responsibilities for organizing a Trust Unitholders meeting are as follows:

- 1) Annual general meeting must be held within 4 months from the end of BOFFICE accounting period. For the 2020 Annual General Meeting, the REIT Manager shall hold the meeting within 4 months from the end of BOFFICE accounting period, or by June 30 2020, or within another deadline extended by the SEC.
 - 1.1) The REIT Manager may act by other means instead of holding the annual general meeting for 2020, if the meeting is for informative purpose and requires no resolution from the Trust Unitholders, by informing the Trust Unitholders of the following matters:
 - (a) Trust management on critical matters and guidelines for managing BOFFICE in the future
 - (b) Financial status and operating performance of BOFFICE in the previous fiscal year. Minimally, the audited financial statement must be provided with comments from the auditor.
 - (c) Appointment of the auditor for auditing BOFFICE, as well as the audit fees

The REIT Manager must provide a communication channel for the Trust Unitholders to be able to ask for additional information from the REIT Manager. In the event that the Trust Unitholders have any inquiries, The REIT Manager must prepare a summary of key issues in a form of Q&A and distribute it to the Trust Unitholders.

In addition, the REIT manager must disclose the information mentioned above via the information system of the Stock Exchange

- 2) An extraordinary meeting is a meeting besides the annual general meeting, which will be held for a specific reason as follows:
 - (a) When the Trust Unitholders holding a total number of units no less than 10% of the total number of units sold, asking the REIT Manager or the Trustee to call for a meeting of the Trust Unitholders, with clear reasons stated in the request letter. When the Trust Unitholders has jointly sent a letter requesting a meeting of the Trust Unitholders, the REIT Manager shall organize Trust Unitholders meeting within 45 days after receiving the letter from the Trust Unitholders, or receiving a notification from the Trustee.
 - (b) In the event that the Trustee wishes to propose a matter to be considered during the Trust Unitholders meeting, the REIT Manager shall organize a Trust Unitholders meeting within 1 month after receiving the letter from the Trustee. The Trustee has the right to consult with the REIT Manager on the importance of the matter.

- (c) In the event that the REIT Manager wish to propose a matter to be considered during the Trust Unitholders meeting, the REIT Manager shall organize a Trust Unitholders meeting to protect the interest of BOFFICE. The REIT Manager has the right to consult with the Trustee on the importance of the matter.
- 3) The REIT Manager shall prepare a invitation letter with sufficient details for the Trust Unitholders to make a decision, with at least details on how to attend the meeting and casting a vote, as well as the agenda of the meeting and matters to be proposed to the meeting, together with reasonable details with clear purpose, whether to inform, seek for approval, or for consideration, as the case may be, as well as the opinions from the REIT Manager on such matters. In the event that the agenda seeks for the resolution from the Trust Unitholders, the comments must involve the impact that the Trust Unitholders may receive after the voting on such matters, and must be delivered to the Trust Unitholders at least 14 days prior to the meeting that requires a resolution of no less than three-fourth of the Trust Unitholders attending the meeting with voting rights, or no less than 7 days before the meeting date in the event there is no agenda that requires a resolution from the Trust Unitholders. The meeting shall also be announced at least in one local daily newspaper no less than 3 days before the meeting. The venue to be used for the meeting must be in the locality where the office of the Trustee or the REIT Manager is located, or in nearby provinces.
- 4) In the event that the REIT Manager has not organized the meeting within 45 days after receiving the request letter from the Trust Unitholders with a total number of combined units no less than 10% of the total number of units sold, and/or as not organized the meeting within 1 month after receiving the request letter from the Trustee, the Trustee may organize a Trust Unitholder meeting as per cause one, mutatis mutandis. The REIT Manager is obliged to cooperate in the submission of relevant and necessary information that the Trustee must use to convene and conduct the Trust Unitholders meeting, within 7 days after receiving the request from the Trustee to avoid further delay of the meeting. The Trustee has the right to collect the actual expense incurred from the meeting (if any) from BOFFICE when organizing a Trust Unitholders meeting on behalf of the REIT Manager.
- 5) Quorum and Chairman of the Trust Unitholders meeting
 - 5.1) To constitute a quorum in the Trust Unitholders meeting, there shall not be less than 25 Trust Unitholders or no less than a half of the total number of Trust Unitholders. In addition, they shall have a total number of units no less than one-third of the total number of Trust Unit sold.
 - 5.2) If within 1 hour from the appointment for the Trust Unitholders meeting, the number of Trust Unitholders attending the meeting is insufficient to form a quorum, if the meeting requires only the presence of Trust Unitholders and that the Trustee has requested for an extraordinary meeting, the meeting shall then be dissolved. If the meeting is not convened upon the request for an extraordinary meeting by the Trust Unitholders, the meeting shall be rescheduled, with an invitation sent to the Trust Unitholders no less 7 days prior to the meeting. In the rescheduled meeting, no quorum shall be necessary.

- 5.3) Under the enforcement of the Trust Act and related notifications, the Trustee shall appoint a person to act as the Chairman of the Trust Unitholders meeting. However, if there is an agenda for consideration regarding the interests of the Trustee at the Trust Unitholders meeting, the Trustee and his/her proxy shall leave the meeting room during such agenda, and the REIT Manager shall nominate a name list to the Trust Unitholders meeting to consider and appoint a person to be the Chairman of the Trust Unitholders meeting in such agenda.
- 5.4) If there is an agenda for consideration regarding interests of the Trustee and the REIT Manager at the Trust Unitholders meeting, the Trustee and the REIT Manager and their proxies would have no voting rights on such agenda (in case the Trustee or the REIT Manager and their proxies are the Trust Unitholders). In the event that the Trustee share an interest with any agenda, the REIT Manager shall nominate the name list to the Trust Unitholders meeting to consider and appoint a person to be the Chairman of the Trust Unitholders meeting in such agenda.

The Chairman of the Trust Unitholders meeting has an authority and duties as follows:

- (a) Supervises and maintains the order of the Trust Unitholders meeting
- (b) Specifies any other methods to proceed the Trust Unitholders meeting as the Chairman deems appropriate or necessary for the purpose of well-organized and effective Trust Unitholders meeting, including its consideration and voting procedure
- (c) Maintains the order of the Trust Unitholders meeting as per the Trust Act and related laws. The Chairman may cease the discussion or consideration of any matter during the meeting.
- (d) In a case that the votes for resolution at the Trust Unitholders meeting are tied, 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.

6) Grant of proxy

At the Trust Unitholders meeting, a Trust Unitholder may appoint another person 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 the Trust Unitholders along with the invitation letter for the 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 the commencement of the meeting.

7) Method for counting votes

A Trust Unitholder has 1 vote per 1 trust unit held. Trust Unitholders entitled to vote shall not have special interests in such agenda.

8) Resolution of Trust Unitholders

Unless otherwise stated in the Trust Deed, the resolution of the Trust Unitholders meeting shall consist of the following votes:

- 8.1) In a general case, it shall consider the majority vote of the Trust Unitholders attending the meeting that are entitled to vote.
- 8.2) In the following cases, the resolution shall be final if received at least three-fourth of the total votes of Trust Unitholders attending the meeting that are entitled to vote.
 - (a) Acquisition or disposition of BOFFICE's major asset with the value equal to or more than 30% of the total asset value of BOFFICE
 - (b) Increase or decrease of BOFFICE's paid-up capital that is not indicated in the Trust Deed in advance
 - (c) Increase of capital under general mandate of BOFFICE
 - (d) Transactions made with the REIT Manager or related parties with the REIT Manager, with the transaction value equal to or above 20,000,000 Baht, or more than 3% of net asset value of BOFFICE, whichever is higher
 - (e) Change of benefits and return of the capital to Trust Unitholders
 - (f) Change of Trustee or REIT Manager; however, for the change of REIT Manager, it shall be in accordance with the Trust Deed
 - (g) Amendment of the Trust Deed that significantly affects the right of Trust Unitholders
 - (h) Dissolution of BOFFICE

However, the resolution of Trust Unitholders that would cause BOFFICE or the its 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.

9) Minutes of Trust Unitholders meeting

The REIT Manager shall prepare a record of the resolutions of the meeting and the process of summoning and conducting each Trust Unitholders meeting. The Chairman of the meeting needs to approve the integrity of the minutes. Expenses incurred from the preparation of the minutes are considered the expense of BOFFICE.

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

1) Board of Directors

The Board of Directors shall consist of at least 3 directors, with at least one-third of the Board being independent directors. The Board of Directors shall be qualified and have no prohibited characteristics as specified by laws.

2) Management at the level of managing director

The Board of Directors will appoint 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 the Auditor

BOFFICE has appointed an auditor for the accounting period ended on 31 December 2020, with the following details:

| | |
|----------------|---|
| Company | EY Office Company Limited |
| Auditor | Mr. Kittiphan Kiatsomphob |
| Audit fee* | 1,210,000 Baht |
| Non-audit fee* | 1,200,000 Baht, for compiling the Report and Projected Financial Information, which will be used along with the first investment in additional assets |

*Remark *VAT Excluded*

Internal Control and Risk Management

The REIT Manager provides the internal control system to protect assets of BOFFICE and benefits of Trust Unitholders, including clearly establishes the management structure and implements the risk management system to estimate potential risks and identify approach to manage such risk to be in a risk tolerance level. In addition, the REIT Manager also systemically separates duties in the management structure of the REIT Manager, balances the power appropriately. The Compliance Department are monitoring and reporting risks to the Board of directors. Whereas, the Accounting Department and the Asset Management Department are collaborating with the Compliance Department for monitoring and auditing system for operations of the Property Manager in order to prevent assets of BOFFICE from abuse.

For the Internal audit and control system of the year 2020, the REIT Manager has been acquired an internal auditor from external service provider to perform the audit of REIT Manager's management in accordance with the Operation manual and internal control system, Trust Deed and related laws.



Prevention of Conflict of Interest

Related Party Transactions for Previous Accounting Period

| Person/ Juristic Person | Relationship | Characteristics of Related Party Transaction | Importance and Reason | Opinion of Pricing |
|---|--|--|---|--|
| Bhiraj REIT Management Company Limited | - REIT Manager | - Receive REIT management fee from BOFFICE | - Hired by BOFFICE to manage BOFFICE, with fees given from the operation as per the scope of duty and responsibility | - The fees are in accordance with the agreed contract; and do not exceed the limit prescribed in the Trust Deed. |
| BHIRAJ Management Company Limited | - Property Manager - A subsidiary of BHIRAJ BURI Company Limited, as same as the REIT Manager | - Receive Property management fee from BOFFICE | - Hired by BOFFICE to manage the properties of BOFFICE, with fees given from the operation as per the scope of duty and responsibility | - The fees are in accordance with the agreed contract; and do not exceed the limit prescribed in the Trust Deed. |
| Kasikorn Asset Management Company Limited | - Trustee | - Receive Trustee fee from BOFFICE | - Hired by BOFFICE to management of BOFFICE's Benefits, with fees given from the operation as per the scope of duty and responsibility | - The fees are in accordance with the agreed contract; and do not exceed the limit prescribed in the Trust Deed. |
| KASIKORNBANK Public Company Limited | - Lender - Major shareholder of Kasikorn Asset Management Company Limited, which is the Trustee | - Deposit - Provide loan | - Depositing working capital with the bank allows BOFFICE to collect more income from the interest, instead of just the rental and service fees - Loaning a capital to invest in the properties of BOFFICE | - Interest as per the notification of the bank, under normal rate and conditions. - Loan interest rate within the rate similar to the market. |

| Person/ Juristic Person | Relationship | Characteristics of Related Party Transaction | Importance and Reason | Opinion of Pricing |
|-------------------------------------|---|--|--|---|
| | | - Rent a space in BHIRAJ TOWER at EmQuartier as an office and provide related services | - Leasing of office space and providing related service for the benefit of BOFFICE | - Rental rate is not lower than that of the other tenants, with service fees equal to those of other tenants in the building. |
| BHIRAJ BURI Company Limited | - Property owner - Major Trust Unitholder Property | - Distribute benefits | - Distributing benefits to the Trust Unitholders as per the Trust Deed | - As per the distribution announcement for the Trust Unitholders |
| | | - Expenses related to the common area service contract of BHIRAJ TOWER at EmQuartier | - Hired for managing the common area of BHIRAJ TOWER at EmQuartier Project, such that the property could generate income, with additional details as per the prospectus for the first capital increase | - Expense related to the common area service contract of the Project as per the agreement, with additional details as prescribed in the prospectus for the first capital increase |
| | | - Incomes related to the contract for providing service related to meeting room and other services | - Collecting of fees for using the meeting rooms and other services, such that BOFFICE could collect more income instead of just the rental and service fees | - Income received as per the agreed contract at the rate comparable to that of the tenants, or the services that are comparable. |
| BHIRAJ BURI HOLDING Company Limited | - Major Trust Unitholder | - Distribute benefits | - Distributing benefits to the Trust Unitholders as per the Trust Deed | - As per the distribution announcement for the Trust Unitholders. |

| Person/ Juristic Person | Relationship | Characteristics of Related Party Transaction | Importance and Reason | Opinion of Pricing |
|---------------------------|--|---|---|---|
| PENTA 591 Company Limited | <ul style="list-style-type: none"> - Asset owner - Group companies of the BOFFICE's major trust unitholder | <ul style="list-style-type: none"> - Entered into a purchase agreement for ownership in the utility system and movable property of BHIRAJ TOWER at BITEC | <ul style="list-style-type: none"> - Transaction to invest for the additional details under "Acquisition of each Core Asset during the Accounting Period" and the prospectus for benefit of BOFFICE, with the first capital increase. | <ul style="list-style-type: none"> - The price is in accordance with the agreed contract, with additional details under "Details of Core Asset Acquisitions in the Accounting Period" and the prospectus for the first capital increase. |
| | | <ul style="list-style-type: none"> - Purchase consumables | <ul style="list-style-type: none"> - As BOFFICE has invested in the BHIRAJ TOWER at BITEC Project, it is necessary to purchase consumables for using in the operation of the office zone and to facilitate the tenants. | <ul style="list-style-type: none"> - The purchase price is equal to the cost of consumables of PENTA 591 Company Limited. |
| | | <ul style="list-style-type: none"> - Services related to BHIRAJ TOWER at BITEC | <ul style="list-style-type: none"> - Expense related to BHIRAJ TOWER at BITEC Project that will be reimbursed to PENTA 591 Company Limited at the amount paid on behalf of BOFFICE, partly due to the service was part of the continuous agreement before the investment of BOFFICE. | <ul style="list-style-type: none"> - The expense is equal to the cost PENTA 591 Company Limited paid to the service provider. |

| Person/ Juristic Person | Relationship | Characteristics of Related Party Transaction | Importance and Reason | Opinion of Pricing |
|-----------------------------|---------------|--|---|---|
| PHARINDHORN Company Limited | - Asset owner | - Entered into a leasehold right and purchase of ownership agreement for public utility system and movable property of BHIRAJ TOWER at BITEC | - Transaction to invest for the benefit of BOFFICE, with additional details under “Details of Core Asset Acquisitions in the Accounting Period” and the prospectus for the first capital increase | - The price is in accordance with the agreed contract, with additional details under “Details of Core Asset Acquisitions in the Accounting Period” and the prospectus for the first capital increase. |
| | | - Services related to the service contract of BHIRAJ TOWER at BITEC | - Due to some of the properties, public utilities, and common areas are shared between the BHIRAJ TOWER at BITEC and Bangkok International Trade & Exhibition Centre (BITEC), which are the shared assets that BOFFICE does not invest in, therefore, a proportion is made as agreed for the amount that BOFFICE needs to pay, with additional details prescribed in the prospectus for the first capital increase. | - The expense reflects costs and proportionally estimates the common area service provided, which then reflects the proportion of the service used by BHIRAJ TOWER at BITEC and Bangkok International Trade & Exhibition Centre (BITEC), with additional details prescribed in the prospectus for the first capital increase. |
| | | - Other expenses related to the office building management | - Expense related to the building management of BOFFICE | - The cost of goods and services shall not be lower than that of other providers. |

| Person/ Juristic Person | Relationship | Characteristics of Related Party Transaction | Importance and Reason | Opinion of Pricing |
|--------------------------------|---|--|--|--|
| | | - Incomes related to the lease agreement and services for the office space for rent and parking space. | - Collecting of rental, office space service, and parking fees, such that BOFFICE could collect more income instead of just the rental and office space service fees, with additional details prescribed in the prospectus for the first capital increase. | - Office rental and service fees shall not be lower than that of other tenants within the building. The parking fees for holidays and public holidays are comparable to the rate for tenants within the building. The rental shall not affect the office tenants, with additional details prescribed in the prospectus for the first capital increase. |
| BITEC SERVICES Company Limited | - Group companies of the BOFFICE's major trust unitholder | - Tree service expenses for BHIRAJ TOWER at BITEC. | - Hired for providing maintenance for the trees within the BOFFICE area, for the better landscape for office tenants. | - The fees are as agreed; not higher than that of other service providers. |

The related party transactions that will remain in the future for the benefit of BOFFICE include Property Management fees, REIT Management fees, expenses associated with the service agreement of BHIRAJ TOWER at BITEC, interest income, and Trustee fees.

Policy Related to Transactions between BOFFICE and the Related Parties

Entering into a transaction between BOFFICE and a party related to the REIT Manager, or the Trustee, may cause a conflict of interest. To create transparency and fairness for all Trust Unitholders, the REIT Manager has provided the following transaction policies:

- 1) Transaction policies between BOFFICE and the REIT Manager or a party related to the REIT Manager, shall be in accordance with the following conditions:
 - 1.1) Terms and conditions for entering a transaction with a connected party
 - (a) Transactions between BOFFICE and the REIT Manager, or a party related to the REIT Manager, will be performed in accordance with the Trust Deed and related laws for the best benefit of BOFFICE.
 - (b) Any transactions between BOFFICE and the REIT Manager or a party related to the REIT Manager shall be reasonable and apply fair market prices, including the expense for entering the transaction collected from BOFFICE (if any) shall be at fair and appropriate rate.
 - (c) A party with direct or indirect benefits to the transaction shall not be involved in the decision-making the leads to the transaction.
 - 1.2) The approval of transactions between BOFFICE and the REIT Manager or a party related to the REIT Manager shall be in accordance with the following process:
 - (a) Approval from the Trustee that the transaction is in accordance with the Trust Deed and related laws.
 - (b) In a case that the transaction value exceeds 1 million Baht, or equals to 0.03% or more of the BOFFICE's Net Asset Value, whichever is higher (or any other value specified by the Securities laws), it shall require approval from the Board of Directors of the REIT Manager.
 - (c) In a case that the transaction value exceeds 20 million Baht, or more than 3% of BOFFICE's Net Asset Value, whichever is higher, it shall require a resolution of the Meeting of the Trust Unitholders, with approving votes of no less than three-quarters of the total number of the attended Trust Unitholders that are eligible to vote.

In a case that the transaction between BOFFICE and the REIT Manager or a party related to the REIT Manager is an acquisition or disposition of the core assets, the value of such transaction shall be calculated based on the acquisition or disposition prices of all of the income-generating assets of such project, as well as other assets related to the project.

- 1.3) Unless it is a transaction between BOFFICE and the REIT Manager or a party related to the REIT Manager that has clearly shown the information in the registration statement and the prospectus, the approval of the Trustee or the resolution of the Trust Unitholders' Meeting is not required as specified in 1.2) However, in the event that a resolution of the Trust Unitholders' Meeting is needed, the invitation letter to the Trust Unitholders meeting shall also contain the opinion of the financial advisor to support the request for the resolution of the Trust Unitholder' Meeting.
- 2) Policies related to transactions between BOFFICE and the Trustee or a party related to the Trustee

In the management of BOFFICE, the Trustee shall not behave in a manner that is in conflict with BOFFICE's interest whether for the benefit of the Trustee or others, except for the following cases:

- 2.1) The Trustee demands remuneration for their performance as the Trustee
- 2.2) A transaction with the following characteristics:
 - (a) A transaction that has measures or mechanisms to inspect and protect the fairness of such transactions.
 - (b) The Trustee shows that it has managed the BOFFICE in an equitable manner and has sufficiently disclosed relevant information to the Trust Unitholders in advance, and such Trust Unitholders have not expressed any objection.

Disclosure of information and objection shall be in accordance with the rules set forth in the Notification Sor Ror. 27/2557 and other relevant rules as issued or amended by the Office of the Securities and Exchange Commission as follows:

- (1) Disclosure through the Stock Exchange of Thailand in accordance with the relevant regulations of the Stock Exchange of Thailand, or disclosure through other channels which all Trust Unitholders have access to such information.
- (2) Providing a reasonable period of disclosure which shall be no less than 14 days.
- (3) Disclosure of information shall clearly include the channels, procedures and period for objection, which shall be no less than 14 days, except for the case that a resolution of the Meetings of the Trust Unitholders is requested in support of such objections.
- (4) Following the process specified in (3), if more than one-fourth in total of the Trust Unitholders clearly object to the transaction, the Trustee shall not undertake or allow for such transaction, which represents the conflict of interest to BOFFICE, to be made.

Legal Controversy

BOFFICE has no lawsuits, Disputes in the Arbitration or Significant disputes related directly to BOFFICE which the REIT Manager believes will seriously impact on its Business, Financial Status and Performance. All essential information is provided in Notes to the Financial Statement as of 31 December 2020.



Corporate Social Responsibility

The REIT Manager has a keen awareness of corporate social responsibility (CSR), both directly and indirectly associated with BOFFICE, and has contemplated its social responsibility from a broad perspective. Specifically, BOFFICE emphasizes business operation with ethics and professional conduct, anti-corruption practices, compliance with human rights principles, respectful and ethical treatment of workers, corporate responsibility for consumers, environmental stewardship, participation in community or social development, and distribution of innovation derived from the operation with responsibility for society, environment, and stakeholders.

1) Business operation with ethics and professional conduct

1.1) Fair competition

Regarding the employment of specialists and service providers and the general procurement process, the REIT Manager and the Property Manager have at least 2 – 3 partners bid the prices and service in a fair and transparent manner.

1.2) Promoting 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.

1.3) Respect for the right over properties

The REIT Manager and the Property Manager promotes respect for right over properties, particularly intellectual property rights. In the procurement process, relevant employees are encouraged to use licensed software for maximized fairness and efficiency.

2) Anti-corruption

BOFFICE promotes the anti-corruption by setting the framework of operation in all procedures and audits by trustees, depending on the scope of duties, and account audits by reliable external organizations. This is a promising start for disciplining BOFFICE employees and relevant parties to tackle corruption in BOFFICE management for sustainable growth ultimately.

3) Respect for Human Right

The Property Manager of BOFFICE is well aware that respect for human rights is a foundation for human resources development. Therefore, BOFFICE refrains from violating human rights and prevent its employees from doing so. Instead, BOFFICE prides itself on the principles of freedom, equality, and peace. The recruitment of the corporate shall be free from discrimination against race, religion, and gender but advocate equality and oppress sexual abuse and sexual harassment. At BOFFICE, there shall be no restriction on the right to freedom of thought and participation in political activities as long as they do not affect or bring damage to the organization.

4) Fair Labor Practies

The Property Manager of BOFFICE is committed to improving the workers' standard and quality of life of its employees at BHIRAJ TOWER at EmQuartier and BHIRAJ TOWER at BITEC, particularly safe and healthy working environment. BOFFICE encourages its employees to think outside of the box and provides fair treatment and reasonable welfare benefits. The needs and expectations of workers and stakeholders are also taken into account to guarantee that the operation will achieve the target and prevent the impact on workers and stakeholders.

5) Responsibility to consumers

The Property Manager of BOFFICE adheres to the principles of Occupational Health & Safety Management System (ISO 45001: 2018). The purposes are to minimize and control the risk of employees and stakeholders, maximize the business efficiency and safety, and advocate the image of its corporate social responsibility for employees and society to be acceptable for building users at the international level. Furthermore, BOFFICE takes necessary measures to control and prevent danger to personal and public health by eliminating or minimizing the risk from the activities and working environment on employees, workers, and stakeholders. Most importantly, BOFFICE complies with laws, regulations, and other applicable requirements voluntarily, including the corporate's agreement with corporates or NGOs, such as:

- 5.1) Report the implementation results of occupational safety and health to the Department of Labour Protection and Welfare every three months.
- 5.2) Provide basic fire escape drills for tenants every year. The drills shall be led by the trainers with a valid license issued by the Department of Labour Protection and Welfare.
- 5.3) Provide fire extinguishing and fire escape drills for tenants once a year.
- 5.4) Review and report the list of hazardous chemicals and safety data of hazardous chemicals once a year.
- 5.5) Inspect the electrical safety system, record the inspection results, and certify the electricity and electrical equipment once a year.
- 5.6) Inspect and test elevator parts and equipment and test the weight support capacity of the elevator once a year.

- 5.7) Inspect and report the safety of the buildings and their components every year.
- 5.8) Measure and analyze the working environment, particularly light and noise levels in the workplace once a year.

As the COVID-19 pandemic is likely to spread rapidly and the number of patients in many countries worldwide is constantly multiplying, BOFFICE is aware of the gravity of the situation and the importance of building users' health and safety. Additional COVID-19 preventive measures launched to earn trust among tenants and visitors of the buildings. To minimize the risk of COVID-19 infections, BOFFICE adopted the following measures:

- The Track & Trace system was introduced by recording the access and access using the “ThaiChana” application.
- The Screen & Check system was employed to screen out visitors whose temperatures are higher than 37.5 degrees Celsius. The system also checked whether visitors wear a face mask. There will be specific procedures for those who might have COVID-19 disease.
- The Access & Crowd Control imposed, including limiting the number of people and space management to prevent crowding.
- The physical distancing policy was implemented, including marking on seats, standing points, and lining points.
- The Safety & Hygiene measures were taken, such as using air sanitizer and surface sanitizer, providing more hand washing areas with sanitizer, increasing the cleaning frequency, and managing the air quality and disinfection with the UVC innovation in some parts of the air conditioning system.
- The Encourage & Enforce campaign was launched and promoted. For instance, stakeholders were educated so that they have accurate knowledge and understanding. Also, stakeholders were encouraged to comply with the measures before their enforcement.
- There are additional and regular cleaning with sanitizer at several areas, such as the card exchange counter, the building entry card, the parking ticket, the turnstile, the elevator, and the common restrooms.
- Sanitizer spray at common areas of the buildings on a weekly basis.
- Hand sanitizer gels were provided at the card exchange counter, the lobby, the main entrance, and the elevator lobby areas.
- All staff members will be checked for their temperature before entering the buildings.
- The building staff will always put on a face mask and gloves to minimize direct contact with visitors.

- The building administrators launched PR campaigns to remind buildings users to always put on a face mask, wash hands with soap and water or alcohol gel, keep a distance from others, and refrain from talking inside the elevator.

6) Environmental management

The Property Manager of BOFFICE places immense value on the environmental implementation to minimize both direct and indirect impact from the business operation, compliance with environmental laws and regulations, and energy saving. The energy-saving implementations are administered in line with the Energy Management System (ISO 50001: 2011), whose purpose is to use energy efficiently, evaluate energy efficiency, plan energy consumption at full efficiency, reduce energy loss at every step, and inspect and maintain electrical equipment to prevent leak. The scope of this standard also covers monitoring and reporting the results of energy improvement projects and greenhouse gas reduction projects to communicate with relevant parties and stakeholders. The ultimate goals are an efficient use of energy, application of novel and practical technologies, and continuous and sustainable improvements.

- 6.1) Perform maintenance and analysis of the wastewater treatment system to monitor the quality of wastewater every month.
- 6.2) Perform maintenance and analysis of the tap water system to monitor the quality of tap water every month.
- 6.3) Control, monitor, and report the results of effluent discharge from the buildings once a month.
- 6.4) Make a comprehensive report of wastewater treatment system operation (Thor Sor 1) and a summary report of the wastewater treatment system operation (Thor Sor 2) once a month.
- 6.5) Monitor the concentration of hazardous chemicals in the atmosphere (carbon monoxide concentration in the parking building) and report the analysis results twice a year.
- 6.6) Launch energy-saving campaigns and measures according to the Energy Development and Promotion Act, B.E. 2535 (1992), such as electricity saving by using the automatic air conditioning system and replacing the old bulbs with LED light bulbs.
- 6.7) Make a report of energy management and energy management certification once a year according to the Notification of the Department of Alternative Energy Development and Efficiency.

7) Innovation and dissemination of innovation

The Property Manager employs administration innovation in the accounting and financial systems, the recruitment and procurement systems, and other systems in an integrated manner with the Sales and Marketing Department, the Service Operation Department, and the Engineering Operation Department. The integration of these systems aims to achieve efficient management and deliver excellent service to clients and building users. In the meantime, the Property Manager is also investigating the flaws arisen from using the innovation and exploring the possibilities of using innovation for more integrated management.

8) Corporate Social Responsibility (CSR) and Customer Relationship Management (CRM)

In 2020, BOFFICE participated in a social development activity known as “Tae Jai Hai”, a fund-raising campaign under the Foundation for Thailand Rural Reconstruction Movement Under the Royal Patronage.

The “Tae Jai Hai” activity was held at the lobby areas of BOFFICE’s projects, including BHIRAJ TOWER at EmQuartier and BHIRAJ TOWER at BITEC. The objective of this activity was to persuade tenants and passersby to do charitable acts for the new year. Participants could play a role as whistleblowers of the campaign by taking a photo with the Tae Jai Cat and choose the photo frame of the projects that they wished to support, including the projects for children and teenagers, senior citizens, people with disabilities and illnesses, animals, and the environment. Apart from sharing their photos on social media, participants were encouraged to donate to the above charitable projects. This campaign was run in December 2020 and received overwhelming feedback from tenants, employee who worked in the buildings, and people who passed by the buildings.



Opinion of the Trustee



หลักทรัพย์จัดการกองทุนสีกรไทย
开泰基金管理 KASIKORN ASSET MANAGEMENT



Opinion of the Trustee

To Trust unitholders of Bhiraaj 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 Bhiraaj Office Leasehold Real Estate Investment Trust managed by Bhiraaj REIT Management Company Limited for the accounting period from 1 January 2020 to 31 December 2020.

I am of the opinion that Bhiraaj 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,

Mr. Vittawat Ajcharyavanich
Executive Vice President
Property Business Management Division

Kasikorn Asset Management Company Limited

4 March 2021

Independent Auditor's Report



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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 statement of financial position, including the details of investments as at 31 December 2020, the related statements of comprehensive income, changes in net assets and cash flows 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 2020, its financial performance and cash flows for the year then ended in accordance with the Accounting Guidance for Property Funds, Real Estate Investment Trusts, Infrastructure Funds and Infrastructure Trusts issued by the Association of Investment Management Companies and approved by the Securities and Exchange Commission of Thailand ("the Accounting Guidance").

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 statement of financial position as at 31 December 2020 at their fair value of Baht 9,843 million, representing 94% of total assets and for the year ended 31 December 2020 the Trust recognised net profit from changes in the fair value of investment in leasehold right over properties amounting to Baht 12 million in the statement of comprehensive 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 2020, the Trust recognised revenue from rental and services amounting to Baht 721 million in the statement of comprehensive income. Moreover, the Trust has entered into agreements with a large number of customers, most of whom are retail tenants, and there are a variety of conditions in these agreements. I, therefore, addressed the recognition of rental and service income as a key audit matter.

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

Other information

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

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

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

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



Responsibilities of the REIT Manager for the Financial Statements

The REIT Manager is responsible for the preparation and fair presentation of the financial statements in accordance with the Accounting Guidance, 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.



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- 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.

A handwritten signature in black ink, appearing to read 'Kittiphun Kiatsomphob'.

Kittiphun Kiatsomphob

Certified Public Accountant (Thailand) No. 8050

EY Office Limited

Bangkok: 24 February 2021

Financial Statement and Notes to Financial Statement

Bhiraj Office Leasehold Real Estate Investment Trust

Statement of financial position

As at 31 December 2020

(Unit: Baht)

| | <u>Note</u> | <u>2020</u> | <u>2019</u> |
|---|-------------|-----------------------------|-----------------------------|
| Assets | | | |
| Investment in leasehold right over properties at fair value | 7 | 9,842,994,349 | 6,479,211,187 |
| Investment at fair value through profit or loss | 8 | 511,975,597 | 293,067,886 |
| Cash and cash equivalents | 9 | 52,931,835 | 53,215,851 |
| Rental and service and other receivables | 10 | 10,651,338 | 27,641,255 |
| Deferred expenses | 11 | 35,143,131 | 61,962,685 |
| Other assets | | 58,269,979 | 48,559,740 |
| Total assets | | <u>10,511,966,229</u> | <u>6,963,658,604</u> |
| Liabilities | | | |
| Trade and other payables | | 55,315,300 | 41,019,543 |
| Advance receipt for rental and services | | 28,842,607 | 17,870,735 |
| Deposits from rental and services | | 227,213,969 | 154,110,782 |
| Long-term loan from financial institution | 12 | 2,414,374,270 | 1,700,919,723 |
| Total liabilities | | <u>2,725,746,146</u> | <u>1,913,920,783</u> |
| Net assets | | <u><u>7,786,220,083</u></u> | <u><u>5,049,737,821</u></u> |

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

Bhiraj Office Leasehold Real Estate Investment Trust
Statement of financial position (continued)
 As at 31 December 2020

| | | (Unit: Baht) | |
|---|-------------|----------------------|----------------------|
| | <u>Note</u> | <u>2020</u> | <u>2019</u> |
| Net assets: | | | |
| Trust registered | | <u>6,978,277,565</u> | <u>4,873,441,263</u> |
| Capital from unitholders | 13 | 6,978,277,565 | 4,873,441,263 |
| Premium on capital from unitholders | 13 | 574,180,632 | - |
| Retained earnings | 14 | <u>233,761,886</u> | <u>176,296,558</u> |
| Net assets | | <u>7,786,220,083</u> | <u>5,049,737,821</u> |
| Net asset value per unit (Baht) | | 10.5522 | 9.7994 |
| Number of units issued at the end of year (units) | | 737,872,074 | 515,310,000 |

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

Bhiraj Office Leasehold Real Estate Investment Trust

Detail of Investments

As at 31 December 2020

Detail of investments classified by asset classes

| Type of investments | Areas held by the Trust | 2020 | | 2019 | |
|--|------------------------------|--------------------------|----------------------|--------------------------|----------------------|
| | | Percentage of investment | | Percentage of investment | |
| | | Cost (Baht) | Fair value (Baht) | Cost (Baht) | Fair value (Baht) |
| Investment in leasehold right over properties (Note 7) | | | | | |
| BHIRAJ TOWER at EmQuatier | | | | | |
| Location: 689 Sukhumvit Road | | | | | |
| | Klongtan-Nua Wattana Bangkok | 6,679,710,436 | 6,500,017,848 | 62.77 | 6,479,211,187 |
| BHIRAJ TOWER at BITEC | | | | | |
| Location: 4345 Sukhumvit Road | | | | | |
| | BangNa Tai BangNa Bangkok | 3,343,152,960 | 3,342,976,501 | 32.28 | - |
| Total investment in leasehold right over properties | | 10,022,863,396 | 9,842,994,349 | 95.05 | 6,479,211,187 |
| Investment in security (Note 8) | | | | | |
| Opened-end fund | | | | | |
| LH Short Term Fixed Income Plus Fund (LHSTPLUS) | | - | - | - | 147,264,023 |
| LH MONEY MARKET FUND (LHMM) | | - | - | - | 85,102,090 |
| Thai Cash Management Enjoy Fund (TCMFENJOY) | | 108,687,238 | 109,172,737 | 1.05 | 60,701,773 |
| SCB Treasury Money Plus Open End Fund (SCBTMFPLUS) | | 100,000,000 | 100,002,663 | 0.97 | - |
| Thanachart Cash Management Fund (T-Cash) | | 80,000,000 | 79,998,824 | 0.77 | - |
| K Cash Management Fund (K-CASH) | | 152,800,000 | 152,800,000 | 1.48 | - |
| Thai Cash Management Fund (TCMF-I) | | 70,000,000 | 70,001,373 | 0.68 | - |
| Total investment in securities | | 511,487,238 | 511,975,597 | 4.95 | 293,067,886 |
| Total investments | | 10,534,350,634 | 10,354,969,946 | 100.00 | 6,772,279,073 |
| | | | | | 100.00 |

* The value does not include accrued rental income.

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

Bhiraj Office Leasehold Real Estate Investment Trust
Statement of comprehensive income
For the year ended 31 December 2020

| | | (Unit: Baht) | |
|--|-------------|---------------------------|---------------------------|
| | <u>Note</u> | <u>2020</u> | <u>2019</u> |
| Income | | | |
| Rental and service income | | 721,489,890 | 637,532,359 |
| Interest income | | 284,200 | 293,940 |
| Other income | | 1,757,379 | 5,614,529 |
| Total income | | <u>723,531,469</u> | <u>643,440,828</u> |
| Expenses | | | |
| Cost of rental and service | | 105,342,632 | 119,690,289 |
| REIT management fee | 16 | 21,234,910 | 17,937,580 |
| Trustee and custodian fee | 16 | 9,361,970 | 7,854,202 |
| Registrar fee | 16 | 4,223,678 | 3,581,090 |
| Property management fee | 16 | 51,094,877 | 34,050,259 |
| Amortisation of deferred expenses | 11 | 17,264,939 | 17,217,767 |
| Other expenses | | 2,447,601 | 4,348,828 |
| Finance cost | 17 | 68,631,646 | 71,966,456 |
| Total expenses | | <u>279,602,253</u> | <u>276,646,471</u> |
| Net investment income | | <u>443,929,216</u> | <u>366,794,357</u> |
| Net gain on investments | | | |
| Net gain on change in fair value of investment in leasehold right over properties | 7 | 11,717,792 | 59,607,079 |
| Total net gain on investments | | <u>11,717,792</u> | <u>59,607,079</u> |
| Increase in net assets from operations | | <u><u>455,647,008</u></u> | <u><u>426,401,436</u></u> |

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

■ Bhiraj Office Leasehold Real Estate Investment Trust

Statement of changes in net assets

For the year ended 31 December 2020

| | | (Unit: Baht) | |
|---|-------------|-----------------------------|-----------------------------|
| | <u>Note</u> | <u>2020</u> | <u>2019</u> |
| Increase in net assets resulting from operations during year | | | |
| Net investment income | | 443,929,216 | 366,794,357 |
| Net gain on investment | | 11,717,792 | 59,607,079 |
| Net increase in net assets during year | | <u>455,647,008</u> | <u>426,401,436</u> |
| Capital from unitholders | | 2,679,016,934 | - |
| Capital reduction to unitholders | | - | (100,588,512) |
| Distribution to unitholders | 15 | (398,181,680) | (249,873,819) |
| Increase in net assets during year | | <u>2,736,482,262</u> | <u>75,939,105</u> |
| Net assets at the beginning of year | | <u>5,049,737,821</u> | <u>4,973,798,716</u> |
| Net assets at the end of year | | <u><u>7,786,220,083</u></u> | <u><u>5,049,737,821</u></u> |

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

Bhiraj Office Leasehold Real Estate Investment Trust

Statement of cash flows

For the year ended 31 December 2020

| | (Unit: Baht) | |
|---|------------------------|----------------------|
| | 2020 | 2019 |
| Cash flows from operating activities | | |
| Net increase in net assets from operations | 455,647,008 | 426,401,436 |
| 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 | (3,352,065,370) | (1,405,104) |
| (Purchase) Sale of investment in securities | (217,150,333) | 28,624,062 |
| (Increase) decrease in rental and service and other receivables | 16,989,917 | (14,863,757) |
| (Increase) decrease in deferred expenses | 9,554,615 | (9,554,615) |
| Increase in other assets | (9,710,239) | (1,818,645) |
| Increase (decrease) in trade and other payables | 17,606,909 | (18,769,705) |
| Increase in advance receipt for rental and services | 10,971,872 | 4,241,175 |
| Increase in deposits from rental and services | 73,103,187 | 3,886,496 |
| Amortisation of deferred expenses | 17,264,939 | 17,217,767 |
| Amortisation of front end fee | 13,454,547 | 5,764,897 |
| Net gain on change in value of investment in security | (1,757,379) | (5,614,529) |
| Net gain on investment in leasehold right over properties | (11,717,792) | (59,607,079) |
| Interest expenses | 48,974,173 | 66,201,559 |
| Net cash flows from (used in) operating activities | (2,928,833,946) | 440,703,958 |
| Cash flows from financing activities | | |
| Cash received from issuance of trust units | 2,679,016,934 | - |
| Cash received from long-term loan from financial institution | 700,000,000 | - |
| Cash capital reduction to its unitholders | - | (100,588,512) |
| Cash distribution to unitholders | (398,181,680) | (249,873,819) |
| Cash paid for interest expenses | (52,285,324) | (67,048,781) |
| Net cash flows from (used in) financing activities | 2,928,549,930 | (417,511,112) |
| Net increase (decrease) in cash and cash equivalents | (284,016) | 23,192,846 |
| Cash and cash equivalents at the beginning of year | 53,215,851 | 30,023,005 |
| Cash and cash equivalents at the end of year (Note 9) | 52,931,835 | 53,215,851 |

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

Bhiraj Office Leasehold Real Estate Investment Trust

Notes to financial statements

For the year ended 31 December 2020

1. General information

1.1 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.

In August 2020, the Trust made additional investments in BHIRAJ TOWER at BITEC project including the transferred ownership of utility and movable property which related to the operation of office buildings.

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 2020 and 2019, 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.

1.2 Coronavirus disease 2019 Pandemic

The Coronavirus disease 2019 pandemic is continuing to evolve, resulting in an economic slowdown and adversely impacting most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the group operates. The REIT manager has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved with the best information which REIT manager has known until the report date.

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

These financial statements are prepared in accordance with the Accounting Guidance for Property Funds, Real Estate Investment Trusts, Infrastructure Funds and Infrastructure Trusts issued by the Association of Investment Management Companies and approved by the Securities and Exchange Commission of Thailand.

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.

4. The Accounting Guidance for Property Funds, Real Estate Investment Trusts, Infrastructure Funds and Infrastructure Trusts effective in the current year

Prior to the current year, the Trust prepared its financial statements in accordance with Thai financial reporting standards enunciated under the Accounting Professions Act B.E. 2547 (TFRSs) and in accordance with the basis and format specified in Accounting Standard No.106 "Accounting for Investment Business". However, as TFRSs related to financial instruments are effective for accounting periods beginning on or after 1 January 2020, TAS 106 "Accounting for Investment Business" is cancelled. The Association of Investment Management Companies has, therefore, issued the Accounting Guidance for Property Funds, Real Estate Investment Trusts, Infrastructure Funds and Infrastructure Trusts ("the Accounting Guidance"), which has been approved by the Securities and Exchange Commission of Thailand ("SEC"), to be adopted by property funds, real estate investment trusts, infrastructure funds and infrastructure trusts established under the SEC's regulations.

The Accounting Guidance stipulates that an entity adopting the guidance not refer to other financial reporting standards promulgated by the Federation of Accounting Professions of Thailand ("TFAC") in respect of matters covered by the Accounting Guidance, while for those matters not covered by the Accounting Guidance, the entity is to follow the financial reporting standards issued by TFAC that are effective in that financial reporting period.

The Accounting Guidance stipulates rules regarding the classification and measurement of various transactions and balances, including investment properties, leases, consolidated financial statements, revenue and expenses, as well as financial instruments. It requires all financial assets to be measured at fair value through profit or loss and that the costs attributable to issuing equity be deducted from owners' equity. In addition, the Accounting Guidance specifies the components of the financial statements and their presentation format, as well as the notes to the financial statements. The Accounting Guidance contains certain different requirements from those of the previous financial reporting standards that the entity had adopted. Upon initial application, the entity can either adopt the change retrospectively, or adjust the cumulative effect of the change against retained earnings on the initial application date, with no requirement to restate the comparative information. In addition, any costs of issuing equity previously recorded as deferred expense and being amortised over a period of not longer than 5 years, in accordance with TAS 106, can continue to be amortised over the remaining period.

The adoption of the new Accounting Guidance in this period has no significant impact on the Trust's financial statements, except as follows:

- The Trust is not required to present certain financial information, such as financial ratios, in the format previously prescribed by TAS 106.
- The Trust elected to continue amortising costs of issuing equity related to transactions occurring before 1 January 2020. The outstanding balance of deferred costs of issuing equity as at 1 January 2020 was Baht 52.41 million, with a remaining amortisation period of 3 years and 1 month (31 December 2020: Baht 35.14 million). However, any costs of issuing equity related to transactions occurring after 1 January 2020 are presented as deductions from the capital from unitholders.

5. Significant accounting policies

5.1 Revenue and expense

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 gains or losses in the statement of comprehensive income.

Investments at fair value through profit or loss

Investment in mutual fund which present in the financial statement are stated at fair value. The fair value is based on net asset value at the close of business on the financial statement 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 other income in the statement of comprehensive income. The weighted average method is used for computation of the cost of investment disposal.

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 statement of financial position as "Other receivables".

5.3 Accounts receivable from rental and service

The Trust determines the fair value of accounts receivable from rental and service based upon historical credit loss experience adjust with the forecast economic condition for that customer.

5.4 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 |
| 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 and BHIRAJ Tower at BITEC |

| Company's Name | Relationship | Details of Business Transactions |
|-----------------------------------|--|--|
| BITEC SERVICES Company Limited | - Group companies of the Trust's unitholder | - Has for tree services of BHIRAJ Tower at BITEC and others |
| PHARINDHORN COMPANY LIMITED | - Property owner | - Has entered into purchase agreement for the ownership of utility and movable property of BHIRAJ Tower at BITEC - Has entered into agreement for common area service of BHIRAJ Tower at BITEC - Has entered into service agreement |

5.5 Distribution to unitholders

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

5.6 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.

5.7 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.

5.8 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 financial statement 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) | |
|---|-----------------------|-----------|
| | 2020 | 2019 |
| Investment in leasehold right over properties | | |
| at beginning of the year | 6,479,211 | 6,418,199 |
| Purchases of Investment in leasehold right of | | |
| BHIRAJ TOWER at BITEC | 3,343,153 | - |
| Purchases of equipment | 8,912 | 1,405 |
| Net gain on investment in leasehold right | | |
| over properties | 11,718 | 59,607 |
| Investment in leasehold right over properties | | |
| at end of the year | 9,842,994 | 6,479,211 |

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 11.7 million (net of accrued income rental and service) in the statement of comprehensive income for the current year.

Key assumptions used in the valuation are summarised below:

| | Rate | | Result to fair value where as an |
|---|-------|-------|----------------------------------|
| | 2020 | 2019 | increase in assumption value |
| Discount rate (%) | 9 | 9 | Decrease in fair value |
| Occupancy rate (%) | 95 | 97 | Increase in fair value |
| Rental rate per month (Baht per square metre) | 1,030 | 1,020 | Increase in fair value |

On 20 August 2020, the Trust acquired investment in leasehold right of BHIRAJ TOWER at BITEC by executing a lease agreement for most of the office rental areas in BHIRAJ TOWER at BITEC including the transferred ownership of utility and movable property which related to the operation of office buildings for a year of 30 years. The Trust has paid Baht 3,343 million for this leasehold right.

As at 31 December 2020 and 2019, 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 at fair value through profit or loss

(Unit: Thousand Baht)

| | 2020 | 2019 |
|------------------------------|---------|----------|
| At the beginning of the year | 293,068 | 316,077 |
| Addition (Disposal) | 217,151 | (28,624) |
| Gain on change in fair value | 1,757 | 5,615 |
| At the end of the year | 511,976 | 293,068 |

9. Cash and cash equivalents

As at 31 December 2020 and 2019, the Trust has the following cash and cash equivalents.

| | Balance (Unit: Thousand Baht) | | Interest rate per annum (Percent) | |
|---------------------------------|----------------------------------|--------|--------------------------------------|-------------|
| | 2020 | 2019 | 2020 | 2019 |
| Cash | 10 | 10 | - | - |
| Deposits at bank | 52,922 | 53,206 | 0.05 - 0.25 | 0.22 - 0.55 |
| Total cash and cash equivalents | 52,932 | 53,216 | | |

10. Rental and service and other receivables

(Unit: Thousand Baht)

| | 2020 | 2019 |
|--|---------|---------|
| Rental and service receivables | | |
| Unrelated parties | 4,899 | 4,233 |
| Related parties | 207 | 125 |
| Accrued rental income | | |
| Unrelated parties | 3,929 | 7,173 |
| Related party | 1,230 | 2,870 |
| Total rental and service receivables | 10,265 | 14,401 |
| Other receivables | | |
| Unrelated parties | 3,518 | 17,819 |
| Related party | 305 | 9 |
| Total other receivables | 3,823 | 17,828 |
| Loss on fair value adjustment | (3,437) | (4,588) |
| Other receivables - net | 386 | 13,240 |
| Total rental and service and other receivables | 10,651 | 27,641 |

The balance of rental and service receivables as at 31 December 2020 and 2019 are aged on the basis of due dates as follows:

| Age of receivables | (Unit: Thousand Baht) | |
|--------------------------------------|-----------------------|-------|
| | 2020 | 2019 |
| Not yet due | 4,130 | 3,340 |
| Past due | | |
| Up to 3 months | 854 | 989 |
| 3 - 6 months | 122 | 29 |
| Total rental and service receivables | 5,106 | 4,358 |

11. Deferred expenses

As at 31 December 2020 and 2019, deferred expenses represent deferred expenses incurred for issuing and initial public offering the trust units. The details are as follows:

| | (Unit: Thousand Baht) | |
|---|-----------------------|----------|
| | 2020 | 2019 |
| Deferred expenses at beginning of the year/period | 61,963 | 69,626 |
| Addition during the year | 48,942 | 9,555 |
| Deducted from the capital from unitholders | (58,497) | - |
| Amortisation during the year | (17,265) | (17,218) |
| Deferred expenses at end of the year | 35,143 | 61,963 |

12. Long-term loan from financial institution

As at 31 December 2020 and 2019, 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) | |
|---|-----------------------|-----------|
| | 2020 | 2019 |
| Long-term loan from financial institution | 2,420,000 | 1,720,000 |
| Less: Deferred transaction costs | (5,626) | (19,080) |
| Long-term loan from financial institution - Net | 2,414,374 | 1,700,920 |

On 12 June 2020, the Trust had a new long-term loan agreement for repayment under the original loan agreement totaling Baht 1,720 million. The conditions of new loan agreement carries interest at MLR minus rate according to loan agreement. The interest is paid monthly and the principal is fully repaid in 2025.

On 20 August 2020, the Trust borrowed Baht 700 million from a financial institution. The loan carry interest at MLR minus rate according to loan agreement with monthly interest payment. The principal is fully repaid in 2025.

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

The transactions of capital from unitholders are summarised below:

| | 31 December 2020 | | | 31 December 2019 | | |
|---------------------------------|-------------------------------|-------------------------------|------------------------------|-------------------------------|-------------------------------|------------------------------|
| | Trust unit value (Baht) | Number (Thousand units) | Amount (Thousand Baht) | Trust unit value (Baht) | Number (Thousand units) | Amount (Thousand Baht) |
| Capital from unitholders | | | | | | |
| At the beginning of the year | 9.4573 | 515,310 | 4,873,441 | 9.4573 | 515,310 | 4,873,441 |
| Capital increase | | | | | | |
| during the year | 9.4573 | 222,562 | 2,104,837 | - | - | - |
| At the end of the year | | <u>737,872</u> | <u>6,978,278</u> | | <u>515,310</u> | <u>4,873,441</u> |

During the current year, the Trust issued additional 222.56 million units at a par of Baht 9.4573 per unit, with an offering of Baht 12.30 per unit or total of Baht 2,737.51 million, to the existing unitholders and public. On 18 August 2020, the Trust received full payment for the capital increase.

The difference between offer price and Trust unit value amounting to Baht 574.18 million (net of cost of issuing equity amounting to Baht 58.50 million) presented as Premium on capital from unitholders in Capital from unitholders.

14. Retain earnings

| | (Unit: Thousand Baht) | |
|---|-----------------------|----------------|
| | 2020 | 2019 |
| Retained earnings (Deficit) at the beginning of year | 176,296 | (231) |
| Add: Increase in net assets resulting from operations | | |
| during the year | 455,647 | 426,401 |
| Less: Distribution to unitholders during the year | (398,181) | (249,874) |
| Retain earnings at the end of year | <u>233,762</u> | <u>176,296</u> |

15. Distribution to unitholders

Distribution paid during the period ended 31 December 2020 consists, as follows:

| Approved date | The operation for the period | Per unit (Baht) | Total (Thousand Baht) |
|------------------|---|--------------------|--------------------------|
| 20 February 2020 | 1 October 2019 to 31 December 2019 | 0.1961 | 101,053 |
| 2 March 2020 | 1 January 2020 to 29 February 2020 | 0.1104 | 56,889 |
| 31 July 2020 | 1 March 2020 to 30 June 2020 | 0.2400 | 123,673 |
| 31 July 2020 | Retained earnings from 15 January 2018 (Date of incorporation) to 31 December 2019 | 0.0097 | 5,000 |
| 12 November 2020 | 1 July 2020 to 30 September 2020 | 0.1512 | 111,566 |
| | | | <u>398,181</u> |

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> |

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% 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% 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% per annum of operating revenue, and variable fee, which a rate not exceeding 3.00% per annum of operating profit. The total rate ceiling is not exceeding 3.00% 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) | | |
|---|-----------------------|--------|--|
| | 2020 | 2019 | Pricing policy |
| BHIRAJ BURI Company Limited | | | |
| Distribution to unitholders | 79,588 | 49,945 | As declared |
| Capital reduction | - | 20,095 | As declared |
| Expenses for common area | 4,517 | 4,161 | Contractually agree price |
| Service income | 1,414 | 300 | As agreed price |
| BHIRAJ BURI HOLDING Company Limited | | | |
| Distribution to unitholders | 2,459 | - | As declared |
| PHARINDHORN COMPANY LIMITED | | | |
| Leasehold right over property | 2,820,000 | - | Contractually agree price |
| Sales of assets | 11,450 | - | Contractually agree price |
| Cost of rental and service | 14,715 | - | Contractually agree price |
| Rental and service income | 5,473 | - | Contractually agree price |
| Penta 591 Company Limited | | | |
| Sales of assets | 468,550 | 77 | Contractually agree price |
| Purchase consumables | 252 | - | As agreed price |
| Cost of rental and service | 765 | - | As agreed price |
| BITEC SERVICES Company Limited | | | |
| Tree service expenses | 72 | - | As agreed price |
| Bhiraj REIT Management Company Limited | | | |
| Trust management fee | 21,235 | 17,938 | At the rate stipulated in the service agreements |

| | | | (Unit: Thousand Baht) |
|--|--------|--------|--|
| | 2020 | 2019 | Pricing policy |
| BHIRAJ Management Company Limited | | | |
| Property management fee | 51,095 | 34,050 | At the rate stipulated in the service agreements |
| KASIKORN ASSET MANAGEMENT COMPANY LIMITED | | | |
| Trustee and custodian fee | 9,362 | 7,854 | At the rate stipulated in the service agreements |
| KASIKORNBANK PUBLIC COMPANY LIMITED | | | |
| Rental and service income | 21,234 | 18,040 | Contractually agree price |
| Interest income | 281 | 285 | As detailed in Note 9 |
| Interest expenses | 68,632 | 71,966 | As detailed in Note 12 |

The balances of the accounts as at 31 December 2020 and 2019 between the Trust and those related parties are as follows:

| | | (Unit: Thousand Baht) |
|--|-------|-----------------------|
| | 2020 | 2019 |
| BHIRAJ BURI Company Limited | | |
| Rental and service receivable | 69 | 20 |
| Trade and other payables | 744 | 684 |
| BITEC SERVICES Company Limited | | |
| Trade and other payables | 17 | - |
| Bhiraj REIT Management Company Limited | | |
| REIT management fee payable | 2,372 | 1,579 |
| BHIRAJ Management Company Limited | | |
| Property management fee payable | 5,010 | 2,898 |
| KASIKORN ASSET MANAGEMENT COMPANY LIMITED | | |
| Trustee and custodian fee | 2,066 | 1,374 |

| | (Unit: Thousand Baht) | |
|--|-----------------------|-----------|
| | 2020 | 2019 |
| KASIKORNBANK PUBLIC COMPANY LIMITED | | |
| Deposits at bank | 51,419 | 52,166 |
| Rental and service receivable | - | 104 |
| Accrued rental income | 1,230 | 2,870 |
| Deposit from rental and services | 5,105 | 6,945 |
| Advance receipt for rental and services | 1,792 | - |
| Long-term loan from financial institution | 2,420,000 | 1,720,000 |
| Interest payable | 10,210 | 13,521 |
| Interest receivable | 7 | 9 |
| Pentra 591 Company Limited | | |
| Trade and other payables | 997 | 43 |
| PHARINDHORN COMPANY LIMITED | | |
| Rental and service and other receivable | 506 | - |
| Trade and other payables | 3,311 | - |
| Deposit from rental and services | 997 | - |
| BITEC SERVICES COMPANY LIMITED | | |
| Trade and other payables | 17 | - |

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 4,832 million which is 78.22% 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% 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 2020 and 2019, future service payments required under these service agreements were as follows:

| | (Unit: Million Baht) | |
|------------------|----------------------|------|
| | 2020 | 2019 |
| Payable within: | | |
| Less than 1 year | 32 | 10 |
| 1 to 2 years | 19 | 1 |

20.3 As at 31 December 2020 and 2019, 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 2020 and 2019, the Trust had the assets that were measured at fair value using different levels of input as follows:

| | (Unit: Million Baht) | | | |
|---|----------------------|---------|---------|-------|
| | 2020 | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| Assets measured at fair value | | | | |
| Investment in securities | - | 512 | - | 512 |
| Investment in leasehold right over properties | - | - | 9,843 | 9,843 |
| Rental and service and other receivables | - | - | 11 | 11 |

| | (Unit: Million Baht) | | | |
|---|----------------------|---------|---------|-------|
| | 2019 | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| Assets measured at fair value | | | | |
| Investment in security | - | 293 | - | 293 |
| Investment in leasehold right over properties | - | - | 6,479 | 6,479 |
| Rental and service and other receivables | - | - | 28 | 28 |

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

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

22. Financial instruments

22.1 Financial risk management objective and policies

The Trust's financial instruments, as defined under the Accounting Guidance for Property Funds Real Estate Investment Trusts, Infrastructure Fund, and Infrastructure Trusts, principally comprise cash and cash equivalents, 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, deposits at bank and financial instruments and other financial instruments. The maximum exposure to credit risk is limited to the carrying amounts of accounts receivable from rental and services as stated in the statement of financial position.

Rental and service receivables

The Trust 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 and various customer base and outstanding rental and service receivables are regularly monitored.

The Trust measures the fair value of rental and service receivables at each reporting date based on days past due for groupings of various customer segments with similar credit risks.

The Trust classifies customer segments by customer type and credit rating, and other forms of credit insurance. The calculation of the fair value reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, rental and service receivables are written-off if past due for more than one year and not subject to enforcement activity.

Financial instruments and cash deposits

The Trust manages the credit risk from balances with banks and financial institutions by making investments only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Trust Manager on an annual basis, and may be updated throughout the year subject to approval of the Trust Manager. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

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 2020 and 2019, significant financial assets and liabilities classified by type of interest rate are summarised in the table below.

| | | | | (Unit: Million Baht) |
|--|---------------------------|-------------------------|--------------|--|
| | | | | 2020 |
| | Floating interest rate | Non-interest bearing | Total | Effective interest rate (% per annum.) |
| <u>Financial assets</u> | | | | |
| Investment in securities | - | 512 | 512 | - |
| Deposits at banks | 53 | - | 53 | Please see in note 9 |
| Rental and service and other receivables | - | 11 | 11 | - |
| | <u>53</u> | <u>523</u> | <u>576</u> | |
| <u>Financial liabilities</u> | | | | |
| Trade and other payables | - | 55 | 55 | - |
| Deposits from rental and services | - | 227 | 227 | - |
| Long-term loan from financial institution | 2,414 | - | 2,414 | Please see in note 12 |
| | <u>2,414</u> | <u>282</u> | <u>2,696</u> | |

(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 | - |
| Deposits 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> | |

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 financial statement.

Market risk

The Trust is exposed to market risk due to its investment in securities. The return on investment depends on the fluctuation of the economic and political conditions, as well as money market and capital market situation. Such circumstances may have a positive or negative impact on the performance of the fund, depending on the type of fund whether it is correlated with the market volatility that may result in the increase or decrease in the investment value.

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 statement of financial position.

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 24 February 2021, a meeting of Board of Directors of the REIT Management passed a resolution to approve the appropriation of an interim distribution of Baht 0.1704 per unit trust, or a total of Baht 125,733,401. The Trust will pay the interim distribution to its unitholders on 25 March 2021.

25. Approval of financial statements

These financial statements were authorised for issue by the authorised person of the REIT manager on 24 February 2021.





REIT Manger

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