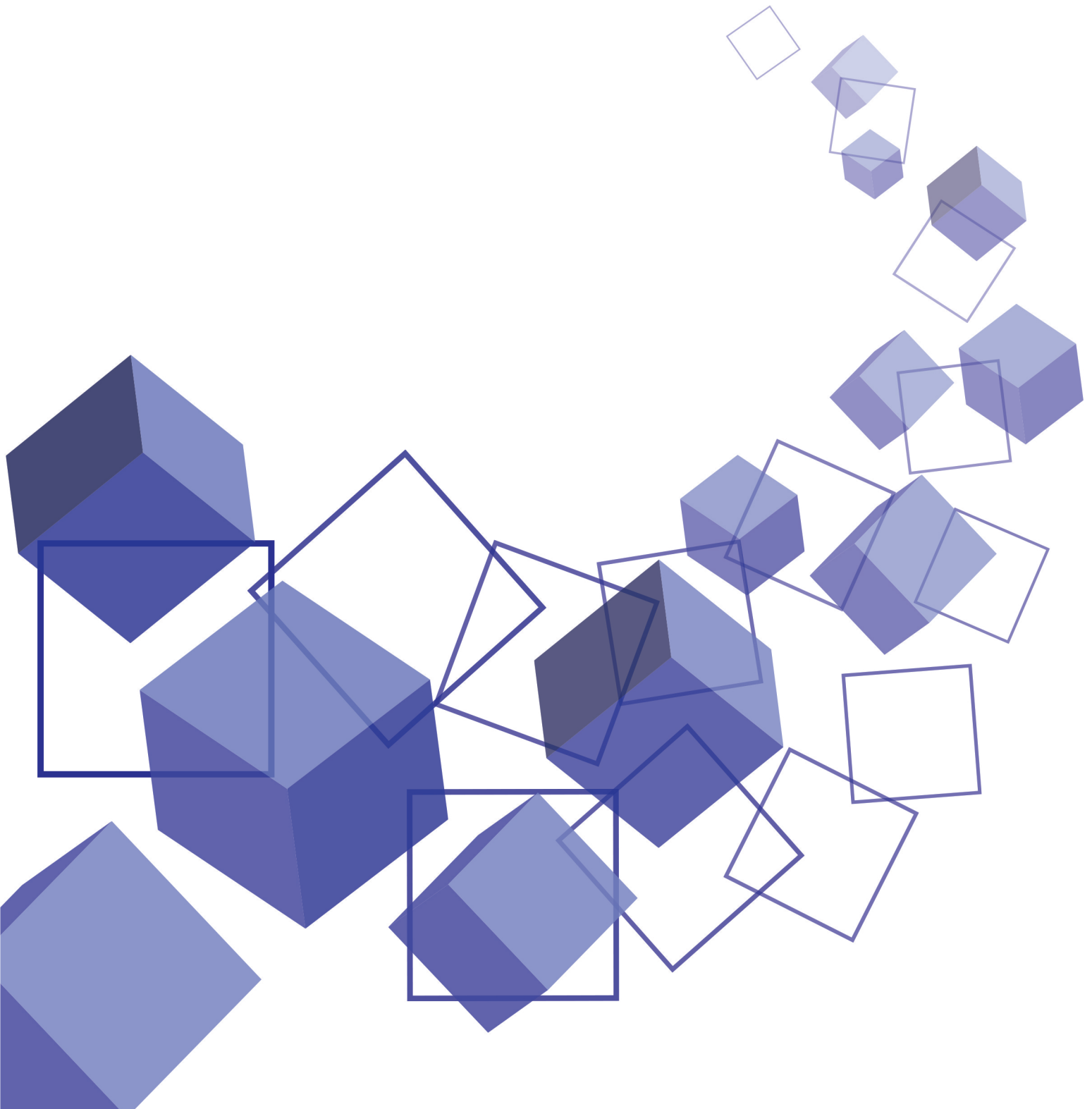


B-WORK

BUALUANG OFFICE LEASEHOLD REAL ESTATE INVESTMENT TRUST

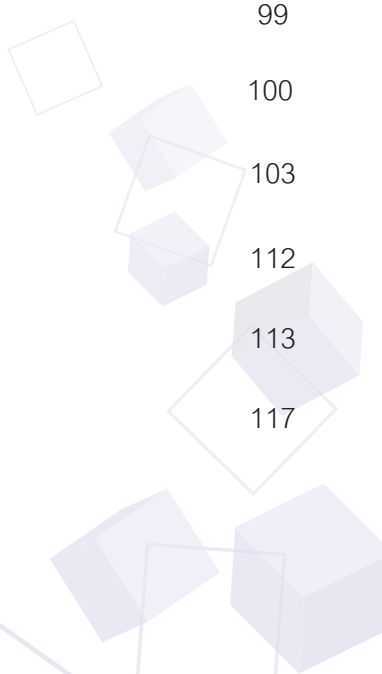
Annual Report 2018





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Message from the REIT manager

Dear Unitholders,

2018 was an inception year of Bualuang Office Leasehold Real Estate Investment Trust (B-WORK). I would like to express my gratitude to the stakeholders, especially the unitholders, for a kind support. Our initial assets, True Tower 1 and True Tower 2, are situated in the growing business district with the solid tenant profile. From day one, we have been working closely with the property manager, True Properties, reinforcing the excellent services to all clients and delivering a sustainable return to the unitholders.

In a coming year, we are going to consistently strengthen an asset performance of the existing assets through our pro-active management style. Furthermore, the opportunity to invest in the new assets is always within our scope and our intelligence has been assigned to this primacy.



Pornchalit Ploykrachang

Deputy Managing Director

Head of Real Estate & Infrastructure Investment



Summary of the REIT

1. Key Information

<u>REIT Name (in Thai)</u>	ทรัสต์เพื่อการลงทุนในสิทธิการเช่าอสังหาริมทรัพย์บวหลวง ออฟฟิศ
<u>REIT Name (in English)</u>	Bualuang Office Leasehold Real Estate Investment Trust
<u>Symbol</u>	B-WORK
<u>REIT Manager</u>	BBL Asset Management (“BBLAM”)
<u>Property Manager</u>	True Properties Co., Ltd. (“True Properties”)
<u>Trustee</u>	Krungthai Asset Management Public Company Limited (“KTAM”)
<u>Term of the REIT</u>	Indefinite
<u>Type of REIT Units</u>	Trust unit is not redeemable
<u>Term of Lease</u>	Leasehold in land and building of True Tower 1 Project and True Tower 2 Project for 30 years period counting from the date leasehold is listed onwards and expiring on February 7, 2048
<u>Paid-up Registered Capital</u>	3,620,030,160 Baht
<u>Key Information Summary of Revenue Generating from Invested Property</u>	Policy of benefits procurement from core assets invested by REIT by leasing the area of the invested properties to the tenants. REIT Manager by BBL Asset Management procures benefits from REIT assets through establishing the policy and setting the strategy of REIT asset management to generate best interest for REIT and entrust the duty of property management to True Properties on behalf of Property Manager
<u>Key Information Summary of Borrowing</u>	REIT entered into loan contract with Bangkok Bank Public Company Limited in type of long-term loan limit for 920,000,000 Baht to be used in investment to purchase initially invested core assets.

Key Information of Property - None -

Income Guarantee

Summary of Significant Event - None -

Affecting REIT Operation

Information of Dividended Payment REIT announced dividend payment from operating performance in FY2018 in total of 2 payments or in the value of 0.4834 Baht per trust unit.

Information of Capital Reduction The value of total one capital reduction in FY2018 was 0.1843 Baht per trust unit and remaining par value of unit trust was 9.8157 Baht per trust unit.

Asset Details

Asset	Type	Location	Fair value from revaluation of investment in leasehold properties ⁽¹⁾	Cost of Investment
True Tower 1	Leasehold in land and building	Ratchadapisek	2,806.00 THB mn	2,934.14 THB mn
True Tower 2	Leasehold in land and building	Pattanakarn	1,685.00 THB mn	1,635.71 THB mn

Remark ⁽¹⁾ Revaluation of investment in leasehold properties as of 1 July 2018 by CPM Capital Company Limited, by an income approach method

2. Key Risks of Investment in Trust Units

2.1 REIT business operational risk

Business operational risk of the REIT is related to business operation of the assets invested by REIT in terms of revenue, expense, and competitiveness of the business in relation to various elements such as occupant, property manager, and service provider, including procedure, policy and management process. This type of risk affects success of REIT investment.

2.2 REIT invested asset utilization ability risk

The utilization of REIT invested assets confronts with risks from external factors such as land expropriation risk, environment-related law risk, and natural disaster risk, and risks from internal factors such as risk from ability to pay rental fees of tenants, parking lot inadequacy risk, etc.

2.3 REIT Property Investment Risk

This investment risk is related to risk from property information verification process prior to investment whereas at the time after investment, property value confronts with risk from property value invested by REI according to the appraised value by the asset valuation company whereas the said appraised value is not the tool showing actual value of the property and unable to guarantee that the said property value will be in line with the appraisal either at present or in the future.

2.4 REIT Unit Investment Risk Exposed by the Investor

REIT unit investment risk may affect distribution rate and unit trust value such as unit trust price risk which may decrease after offering for sale of trust units and limited liquidity in the secondary market for trading of trust units, actual operating performance risk that may be significantly different from the expected comprehensive income statement based on assumption either explicitly or implicitly, etc.

Key financial statement

This report that shown below is financial statements for the period from 6 February 2018 (date of incorporation) to 31 December 2018 that has been audited by a certified public accountant, and the opinion of the authorized auditor, which can be summarized as follows:

“The auditor commented that the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as at 31 December 2018, and its financial performance, changes in net assets, cash flows and the significant financial information for the period from 6 February 2018 (date of incorporation) to 31 December 2018 in accordance with Thai Financial Reporting Standards (TFRSs)”

1 Financial Statements for the year ended 31 December 2018

Balance sheet (Unit : Baht)	6 February 2018 – 31 December 2018
Assets	
Investments in leasehold properties at fair value	4,491,000,000
Investments in cash at financial institution at fair value	143,605,079
Cash and cash equivalents	134,921,117
Rental and service receivables	55,752,275
Accrued income	6,455,758
Accrued interest income	330,528
Deferred expenses	2,171,982
Refundable value added tax	17,801,438
Refundable deposits	10,726,388
Other assets	1,855,480
Total assets	4,864,620,045
Liabilities	
Trade accounts payable	18,990,116
Other payables and accrued expenses	31,923,049
Rental and service income received in advance	77,703,343

Deposits from rental and services	111,281,114
Long-term borrowings	920,000,000
Other liabilities	1,913,200
Total liabilities	1,161,810,822
Net assets	
Capital from unitholders	3,620,030,160
Profit for the period	82,799,063
Net assets	3,702,809,223
Net asset value per unit (Baht)	10.0401
Number of units issued at the end of period (units)	368,800,000

2 Statement of income for the period from 6 February 2018 – 31 December 2018

Statement of income (Unit : Baht)	6 February 2018 – 31 December 2018
Investment income	
Rental and service income	496,044,024
Interest income	2,347,203
Other income	7,808,409
Total income	506,199,636
Expenses	
Management fees	11,846,989
Trustee fees	7,703,580
Registrar fees	1,351,641
Property management fees	30,632,678
Professional fees	1,384,205
Amortisation of deferred expenses	453,258
Costs of rental and services	141,461,580
Administration expenses	2,810,248

Statement of income (Unit : Baht)	6 February 2018 – 31 December 2018
Finance costs	35,029,315
Total expenses	232,673,494
Net investment income	273,526,142
Net loss on investments	
Net unrealised loss on investments in leasehold properties	78,853,159
Total net loss on investments	78,853,159
Net increase in net assets from operations	194,672,983

3 Statement of cash flows for the period from 6 February 2018 – 31 December 2018

Statement of cash flows (Unit : Baht)	6 February 2018 – 31 December 2018
Cash flows from operating activities	
Net increase in net assets from operations	194,672,983
Adjustments to reconcile increase in net assets from operations to net cash used in operating activities	
Purchases of investments in leasehold properties	(4,569,853,159)
Purchase of investments in cash at financial institution	(143,605,079)
Amortisation of deferred expenses	453,258
Increase in rental and service receivables	(55,752,275)
Increase in accrued income	(6,455,758)
Increase in refundable value added tax	(17,801,438)
Increase in refundable deposits	(10,726,388)
Increase in other assets	(1,855,480)
Increase in trade accounts payable	18,990,116
Increase in other payables and accrued expenses	18,746,885

Statement of cash flows (Unit : Baht)	6 February 2018 – 31 December 2018
Cash flows from operating activities	
Increase in rental and service income received in advance	77,703,343
Increase in deposits from rental and services	111,281,114
Increase in other liabilities	1,913,200
Interest income	(2,347,203)
Interest received	2,016,675
Finance costs	35,029,315
Net unrealised loss on investments in leasehold properties	78,853,159
Net cash used in operating activities	(4,268,736,732)
Cash flows from financing activities	
Proceeds from issued of trust capital from unitholders	3,688,000,000
Proceeds from long-term loans	920,000,000
Payment for the trust unit issuance costs and offering the trust unit expenses	(2,625,240)
Interest paid	(21,853,151)
Distribution to unitholders	(111,893,920)
The reduction of paid-in capital distributed to unitholders	(67,969,840)
Net cash from financing activities	4,403,657,849
Net increase in cash and cash equivalents	134,921,117
Cash and cash equivalents as at 6 February 2018 (date of incorporation)	-
Cash and cash equivalents as at 31 December 2018	134,921,117

4 Significant financial information

Significant financial information	6 February 2018 – 31 December 2018
Information on operating results (per unit)	
Income from investing activities	
Net investment income	0.7416
Net unrealised loss on investments in leasehold properties	(0.2138)
Total income from investing activities	0.5278
Add Increase in capital from unitholders	10.0000
Less Distribution to unitholders	(0.3034)
Less The reduction of paid-in capital distributed to unitholders	(0.1843)
Net assets value at the end of period	10.0401
Ratio of net increase in net assets from operations to average net assets during the period (%)	5.22
Significant financial ratios and additional significant information	
Net assets as at 31 December 2018	3,702,809,223
Ratio of total expenses to average net assets during the period (%)	6.24
Ratio of total investment income to average net assets during the period (%)	13.57
Ratio of weighted average investment purchases and sales during the period to average net assets during the period (%)*	122.48
Average net assets during the period	3,731,116,815

* The value of investment purchases and sales during the period does not include cash at financial institutions and investments in cash at financial institution, and are calculated by a weighted average basis over the accounting period.

The REIT Manager's Management Discussion and Analysis

1. Operating Performance

1.1 Total Income

Total income for FY2018 was THB 506.20mn, which consists of rental and services income of THB 496.04mn, interest income of THB 2.35mn and other incomes of THB 7.81mn.

Income (Unit : Baht)	6 February 2018 – 31 December 2018
Investment income	
Rental and service income	496,044,024
Interest income	2,347,203
Other income	7,808,409
Total income	506,199,636

1.2 Total Expenses

Total expense for FY2018 was THB 232.67mn, which consists of fees and expenses for property management of THB 52.92mn, deferred expenses of THB 0.45mn, costs of rental and services of THB 141.46mn, administrative expenses of THB 2.81mn and amortisation of and finance costs of THB 35.03mn.

Expenses (Unit : Baht)	6 February 2018 – 31 December 2018
Expenses	
Management fees	11,846,989
Trustee fees	7,703,580
Registrar fees	1,351,641
Property management fees	30,632,678
Professional fees	1,384,205
Amortisation of deferred expenses	453,258
Costs of rental and services	141,461,580
Administration expenses	2,810,248
Finance costs	35,029,315
Total expenses	232,673,494

1.3 Net Investment Income and Net Increase in Net Assets from Operations

In 3Q 2018, B-WORK recorded an unrealised loss from revaluation of investment in leasehold properties in the 3Q 2018 of THB 78.85mn. As a result, B-WORK recorded net investment income of THB 273.53mn and net increase in net assets from operations of THB 194.67mn in FY2018, respectively.

Statement of income (Unit : Baht)	6 February 2018 – 31 December 2018
Total income	506,199,636
Total expenses	232,673,494
Net Investment Income	273,526,142
Net loss on investments	
Net unrealised loss on investments in leasehold properties	78,853,159
Net increase in net assets from operations	194,672,983

2. Balance Sheet

2.1 Total Assets

Total assets of B-WORK as of 31 Dec 2018 were THB 4,864.62mn. These consist of investment in leasehold properties at fair value of THB 4,491.00mn, investment in securities and cash at financial institutions of THB 278.86mn and other assets of THB 94.76mn.

Assets (Unit : Baht)	6 February 2018 – 31 December 2018
Assets	
Investments in leasehold properties at fair value	4,491,000,000
Investments in cash at financial institution at fair value	143,605,079
Cash and cash equivalents	134,921,117
Rental and service receivables	55,752,275
Accrued income	6,455,758
Accrued interest income	330,528
Deferred expenses	2,171,982
Refundable value added tax	17,801,438
Refundable deposits	10,726,388

Other assets	1,855,480
Total assets	4,864,620,045

2.2 Total liabilities

Total liabilities were THB 1,161.81mn. These consist of account payables, accrued expenses, and rental and services income received in advance of THB 128.62mn, deposits from rental and services of THB 111.28mn, long-term loan of THB 920.00mn and other liabilities of THB 1.91mn.

Liabilities (Unit : Baht)	6 February 2018 – 31 December 2018
Total liabilities	
Trade accounts payable	18,990,116
Other payables and accrued expenses	31,923,049
Rental and service income received in advance	77,703,343
Deposits from rental and services	111,281,114
Long-term borrowings	920,000,000
Other liabilities	1,913,200
Total liabilities	1,161,810,822

2.3 Net Asset Value

Net asset value as of 31 Dec 2018 was THB 3,702.81mn, or THB 10.0401 per unit.

3. Statement of cash flows

Cash and cash equivalents of B-WORK as of 31 December 2018 were THB 134.92mn, which consists of the following important items:

(1) Net cash used in operating activities were THB 4,268.74mn, which mostly came from purchases of investments in leasehold properties of THB 4,569.85mn.

(2) Net cash from financing activities were THB 4,403.66mn, which mostly came from proceeds from issued of trust capital from unitholders of THB 3,688.00mn and proceeds from long-term loans of THB 920.00mn

Statement of cash flows (Unit : Baht)	6 February 2018 – 31 December 2018
Net cash used in operating activities	(4,268,736,732)
Net cash from financing activities	4,403,657,849
Net increase in cash and cash equivalents	134,921,117
Cash and cash equivalents as at 31 December 2018	134,921,117

4. Financial Ratio

As of 31 December 2018, the financial ratios of B-WORK are shown as follows:

- Debt to Total Assets equal to 18.91 %
- Interest Coverage Ratio (Times) equal to 8.81
- Return on Capital Employed equal to 7.43 % per year

5. The REIT's Returns

Historical cash distributions of B-WORK from operating performance during 6 February 2018 – 31 December 2018 are as follows:

5.1 Dividend Payment

No.	Operating Period	Payment Date	Amount (Baht per unit trust)
1	6 Feb 2018 – 30 Jun 2018	6 September 2018	0.3034
2	1 Jul 2018 – 31 Dec 2018	25 March 2019	0.1800
Total			0.4834

5.2 Capital Reduction

No.	Payment Date	Amount (Baht per unit trust)
1	11 December 2018	0.1843
Total		0.1843

General information

<u>REIT Name (in Thai)</u>	ทรัสต์เพื่อการลงทุนในสิทธิการเช่าอสังหาริมทรัพย์บัวหลวง ออฟฟิศ
<u>REIT Name (in English)</u>	Bualuang Office Leasehold Real Estate Investment Trust
<u>Symbol</u>	B-WORK
<u>REIT Manager</u>	BBL Asset Management (“BBLAM”)
<u>Property Manager</u>	True Properties Co., Ltd. (“True Properties”)
<u>Trustee</u>	Krungthai Asset Management Public Company Limited (“KTAM”)
<u>Term of the REIT</u>	Indefinite
<u>Type of REIT Units</u>	Trust unit is not redeemable
<u>Term of Lease</u>	Leasehold in land and building of True Tower 1 Project and True Tower 2 Project for 30 years period counting from the date lease hold is listed onwards and expiring on February 7, 2048
<u>Paid-up Registered Capital</u>	3,620,030,160 Baht

Details of Trust Units of the REIT's Issuance

1. Information of Trust Units

Registered Capital Received from Unitholders	3,688,000,000 Baht
Paid-Up Registered Capital	3,688,000,000 Baht
Payment of the 1st capital reduction	67,969,840 Baht
Current Registered Capital	3,620,030,160 Baht
REIT Units	368,800,000 Units
Type of Trust Unit	No Redemption of Trust Units
Net Asset Value (as at December 31, 2018)	3,702,809,223 Baht
Net Asset Value per Unit (as at December 31, 2018)	10.0401 Baht per Unit
Market Capitalization*	3,946,160,000 Baht

Remark * Reference information in the last trading day as at December 28, 2018

2. Information of the Unitholders

2.1 The group of top ten major unitholders as at December 28, 2018

No.	Shareholders	Shares	% Shares
1	True Properties Company Limited	56,000,000	15.18
2	Social Security Office	36,674,000	9.94
3	Allianz Ayudhya Assurance Public Company Limited	28,000,000	7.59
4	CIMB-PRINCIPAL PROPERTY INCOME FUND	21,854,500	5.93
5	Government Savings Bank	21,500,000	5.83
6	Muang Thai Insurance Public Company Limited	16,300,000	4.42
7	Muang Thai Life Assurance Public Company Limited	11,455,900	3.11
8	Hua Kee Company Limited	10,000,000	2.71
9	FWD Life Insurance Public Company Limited	6,830,000	1.85
10	B-INCOME	6,000,000	1.63
Total		214,614,400	58.19

2.2 The major unitholders as at December 28, 2018 (holding trust units from 10% and more including connected person)

No.	Shareholders	Shares	% Shares
1	True Properties Company Limited	56,000,000	15.18
	Total	56,000,000	15.18

3 The REIT's Distribution Payment

3.1 Distribution Payment Policy

The REIT has a policy to pay distribution to the unitholders at least twice a year. Nevertheless, in case where the REIT Manager deems appropriate, the REIT Manager may consider paying such distribution to the unitholders more than twice a year.

(1) The REIT Manager shall make distribution payment to the unitholders by no less than 90% of total adjusted net profit of the fiscal year. The payment shall be made within 90 days from the ending date of fiscal year or fiscal year period of which such distribution payment is made as the case may be or at any other rate specified by the SEC. However, the REIT Manager may consider retain reserve for major renovation and/or refurbishment according to the plan proposed by the Property Manager in the rate of not exceeding 5.00% of revenue from operation in fiscal year. The REIT Manager shall consider the necessity, adequacy of fund for major renovation and/or refurbishment, and other source of funds such as short-term borrowing, etc.

(2) In case where the REIT remains having accumulated deficit balance, the REIT Manager shall not make distribution payment to the unitholders.

3.2 Restriction and Procedure of Distribution Payment to the Unitholders

(1) In case where fact is appeared to the REIT Manager that any person or same group of persons holds trust units of any REIT more than 50% of total sold trust units, the REIT Manager shall notify such person the restriction of right to receive distribution for acknowledgement without delay. The REIT Manager shall not pay distribution to the said person or the same group of persons in the portion more than 50% of total sold trust units unless otherwise prescribed or indulgent by related laws. Such

distribution shall belong to other unitholders in the unitholding proportion. The REIT Manager shall consider allocate such distribution to the unitholders with right to receive in that time.

(2) The REIT Manager shall announce the distribution payment on the closing date of the Unitholders' Registration to define the right of the unitholder that has right to receive distribution and the rate of distribution through information dissemination system of the Stock Exchange of Thailand; and may be also announced by any means as follows.

(2.1) Delivery of written notice to the unitholders whose names are appeared in the Unitholders' Registration of the REIT on the closing date of the Unitholders' Registration; or

(2.2) Publicly posting at every office of the REIT Manager; or

(2.3) Via website of the REIT Manager; or

(2.4) Publicizing in at least 1 (one) issue of newspaper

(3) The REIT Manager shall make distribution payment in cash by transferring into bank deposit account of the unitholder, or in crossed cheque particularly ordering to pay in the name of the unitholder according to name list and address presented in the Unitholders' Registration.

(4) In case where the unitholder does not exercise the right to receive any amount of distribution within the acquisitive prescription for right of claim under Civil and Commercial Code, the REIT Manager shall not use such amount of distribution for any other purpose apart from for interest of the REIT.

(5) In considering distribution payment, if the value of the announced distribution payment per unit during any fiscal year is lower than or equal to 0.10 Baht, the REIT Manager shall reserve the right not to pay any distribution during such period, and such distribution amount shall be accumulated for paying in combination with the next distribution payment.



3.3 History of Dividend Payment

No.	Period	Payment date	Amount (Baht per trust unit)
1	6 Feb 2018 – 30 Jun 2018	6 Sep 2018	0.3034
2	1 Jul 2018 – 31 Dec 2018	25 Mar 2019	0.1800
Total			0.4834

3.4 History of Capital Reduction

No.	Payment date	Amount (Baht per trust unit)
1	11 Dec 2018	0.1843
Total		0.1843

Policy, Business' Overview and Benefits Generated from Real Estate Assets

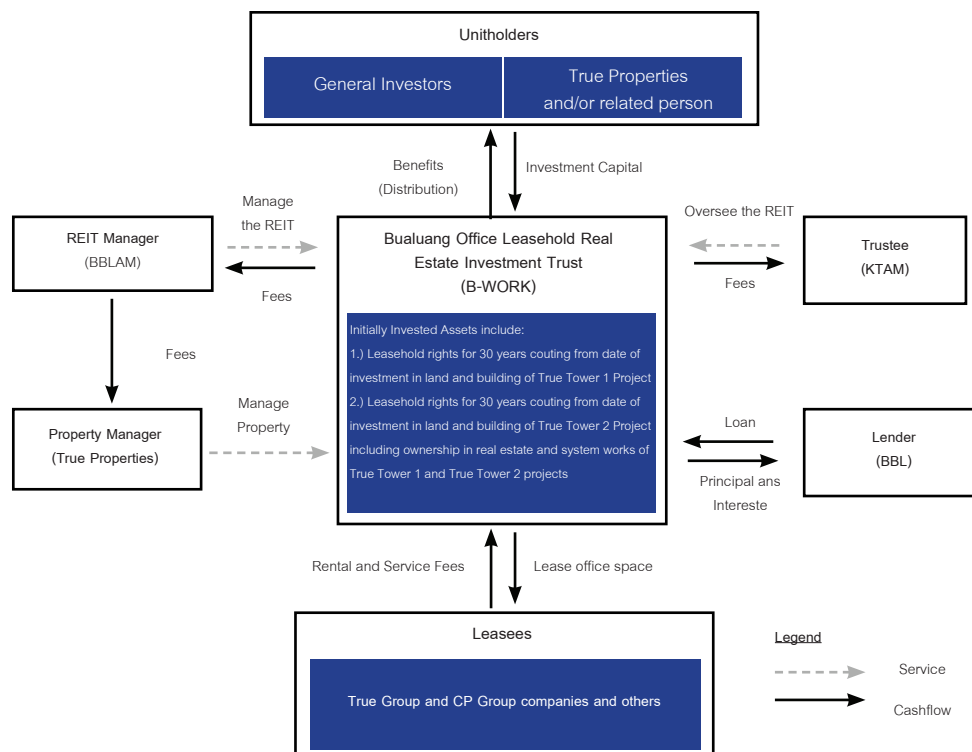
1 Objective of the REIT

Bualuang Office Leasehold Real Estate Investment Trust ("REIT") was established pursuant to the Trust for Transactions in Capital Market Act B.E. 2550 (2007) on February 6, 2018, whereas Krungthai Asset Management Pcl. ("KTAM") is the trustee of REIT, and BBL Asset Management Co., Ltd. ("BBLAM") is the REIT Manager.

REIT was established for benefit of transaction performing in capital market as prescribed in SEC notifications with the objective to issue and offer for sale of securities in type of trust units of Real Investment Trust ("REIT") for initial public offering (IPO) as per TorJor. 49/2555 Notification and to list trust units in the Stock Exchange of Thailand (SET). When the REIT invested the proceeds from offering for sale of trust units and money received from borrowing in core assets of REIT, BBLAM on behalf of the REIT Manager has appointed True Properties Co., Ltd. ("True Properties") to be the Property Manager for True Tower 1 Project and True Tower 2 Project in order to procure benefits from core assets by leasing and/or subleasing, and providing services relating to lease or leased assets. Revenue from procuring benefits from the real estates shall derive from space rental and space service fees, and any other related benefits.

The operation of the REIT Manager shall be monitored and regulated by the Trustee to ensure compliance with terms and conditions of Trust Deed, REIT Manager Appointment Agreement, and the criteria prescribed by The Trust for Transactions in Capital Market Act, including any other relevant SEC and SET notifications. The REIT shall procure benefits from the aforementioned core assets by leasing the real estates only and shall not operate in a manner that the REIT is used in other business operations. In addition, none of REIT real estates shall be leased to any persons suspected to be involved in unethical or illegal business operations.

Structure of the REIT can be shown in diagram as follows.



2 Relationship with Affiliated of the Property Manager or the Major Unitholder

As at December 28, 2018, True Properties has been the major unitholder of the REIT by holding total of trust units by 15.18%.

Even though True Properties is related to the REIT on behalf of the major unitholder, and the Property Manager of the REIT, the mechanism and measure of the REIT on selection of the Property Manager as specified in part 6 of REIT Management mainly takes maintenance of best interest of the unitholders into account.

3 Details of the Invested Assets of the REIT

3.1 Details of Assets

1.) True Tower 1 Project



True Tower 1 Project is a large office building consisting of 36 stories height including with 1 ground level. The project is located at No.18 Ratchadapisek Road, Huai Khwang, Huai Khwang, Bangkok, and was completely constructed and opened for using the building on 1993. Gross Floor Area (GFA) under construction permit is 63,615 square meter and parking area is for 431 cars. Currently, True Tower 1 Project is mainly operated as the office building for lease to True Group and CP Group companies, and the said building is regarded as Head Office building of True Group. The building's interior is equipped with public utilities system consisting of power system, AC system, elevator system, telephone system, fire protection system, including CCTV camera system installed inside and outside of the building. Facilities are provided to accommodate the employees of the tenants from True Group and CP Group companies. The said facilities include coffee and bakery shops, TRUE Coffee, library, etc.

Land is the location of True Tower 1 Project as per the following details.

No.	Title Deed No.	Lot No.	Survey No.	Land Area		
				Rai	Ngan	Sq.Wah
1	8027	409 (328)	468	2	1	86.7
2	42843	405 (1857)	2968	1	1	92.0
Total				3	3	78.7

System works and public utilities inside True Tower 1 Project

System works and public utilities	
Electrical and Communication System	<ul style="list-style-type: none"> - High Voltage System - Electrical Emergency - Main Distribution Board, Load Center and Emergency Distribution Board - Telephone System* - Television System - CCTV - Computer Network System
Sanitary and Fire Protection System	<ul style="list-style-type: none"> - Cold Water System - Waste Water Treatment System - Drainage System - Fire Protection System
Air Condition and Ventilation System	<ul style="list-style-type: none"> - Air condition System (Chiller) - Ventilation system
Elevator System	<ul style="list-style-type: none"> - 6 Passenger Elevators (Low Zone) - 6 Passenger Elevators (High Zone) - 2 Passenger Elevators (Car Park) - 1 Service Elevator

2.) True Tower 2 Project



True Tower 2 project is an office building located at No. 1252, Pattanakarn Road, Suan Luang, Suan Luang, Bangkok. Currently, True Tower 2 Project is operated as the office building for lease to True Group and CP Group companies. The project consists of 4 building as follows:

1. Building No.1 which is a 14-storey office building with 1 ground level
2. Building No. 2 is a 7-storey office building
3. Building No.3 is a 7-storey car park building with 1 ground level
4. Building No.4 is a 5-storey office building

Building No. 1 was completely constructed and opened for using on 1991. Building No. 2, Building No. 3 and Building No. 4 were completely constructed and opened for using on 2012. Gross Floor Area (GFA) under construction permit is 25,459 square meter including approximate GFA of the whole project of 41,417 square meter and parking area for 429 cars. The interior public utilities system consists of power system, AC system, elevator system, telephone system, fire protection system, including CCTV camera system installed inside and outside of the building. Facilities are provided to accommodate the employees of the tenants from True Group and CP Group companies. The said facilities include coffee and bakery shops, TRUE Coffee and daycare, etc. Apart from public utilities system and facilities for office building, the area of the Project is designed and constructed to specifically address the needs of the tenants as follows.

- Conference Room and Training Center available at Building No.2, Floors 5-7, with capacity to hold up to more than 250 persons
- Studio Room with height from floor to ceiling equaling to 10.5 meters available at Building No.4 including with Editing Room

- Server Area with floor load capacity of 1,000 tons including area for support systems such as backup power generator, UPS and chemical type fire extinguishing system. Ground floor level has been raised 5.4 meters above sea level for flood damage prevention.

Land is the location of True Tower 2 Project as per the following details.

No.	Title Deed No.	Lot No.	Survey No.	Land Area		
				Rai	Ngan	Sq.Wah
1	2923	2822 (61)	99	4	0	56.0
2	90760	2823 (1684)	7111	4	0	57.0
Total				8	1	13.0

System works and public utilities inside True Tower 2 Project

System works and public utilities	
Electrical and Communication System	<ul style="list-style-type: none"> - High Voltage System - Electrical Emergency - Main Distribution Board, Load Center and Emergency Distribution Board - Telephone System - Television System - CCTV - Computer Network System
Sanitary and Fire Protection System	<ul style="list-style-type: none"> - Cold Water System - Waste Water Treatment System - Drainage System - Fire Protection System
Air Condition and Ventilation System	<ul style="list-style-type: none"> - Air Condition System (Chiller) - Ventilation system
Elevator System	True Tower 2 Building 1 <ul style="list-style-type: none"> - 3 Passenger Elevators - 1 Service Elevator

System works and public utilities	
	True Tower 2 Building 2
	- 3 Passenger Elevators
	- 1 Service Elevator
	True Tower 2 Building 3
	- 2 Passenger Elevators (Car Park)
	True Tower 2 Building 4
	- 1 Passenger Elevator
	- 1 Freight Elevator

3.2 Value from the Latest Appraisal Report

The asset valuation company, CPM Capital Co., Ltd., is the asset appraiser under consent of the SEC, applying criteria of asset valuation by Income Approach/Discounted Cash Flow Analysis in determining asset value. It is the estimation of statement of cash flow throughout the remaining term of lease contract. According to the said approach, the estimated income of assets that is expected to generate income in the future is taken into consideration. Summary of key valuation assumption is as follows.

	True Tower 1	True Tower 2
Valuation Method	Income Approach / Discounted Cash Flow Analysis	
Remaining Leasehold Period	29 years 7 months 7 days	
Valuation Date	1 July 2018	
Appraised Value	Baht 2,806,000,000	Baht 1,685,000,000
Assumptions		
Net Leasable Area (NLA)	36-storey and 1 underground level NLA 37,315 Sq m.	- Building 1 NLA 11,624 Sq m. - Building 2 NLA 7,788 Sq m.

	True Tower 1	True Tower 2
		- Building 3 NLA 1,032 Sq m. - Building 4 NLA 4,628 Sq m. Total NLA 25,072 Sq m.
Average Rental Rate	Baht 608 /Sq. meter/month	Baht 564 /Sq. meter/month ⁽¹⁾
Growth Rate	3.25% annual increase	
Occupancy Rate	99.07%	
Other revenues	parking and other revenue	parking and other revenue
Management Expenses	3% annual increase	
Property Management Fee	Details from Property Management Agreement	
Other Expenses	Major renovation/refurbishment expenses for building and construction of leased assets <ul style="list-style-type: none"> • Y1 to Y5: No such expense occurred since it was paid by True Properties • Y6 to Y30: Such expense accounts to 2.5% of total operating revenue 	
Discount Rate	9.5%	

Remark ⁽¹⁾ considering from weighted average method based on the space of each building.

The REIT Manager has reviewed the key assumption of the asset appraiser and deemed that it is reasonable when compared with current turnover, covering trend of office building space business for lease.

Nevertheless, the actual occurred turnover may be different from the said assumption or events may not be in line with prediction since the said opinion is based on current conditions of business operation and economic situation. Therefore, if there is any change in the future, it may affect the opinion of the REIT Manager to be changed in the future.

4 Benefits Generated from Real Estate Assets

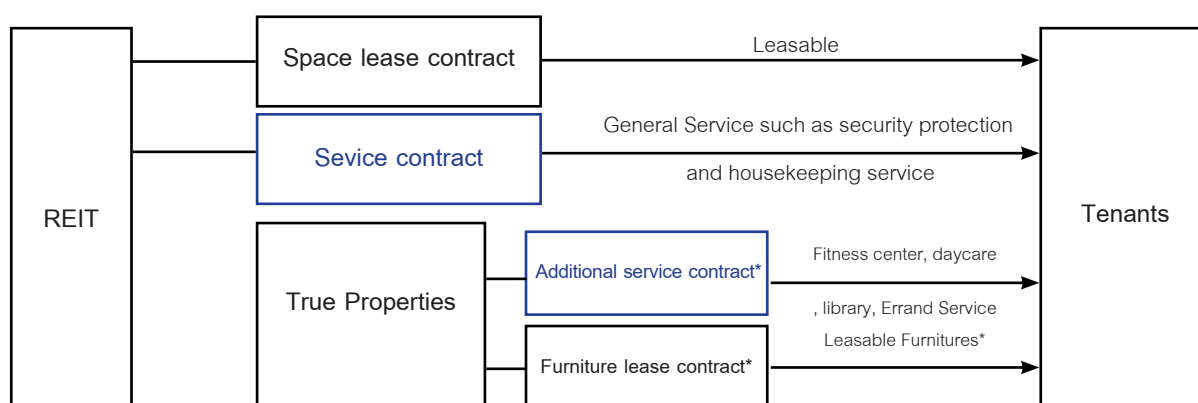
4.1 Characteristics of Benefits Procurement

BBLAM as the REIT Settlor and Manager, has a policy to procure benefits from the initially invested assets by leasing the said assets to the minor entrepreneurs. Initially, it will appoint True Properties as Property Manager due to its extensive experience and specialization in property management. According to the policy established by the REIT Manager, Property Manager shall seek for the customers that are interested in renting the space of the said properties and shall have duty in marketing by contacting target customers, whether directly or through an intermediary, including marketing promotions, permission of the visit by the customers that are interested in renting the space to visit the said properties, negotiation with the said interested customers, entering lease contract and renewal of lease contract, collection of rental fees and follow-up on debtors. REIT Manager will pay remuneration to Property Manager at the reference rate based on the managed project's turnover.

4.2 Characteristics of the Lease Contract and Tenants

After investment, the REIT by Trustee shall become a contract party of the tenants on behalf of True Properties under space lease and service contract which is newly made in replacement of the primary service contract since the REIT is the service provider of space whereas the said service is related to leasing of space only in order to ensure the scope of the REIT service in accordance with the general space service of the office for lease. True Properties remains the contract party of the tenants in the newly made furnitures lease contract, and special service contract for additional services which are not connected with leasing to True Group and CP Group companies. Therefore, new contract will be made and the contract party in the primary contract will be changed as per the following shown diagram.

1.) Diagram of Characteristics of Contract Entering after Investment of the REIT

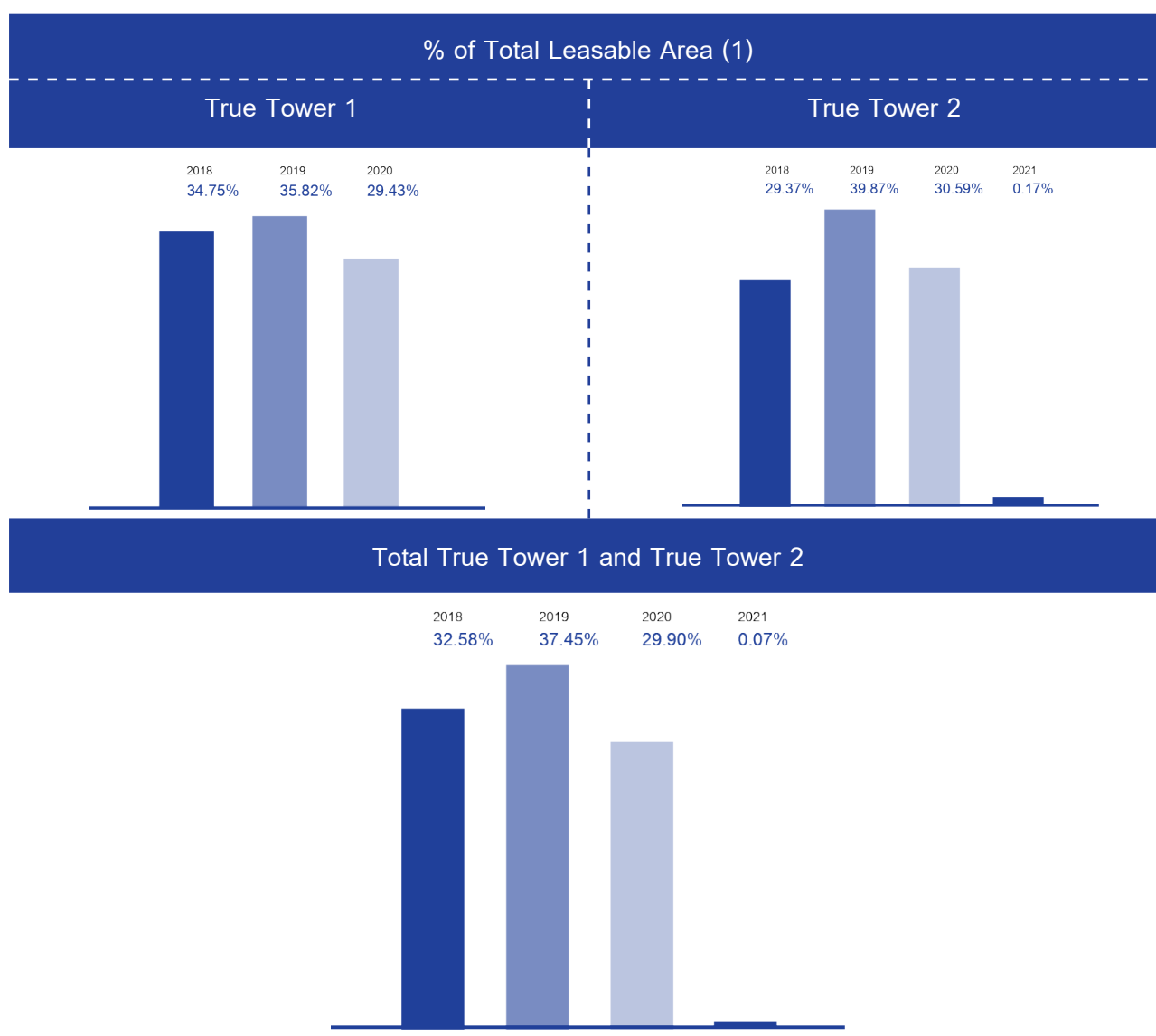


Legend:

Original Contract
New Contract or Changing of Scope of service

Remark: * Additional service and furnitures lease are only restricted for True Group and CP Group companies and/or those interested in using the services. The REIT shall not be involved in additional service or furnitures lease service. However, the REIT will supervise to ensure that True Properties collect the fees of additional service and furnitures lease fee at reasonable rate from the tenants who are occupants of the REIT space.

2.) Remaining Contract Term of Space Lease Contract in Each Year



Remark (1) Information as at December 28, 2018

3.) Renewal Rate of Lease Contract for Lease Contract Expired in 2018

True Tower 1

Utilization	Area (Sq m.)	NLA (sq m) (1)
Leasable office area	32,054.50	32,054.50
Other leasable area(2)	5,260.50	5,138.50
Net leasable area	37,315.00	37,193.00
Occupancy rate (%)		99.67%

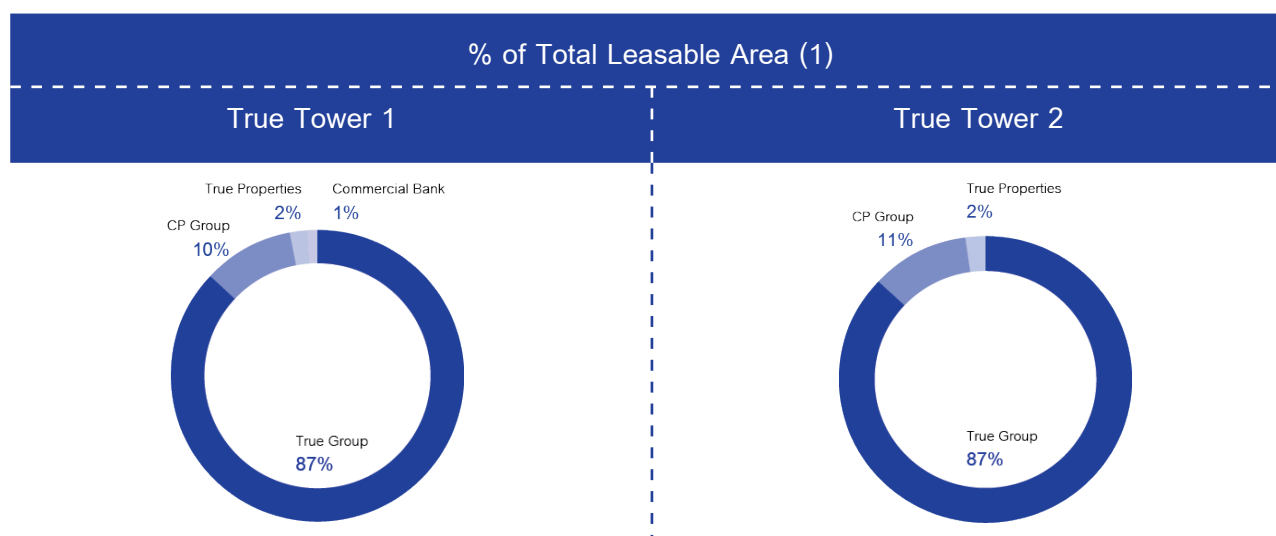
True Tower 2

Utilization	Area (Sq m.)	NLA (sq m) (1)
Leasable office area	15,933.03	15,933.03
Other leasable area(2)	9,139.35	9,139.35
Net leasable area	25,072.38	25,072.38
Occupancy rate (%)		100.00%

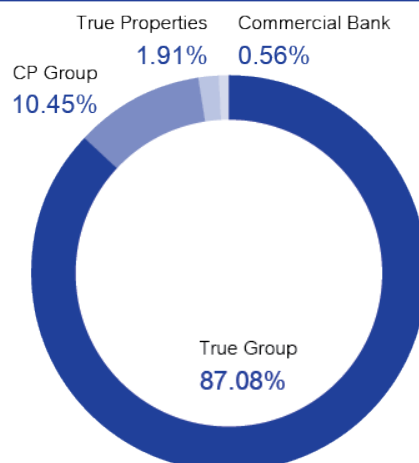
Remark (1) Information as at December 28, 2018

(2) Other leasable space in part of leasable space on 122 Sq.m. deck was leased by the tenant for placement of aperture terminal and the lease contract was expired at the end of 2018. The tenant notified the intention not to renew the lease contract.

4.) Group of the Tenants



Total True Tower 1 and True Tower 2

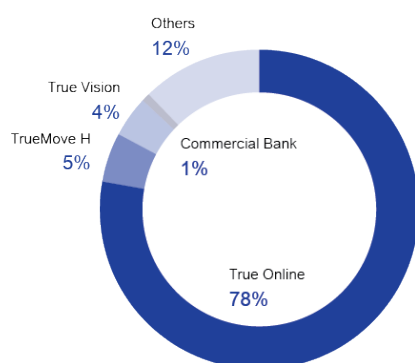


Remark (1) Information of the lease contract structure as at December 28, 2018

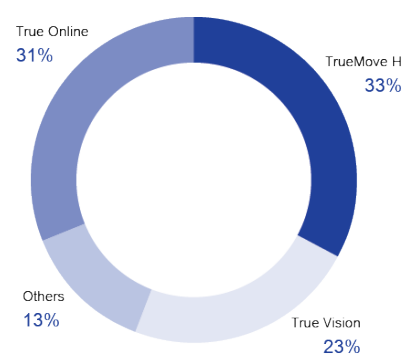
5.) Type of Business of the Tenant

% of Total Leasable Area (1)

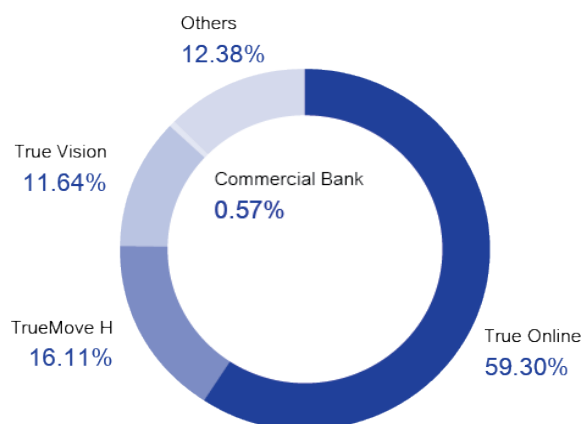
True Tower 1



True Tower 2



Total True Tower 1 and True Tower 2



Remark (1) Information of the lease contract structure as at December 28, 2018

(2) True Online provides high speed internet service or broadband service and data network service solution, wireless internet (WiFi) service, data gateway, and accessory services via high efficient fiber network, TrueMove H provides mobile phone service with highest efficient network and nationwide coverage for all full dimensions of 4G, 3G and 2G on full highest radio frequency, True Visions is the service provider of subscription television in HD system service, and digital television nationwide with complete and high quality contents both inside the country and foreign countries, and contents produced by True Visions.

5 Borrowing

REIT has entered into loan contract with Bangkok Bank Pcl. under the following important conditions.

Lending Bank	Bangkok Bank Pcl.
Credit Applicant	Bualuang Office Leasehold Real Estate Investment Trust
Objective of Borrowing	For financing the investment of core assets and operation of the REIT
Credit Line	<p>Total credit line is classified into:</p> <p>Credit Line 1 : Long-term credit line not exceeding 920,000,000 Baht for investing in real estate leasehold, purchasing of real estates, and system works of True Tower 1 and 2 Projects</p> <p>Credit Line 2 : Short-term credit line by issuance of promissory note as evidence whereas the said credit line acts as revolving loan of which its credit term can be yearly reviewed or renewed but not exceeding the amount of 200,000,000 Baht for using as working capital</p> <p>Credit Line 3 : Guarantee letter which acts as revolving loan and of which its credit term can be yearly revised or renewed but not exceeding the amount of 50,000,000 Baht as guarantee for liability payment</p>

	of electricity bill including interests incurred from such liability of electric meter.
Type of Interest Rate	Floating rate is applied for Credit Line 1 and 2 Fixed rate is applied for Credit Line 3
Interest Rate	For Credit Line 1 and 2: Not exceeding MLR (Minimum Loan Rate) -1.00% pa whereas Minimum Loan Rate ("MLR") refers to the interest rate charged to prime customers and is a type of loan with fixed term of the lending bank. For Credit Line 3: Fixed rate not exceeding 1.50% pa
Payment of Interest	Credit Line 1 : Every 6 months on the last date of the month Credit Line 2 : Monthly payment at the end of the month Credit Line 3 : Yearly advance fee collection until the principal is covered
Repayment Period	Repayment of principal every 6 months End of Y4 2.75% of total loan per installment Y5-Y9 5.50% of total loan per year Y10 Outstanding amount or 69.75% of total loan
Grace Period of Principal	The first principal repayment is commenced in the last date after 48 months counting from loan reimbursement.
Collateral	1) No disposing or incurring encumbrance is allowed with True Tower 1 and True Tower 2 Projects (Negative Pledge) 2) Business security contract registration for True Tower 1 Project leasehold 3) Business security contract registration for rights to receive all rental payment of True Tower 1 Project and True Tower 2 Project 4) Property All Risks Insurance and Business Interruption Insurance whereas the bank is the co-beneficiary with the REIT

REIT'S Structure

1 REIT Manager

1.1 General Information

<u>Name</u>	BBL Asset Management Company Limited, "BBLAM"
<u>License</u>	Being approved to be the REIT Manager on February 15, 2017
<u>Head Office Location</u>	175 Sathorn City Tower, 7th, 21st and 26th Floor, South Sathorn Road, Thungmahamek, Sathorn, Bangkok 10120
<u>Telephone</u>	02-674-6488
<u>Facsimile</u>	02-679-5996
<u>Website</u>	http://www.bworkreit.com/
<u>E-mail</u>	bworkreit@bblam.co.th
<u>Working Hours</u>	8.30 hrs. to 17.00 hrs.
<u>Registered Capital</u>	100,000,000 Baht
<u>Paid-Up Capital</u>	100,000,000 Baht
<u>Number of Issued and Called Shares</u>	1,000,000 Shares
<u>Par Value</u>	100.00 Baht per Share

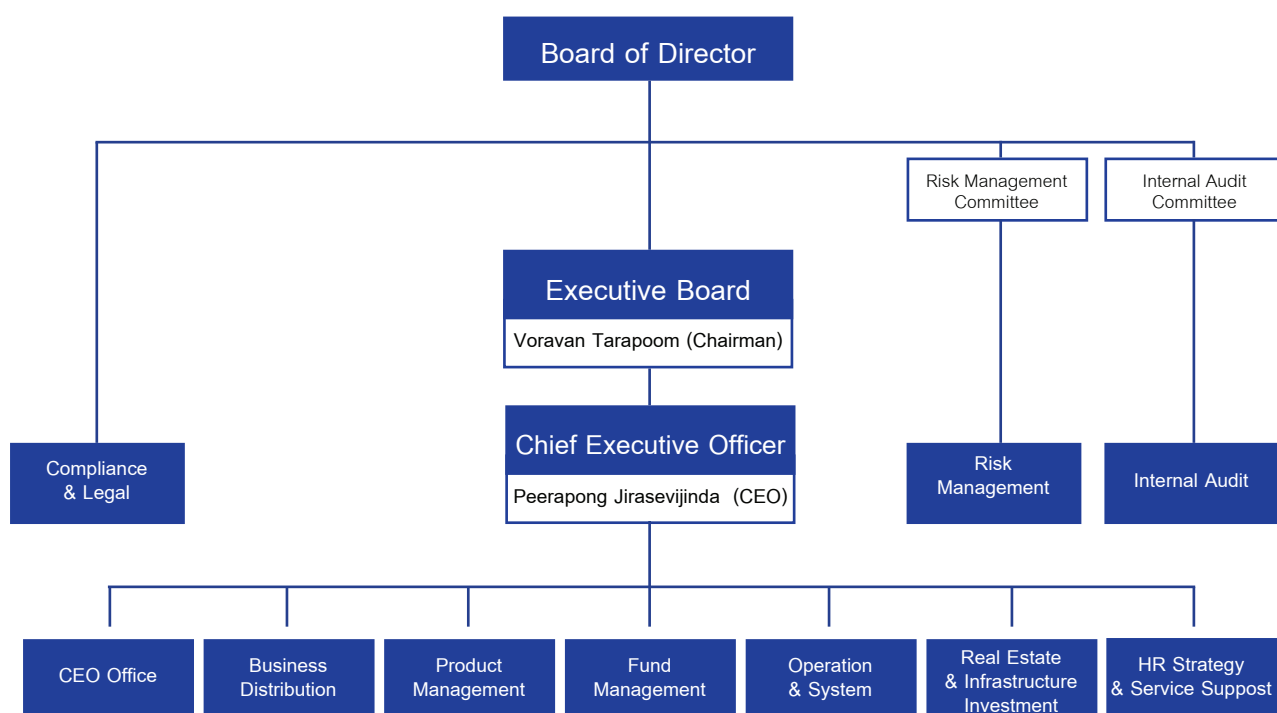
1.2 Management Structure

1.) Shareholding structure of the REIT Manager as at December 28, 2018

No.	Name List	No of Shares	Proportion (%)
1.	Bangkok Bank Public Company Limited	749,996	75.00
2.	Bangkok Life Assurance Public Company Limited	100,000	10.00
3.	Asia Financial Holdings Ltd.	100,000	10.00
4.	Bangkok Insurance Public Company Limited	50,000	5.00
5.	Mr.Cherdchoo Sophonpanich	3	0
6.	Ms.Voravan Tarapoom	1	0

2.) The company's organizational structure

The organizational chart of the company, as the REIT Manager, comprises the following Board of Director and Executive Board:



3.) Board of Director

No.	Name	Position	Education	Work Experience
1	Mr. Stephen Tan	Director	<ul style="list-style-type: none"> - Master of Business Administration, St. John's University - BA Rutgers University 	<ul style="list-style-type: none"> - Executive Director, Asia Financial Group - CEO, Asia Commercial Bank Ltd.
2	Mr. Narin Opamurathawong	Director	<ul style="list-style-type: none"> - Master of Business Administration in Finance, University of Chicago 	<ul style="list-style-type: none"> - Executive Vice President, Bangkok Bank Public Company Limited
3	Ms. Suyanee Puripanyawanich	Director	<ul style="list-style-type: none"> - Master of Finance National Institute of Development Administration 	<ul style="list-style-type: none"> - Senior Vice President, Bangkok Bank Public Company Limited
4	Mr. Paisarn Lertkowitz	Director	<ul style="list-style-type: none"> - Master of Commerce , Funds Management , University of New Southwales 	<ul style="list-style-type: none"> - Director, BBL Asset Management Company Limited - Dealer - Senior Vice President Treasury Bangkok Bank Public Company Limited
5	Ms. Piyamart Kumsaikaew	Director	<ul style="list-style-type: none"> - Ph.D. in Industrial Engineering, Iowa State University - Master of Industrial Engineering, Iowa State University - Bachelor of Computer Engineering King Mongkut's Institute of Technology Ladkrabang 	<ul style="list-style-type: none"> - Senior Vice President, Bangkok Bank Public Company Limited

No.	Name	Position	Education	Work Experience
6	Mr. Chone Sophonpanich	Director	<ul style="list-style-type: none"> - Master Degree, Johns Hopkins University - Bachelor Degree, University College London 	<ul style="list-style-type: none"> - Director, Bangkok Life Assurance Public Company Limited - Director, Thaisri Insurance Public Company Limited.
7	Mrs. Voravan Tarapoom	Chairman of Executive Board	<ul style="list-style-type: none"> - MBA University of North Texas 	<ul style="list-style-type: none"> - Chairman of the Executive Committee BBL Asset Management Company Limited - Chief Executive Officer BBL Asset Management Company Limited
8	Mr. Peerapong Jirasevijinda	Chief Executive Officer	<ul style="list-style-type: none"> - Master of Marketing and Finance - Sasin Graduate Institute of Business Administration - Bachelor of Finance, Georgia State University 	<ul style="list-style-type: none"> - managing director Fund Management Division, BBL Asset Management Company Limited - EVP SSEC Asset Management Securities Co., Ltd. - Vice President BBL Asset Management Company Limited - Fund Manager, MFC Asset Management Public Company Limited

No.	Name	Position	Education	Work Experience
				<ul style="list-style-type: none"> - Institutional Sales Manager KGI Securities (Thailand) Company Limited <ul style="list-style-type: none"> - Deal Manager, Phatra Thanakit Finance and Securities Company Limited
9	Mr. Wasin Wattanaworakijkul	Director	<ul style="list-style-type: none"> - Master of Marketing, Chulalongkorn University - Bachelor of International Marketing Chulalongkorn University 	<ul style="list-style-type: none"> - Managing Director, Business Distribution BBL Asset Management Company Limited (Present) - Director of Marketing Private Fund MFC Asset Management Public Company Limited - Head of Marketing, The Siam Industrial Credit Public Co Ltd.

4.) Executive Board

No.	Name	Nationality	Position
1.	Mrs. Voravan Tarapoom	Thai	Chairman of Executive Board
2	Mr. Narin Opamurathawong	Thai	Director
3	Ms. Suyanee Puripanyawanich	Thai	Director
4	Mr. Paisarn Lertkowitz	Thai	Director
5	Mr. Peerapong Jirasevijinda	Thai	Chief Executive Officer
6	Mr. Wasin Wattanaworakijkul	Thai	Director

Authorized Signatory Directors on behalf of BBLAM as the REIT Manager

The authorized signatory directors on behalf of BBLAM as the REIT Manager include Mrs. Voravan Tarapoom, Ms. Suyanee Puripanyawanich, Mr. Paisarn Lertkowitz, Mr. Narin Opamurathawong, Ms. Piyamart Kumsaikaew, Mr. Wasan Wattanaworakijkul, and Mr. Peerapong Jirasevijinda. Two of these seven directors shall jointly affix the signatures and the company's seal.

Roles, Duties and Responsibilities

Duties and responsibilities of the Board of Directors are divided into two parts consisting of: (a) duty and responsibility of the Company's business operation, and (b) duty and responsibility toward the REIT under management. In part of duties and responsibilities toward the REIT, the Board of Directors has entrusted the duty in considering, reviewing and approving to the Real Estate Investment Committee (REITCOM) as the operator, except the matter of the approval in accordance with the notification as per the following details.

(a) Duties and Responsibilities of the Board of Directors toward the Company

1. Perform duties in accordance with laws, objectives and Articles of Association of the Company, and resolution of the shareholders' meeting under honesty, diligence, and interest protection, and fair responsibility for the shareholders.
2. Formulate policy and direction of the company's operation, and monitor and supervise the Executive to efficiently and effectively execute in accordance with policies and rules under good corporate governance.

3. Report the shareholders for acknowledgement on the Company's turnover in the shareholders' meeting.
4. Execute to ensure effective and reliable financial report, internal control and internal audit.
5. Control and supervise the Management for ethical and equitable treatment to all parties of stakeholders.
6. Being ready for independently exercising the discretion in considering determination of strategy of management, appointment of director, and determination of operating standard; and being ready for objection of act of other director or the Management, in the event of contradictory opinion in the matter that affects equality of every shareholder.
7. Consider proposing the meeting agenda in the event where it is deemed that there is the important matter that should be considered by the Board of Directors, and has not yet filled in the agenda of the Board of Directors' meeting.
8. Consider selecting, appointing the director in replacement of the existing director who retires, and selecting and proposing the company's shareholders the appointment of the additional director.
9. Consider and approve the matter relating to the significant operation of the company, such as return payment to the company's shareholders, organizing the shareholders' meeting of the company, selection, nomination and proposal of the remuneration of the company's auditor, etc.

(b) Duties and Responsibilities toward the REIT

1. Formulate the important policy of the REIT such as investment policy, asset leasing, selection of the property manager, etc.
2. Supervise and manage the reporting of the executive on the REIT's turnover, and various important issues, to the Board of Directors every quarter or in reasonable time.
3. Consider approving the entry into transactions in accordance with the notifications relating to acquisition of core assets and equipment of the REIT, and disposal of core assets and equipment of the REIT, and the entry into transactions with the related parties in accordance with the related criteria and regulations. The director who has gain and loss in any matter shall not have voting right on the said matter.
4. Consider approving the operating guideline for managing the potential risks of the REIT.
5. Supervise the REIT to ensure internal control in accordance with the criteria prescribed in internal control system of the REIT.

6. If the director acknowledges the material internal information that will affect change in the price of trust unit of the REIT. The director shall suspend trading of trust units of the REIT in the proper period prior to disclosure of information to public. The material information shall not be disclosed to other person. The violator may be punished according to law

5.) Risk Management Committee

Composition of the Risk Management Committee

1. Board of Director 1 person	Chairman
2. Head of Risk Management	Director
3. Head of Compliance & Legal	Director
4. Head of Research & Portfolio Solutions	Director
5. Head of Business Distribution	Director
6. Head of Operation & System	Director

Roles, Duties and Responsibilities

The Risk Management Committee has duty to formulate policy and guideline of the overall risk management of the Company, control the Company's risk management system, and establish the mechanism of the efficient risk indication, measurement, control, and monitoring, and supervision, monitoring and assessment of risk management process of the Executive to be in line with the determined policy as per the following details.

1. Establish overall risk management policy covering all types of key risks such as credit risk, market risk, liquidity risk, and operational risk, etc.
2. Establish risk management policy in consistency with strategy covering control, monitoring, assessment of risk management result, and supervising the degree of risk to be in proper degree.
3. Control, monitor and assess risk management, and review guideline of risk management, and determine risk control measure and risk tolerance.
4. Review the adequacy of the risk management policy and control, including effectiveness of the system and compliance with the formulated policy.
5. Regularly report performance result to the Board of Directors for improvement and correction in consistency with the formulated risk management policy and criteria.

6.) Internal Audit Committee

The Internal Audit Committee consists of at least two directors.

Roles, Duties and Responsibilities

1. Financial Report

- 1.1. Verify to ensure the adequate, accurate and reliable financial report in accordance with Generally Accepted Accounting Principles.
- 1.2. Verify with the auditor on the important issues that may affect reliability of material financial report.
- 1.3. Verify to ensure proper and complete disclosure of the company's information in the event of occurrence of connected transactions or transactions that may have conflict of interests.

2. Internal Control

- 2.1 Verify and assess efficiency of internal control system and internal control for preparation of financial report.
- 2.2 Verify to ensure the improvement and correction in accordance with the suggestions relating to internal control proposed by the internal auditor and the auditor.

3. Internal Audit

- 3.1 Verify and approve the charter of the Internal Audit Department and annual audit plan, and personnel and resources that are necessary for operation.
- 3.2 Verify activities and operations of the Internal Audit Department to ensure the independent operation in accordance with the determined work plan.
- 3.3 Give consent on appointment, demotion, removal or dismissal, and consider feat of the top executive of the Audit Department.

4. Compliance with Related Laws, Regulations and Rules

- 4.1 Acknowledge the issue relating to compliance with the regulations of the organizational work units based on the audit of Compliance Department.
- 4.2 Verify and monitor corrective result of faults detected by the organization that has duty in governing the company.

5. Risk Management

- 5.1 Acknowledge to ensure the proper risk management measure and system, and risk

assessment and management policy.

6. Other Responsibilities

- 6.1 Perform other tasks entrusted by the Board of Directors.
- 6.2 Regularly verify and assess the charter of the Audit Committee, and propose to request for approval of the Board of Directors upon revision.
- 6.3 Primarily examine fact upon being notified of suspicious circumstance from the auditor relating to corruption or violation of laws relating to performance of duties of the director and executive under Section 89/25 of Securities Act, and inform the result to the auditor and the Office of SEC for acknowledgement within deadline specified by law.

7.) Real Estate Investment Committee (REITCOM)

Composition of Real Estate Investment Committee

The Real Estate Investment Committee is the Committee set up under resolution of the Board of Directors' Meeting No. 3/2559 held on September 7, 2016, and approval of the Board of Directors to perform main duty in considering, reviewing, and approving the entry into transaction relating to acquisition of core assets and equipment of the REIT, disposal of core assets and equipment of the REIT, and entry into transactions with the related parties, prior to proposing to the Board of Directors; and considering, reviewing and approving the entry into other transactions which are significant for the management of the REIT in accordance with the related criteria and regulations.

At present, REITCOM consists of at least three members but not more than five members who are expert in various fields, such as the Chief Executive Officer, the top executive of Real Estate & Infrastructure Investment Unit, and at least another member by appointment but not more than three members. However, this set of Committee shall consist of at least one director.

Roles, Duties and Responsibilities

The scope of duties and responsibilities of REITCOM is as follows.

1. Perform the duty in reviewing and approving the investment strategy, management policy, and capital structure of the REIT under the company's management.
2. Perform the duty in reviewing and approving the operational framework of the section of the REIT Manager.

3. Govern the operation of the REIT under the company's management to ensure investment strategy, management policy and capital structure as approved.
4. Monitor and control the operation of the REIT within the approved framework of the related criteria and operational framework.
5. Perform the duty in reviewing and approving the significant suggestion on investment for three issues prior to proposing to the Executive Board as follows.
 - (1) Acquisition of core assets and equipment of the REIT
 - (2) Disposal of core assets and equipment of the REIT
 - (3) Entry into transaction with the related party of the REIT Manager under the company's management
6. Perform the duty in reporting the matter or entering into transaction which is significant for management of the REIT for acknowledgement of the Board of Directors.
7. Perform the duty in approving and appointing the external delegated person in task, such as financial advisor, the underwriter, and the Property Manager
8. Perform the duty in approving and determining annual budget as per procedure of determination of the REIT real estate management budget.
9. Perform the duty in approving capital increase, borrowing and issuing debenture as per procedure of financing for the REIT.
10. Perform the duty in monitoring the report of complaint and dispute settlement result for the complaint and dispute derived from section of the REIT Manager, and mutually consider the corrective guideline in case of the significant compliant and dispute.
11. Perform the duty in approving the entry into other transaction which is significant for the management of the REIT in accordance with the related rules and regulations such as approval of payment of the REIT distribution, etc.

1.3 Duties and Responsibilities of the REIT Manager

BBLAM on behalf of the REIT Manager has main duties and responsibilities in supervising and managing the REIT including asset investment of the REIT, and controlling the performance of duties of the Property Manager. The REIT Manager shall have the duty to perform the tasks assigned by the Trustee, and as stipulated in the Trust Deed for interest of the unitholders, including but not limited to the following duties:

1.3.1 General Duties

- (1) The REIT Manager shall have the scope of power and duties as specified in the Trust Deed and REIT Manager Appointment Contract or as stipulated by the related laws and notifications. Such scope of power and duties shall be related to managing the REIT including asset investment of the REIT.
- (2) The REIT Manager shall have duty assigned by the Trustee in various matters as specified in the Trust Deed which also includes:
 - (a) Manage the REIT in relation to business operation, including investment, borrowing and incurring of encumbrances to the assets of the REIT, entering into contract agreement and any other operations for the REIT within the scope, rules and conditions stipulated in the Trust Deed and REIT Manager Appointment Contract.
 - (b) Prepare and disclose information of the REIT which also includes information under Section 56 and Section 57 of The Securities and Exchange Act and other information stipulated in the Trust Deed and REIT Manager Appointment Contract.
 - (c) Prepare and keep the information and documentations in relation to management, internal control and disclosure of information of the REIT upon reasonable cause and without effect on the operations of the REIT Manager. In the event where the Trustee wishes to audit any matter, the REIT Manager shall fully cooperate and submit the required information and documentary evidence to the Trustee, including inspecting real estate location as per requested by the Trustee for the Trustee's verification to ensure that the REIT Manager completely follows related laws or the terms and conditions stipulated in the Trust Deed and protects the benefits of the unitholders.
 - (d) Prepare and submit information and documents, including certifying correctness of such information and documents that are related to the revenue structuring of the REIT, procedures for leasing, procurement and collection of revenues and expenses that can be collected from the REIT, agreements in which the REIT Manager entered on behalf of the REIT with a company or other persons. In addition, the REIT Manager and The Trustee must coordinate and settle an agreement on the characteristics of information and documentary evidence required for entering

into transaction including reports, frequency and duration which the REIT Manager needs for submitting such information and documents to the Trustee for the benefits of regulating and auditing the operations of the REIT.

- (e) In the event where the REIT Manager wishes to delegate other persons to perform its duties, the REIT Manager shall be responsible for selecting such person with prudence, including monitoring, controlling, supervising and auditing the performance of duties of such person. Such delegation must not cause any material conflict or contradiction with Notification Sor.Chor. 29/2555 nor any other related laws and notifications.
- (f) Providing insurance approved by the Trustee to insure any potential liabilities possibly occurring from the business operation or duty performance of the REIT Manager, including the duty performance of directors, executives and employees of the REIT Manager throughout the approved period of being the REIT Manager. This, however, excludes liabilities to the third party resulting from intentional violation against such third party by the REIT Manager, director, executive and staff of the REIT Manager or severe intentional negligence which results in violation of the third party. Furthermore, insurance limit shall be as mutually deemed sufficient and appropriate by the Trustee and the REIT Manager.
- (g) In respect to entering into any transactions in relation to the properties of the REIT, the REIT Manager must ensure that the disposal and transfer of such properties or the entering into an agreement related to such properties for the REIT is proper and legally effective, and to ensure that the investment in such properties of the REIT has been carried out in appropriate manner by at least conducting self-evaluation in terms of readiness for management of such properties investment before accepting the position of the REIT Manager or before conducting additional investment in such properties as the case may be, including conducting analysis and feasibility study, and due diligence on such properties and assessment of other potential risks from the investment and setting up risk management guideline. The said risks shall also include risk relating to development or construction of real

estate (if any), such as potential risk from delay construction and inability to procure benefits from the real estate, etc. The REIT Manager shall take any actions to acquire the assets or real estate additionally invested by the REIT in the event of capital increase for additional real estate investment within 60 (sixty) days from the date of completion of REIT establishment in the case of initial offering for sale of trust units and no establishment of the REIT or from the closing date of offering for sale of trust units for capital increase following the establishment of the REIT.

- (h) Organize the unitholders' meeting as per stipulated in the Trust Deed and may be authorized as a proxy of the unitholders to exercise voting right in the said meeting on the agenda items in which the REIT Manager has no conflict of interest. In the event of agenda items in which the REIT Manager has conflict of interest, the Trustee may be authorized as the proxy by the unitholders in lieu of the REIT Manager.

In respect to the performance of duties of the REIT Manager as per this Trust Deed and REIT Manager Appointment Contract, the REIT Manager shall have duty to operate with prudence to prevent any conflict of interest between the REIT and the REIT Manager. The REIT Manager must not have any interests that may be conflicting with the best interest of the REIT. In the event where conflict of interest occurs, the REIT Manager must demonstrate the available measures or mechanism for ensuring that the management of the REIT is carried out in fair manner without taking advantage of the REIT and must be in compliance with Notification Sor.Chor. 29/2555 and Notification Gor.Ror. 14/2555.

1.3.2 Management Duties for the REIT and the REIT Assets

1. For appropriate and efficient supervision and management of the REIT as assigned by the Trustee in accordance with related laws and notifications, the Trust Deed, and the REIT Manager Appointment Contract, and maintenance of benefits of the REIT and the overall unitholders, the REIT Manager shall set up quality work system under efficient check and balance on duty performance, and ability to completely support the responsible tasks, at least covering the following matters.
 - (1) Formulation of policies on the REIT management, structuring of the REIT's capital, real estate investment decision, investment selection consideration, determination of policy and strategy of procurement of benefits from real estate so that the assigned investment management prudently and carefully takes place in consistency with the policy of investment under the Trust Deed, and as stipulated in the related laws and notifications for maintaining the interest of the REIT and the overall unitholders.
 - (2) Administration and management of risks relating to supervision and management of the REIT as assigned for efficient risk prevention and management, compliance with the Trust Deed, and related laws and notifications and maintenance of benefits of the REIT and the overall unitholders.
 - (3) Management of conflict of related interest particularly between the REIT and the REIT Manager and the related party of the REIT Manager, including operating measure or guideline for maintenance of best interest of the REIT or the overall unitholders upon occurrence of conflict of interest.
 - (4) Selection of the REIT Manager's personnel and the delegated person in task in relation to the operation of the REIT (if any) to have the person with knowledge, competence, and qualification which are suitable for performing tasks, as stipulated by the related laws, notifications, Trust Deed and The REIT Manager Appointment Contract.
 - (5) Governing the duty performance of the manager and the personnel of the REIT Manager, and monitoring and supervising the delegated person in task in relation



- to the management of the REIT to ensure the compliance as stipulated in the Trust Deed, The REIT Manager Appointment Contract, the related laws and notifications
- (6) Complete, proper and adequate disclosure of information as stipulated in the Trust Deed, The REIT Manager Appointment Contract, related laws and notifications
 - (7) Back Office Operation
 - (8) Internal audit and control
 - (9) Investor communication and settlement of the investor complaint
 - (10) Settlement of legal dispute

The REIT Manager may delegate other person to perform the matter in relation to business operation as the REIT Manager, under the rule prescribed in Clause 2 below.

2. In setting up all of the aforesaid work systems, the REIT Manager may delegate other person to execute the matters relating to business operation as the REIT Manager as necessary to promote more flexible and efficient business operation, as per the following rules.

- (1) The delegation shall not be in the manner that may affect efficiency of performance of duties of the REIT Manager.
- (2) The supporting measure shall be available for continuous business operation in the event of failure to further execution by the delegated executor.
- (3) In the event where delegation of tasks relating to other asset investment of the REIT, the person that can legally execute shall be delegated.

The delegation of other person to be the delegated executor above shall not be the delegation of the systems and tasks under Clause 1 (2), (3), (4) and (9) .

3. The REIT Manager shall administer and manage the REIT in accordance with the requirement of the Trust Deed, The REIT Manager Appointment Contract, and the underwriting of trust units proposition particulars regarding the offer for sale of trust units and prospectus, and maintain the interest of the unitholders.

Nevertheless, if the Trustee on behalf of the Trustee of the REIT enters into any agreement with the third party (such as loan agreement entered between the Trustee on behalf of the REIT's Trustee, and the lender, etc.). Such agreement prescribes that the Trustee on behalf of the REIT's Trustee shall be responsible for compliance with such agreement that may affect the operation

of the REIT management of the REIT Manager. The Trustee shall notify terms and conditions of the agreement of which the REIT is bounded with the third party and may affect the operation of the REIT management of the REIT Manager for acknowledgement of the REIT Manager. After the REIT Manager has received such written notice from the Trustee, the REIT Manager shall observe the said terms and conditions as prescribed in the said written notice to avoid the breach of the REIT against any agreement entered by the REIT.

4. The REIT Manager shall select and conduct Due Diligence of properties which will be invested by the REIT with prudence and diligence. The information including documents, evidence in relation to selection, verification and decision either on investment or not investment in any asset, shall be recorded and filed for the REIT. The selection and Due Diligence of the properties which will be invested by the REIT under this clause of the Trust Deed, the REIT Manager shall comply with the practical guideline of Real Estate Investment Trust Management in the Notification of the SEC and/or Office of the SEC under observance and compliance as minimum standard in perform of duties of the REIT Manager, and as prescribed in the Trust Deed and the REIT Manager Appointment Contract.
5. The REIT Manager shall execute to ensure professional management in finance and economic value of the REIT's assets for interest of the unitholders, for instance:
 - (1) Formulate strategy and policy of investment and risk management to be efficient and consistent with obligation prescribed in the Trust Deed, the underwriting of trust units proposition particulars regarding the offer for sale of trust units and prospectus.
 - (2) Supervise and manage the REIT in part of business operation, including investment, borrowing, and incurring of encumbrances to the assets of the REIT, entering into the contract agreement and any other operations for the REIT within the scope, rules and conditions as specified in the Trust Deed, the underwriting of trust units proposition particulars regarding the offer for sale of trust units and prospectus.
 - (3) Invest in real estate which is consistent with objective of the REIT investment and in accordance with the Trust Deed, the underwriting of trust units proposition

particulars regarding the offer for sale of trust units and prospectus, rules stipulated in Notification ThorJor.49/2555 as well as any other related notifications and orders as stipulated in the Notification of the SEC or the Office of the SEC.

- (4) Manage cash flow of the REIT.
- (5) Consider distribution payment of the REIT.
- (6) Provide insurance throughout the investment of the REIT in core assets to cover the contingent damage of the REIT's core assets. Such insurance must, at minimum, covers insurance against loss that may occur with properties, business interruption insurance, and third party insurance for the liabilities of third parties that may be damaged from the core assets or the operations on core assets in the insurance limit deemed sufficient and appropriate by the Trustee. The insurance must specify the REIT to be the beneficiary in such insurance (unless the event of third party insurance). In the event that the REIT invests to acquire leasehold right over real estate in the nature of sub-leasehold right, the REIT Manager shall execute to ensure the appropriate insurance limit of the assets invested by the REIT. If the REIT is not the beneficiary and the insured of such insurance due to any reason, such as entry to be the beneficiary and the insured of such insurance is in conflict with the requirement under main lease contract, the REIT Manager shall execute to ensure appropriate and adequate measure or mechanism in using indemnity to create assets which are newly invested by the REIT to further seek for benefits and/or compensate the REIT for loss of interest in possession of assets invested by the REIT.
- (7) Control the tenants to comply with the lease contract and service contract.
- (8) Control to ensure compliance with the related laws and notifications applicable with properties invested by the REIT, and supervise and execute to ensure that properties invested by the REIT are not used to operate the immoral or illegal business, as well as not allow the person with reasonable suspicion in using the said properties to use in immoral or illegal business operation, to lease the properties. In each lease, the REIT Manager shall be responsible for making

agreement so that the REIT can cancel the lease contract if it appears that the tenant uses propertis in such business operation.

- (9) Manage and administer the space for service and leasable space, such as control the use of space service in high and suitable occupancy rate in accordance with makret situation, and supervision of leasing for continuous renewal of the lease contract, or low space vacancy rate; negotiate with the tenant about the lease contract, review rental rate, cancel or renew lease contract for long-term lease, etc. to be in line with the requirement in loan agreement of which the REIT is the contractual party (if any), without depriving of the right of the Trustee to claim for occurred damage with the Trustee if it appears that the REIT Manager enters into such lease contract in the manner of breach of the requirement in loan agreement of which the RETI is the contractual party.
 - (10) Evaluate the past leasing and service to determine the condition of leasing and service, prepare the appropriate lease contract and service contract, evaluate accuracy and collection of revenue, rental fee, expense for recording allowance for doubtful accounts or writing off bad debt or recording bad debt recovery (in the event where money can be collected after writing off bad debt).
 - (11) Establish security system of the building and structure invested by the REIT such as fire alarm system, communication system, and emergency response plan.
 - (12) Formulate policy and action plan on administration, maintenance and renovation of the building and structure invested by the REIT.
6. The REIT Manager shall audit to ensure that the REIT has proper ownership and/or right in properties invested by the REIT, and the contract agreements entered by the REIT as the contractual party is legally prepared, and conditional or applicable in accordance with the conditions stipulated in such contract agreements.
 7. The REIT Manager shall establish filing system of all documentary evidence relating to the operation of the REIT and the company invested by the REIT, including but not limited to meeting invitation notice of the unitholders' meeting, the underwriting of trust units proposition particulars regarding the offer for sale of trust units, prospectus, Form 56-1 of the REIT,



financial statements and documentation of bookkeeping of the account of the REIT and the company invested by the REIT, and compliance with the related laws and notifications applicable with the REIT and invested assets. Such information and documents shall be properly and completely stored and verifiable within at least 5 (five) years from the date of which such documents or information are prepared.

8. The REIT Manager shall properly and completely prepare and disseminate financial statements, annual report, and any other information in relation to the REIT. The dissemination shall be performed within the period specified in the Trust Deed, The REIT Manager Appointment Contract, the underwriting of trust units proposition particulars regarding the offer for sale of trust units, prospectus, including the related laws and notifications.

Nevertheless, the REIT Manager including directors and executives of the REIT Manager and the Property Manager with duty in connection with preparation and disclosure of the REIT-related information, shall be mutually responsible on the content of the information announced or disseminated to the unitholders and general investors. Audit system shall be established in order to ensure that the audited information disclosed in the underwriting of trust units proposition particulars regarding the offer for sale of trust units, prospectus, meeting invitation notice of the unitholders' meeting, advertising document, printed matter proclamation, or any other disseminated documents are accurate, complete, up-to-date, not lack of information that should be notified for acknowledgement, or have no statement that may cause misinterpretation on the operation or financial position of the REIT, and provide adequate information for investment decision, in accordance with the Trust Deed, and the related laws and notifications.

9. The REIT Manager shall supervise to ensure that the unitholders acquire proper and adequate information prior to exercise their voting rights in approving matters, and acquire such information in advance in the period specified in the Trust Deed, the underwriting of trust units proposition particulars regarding the offer for sale of trust units, prospectus, including the related laws and notifications.
10. The REIT Manager shall control and supervise to ensure compliance of the REIT with the related laws and notifications, or practical guideline issued by government agencies or other regulating organizations relating to the operation of the REIT.

11. The REIT Manager shall make distribution payment to the unitholders as stipulated in the Trust Deed, in other words, not less than 90 (ninety) percent of adjusted net profit of the fiscal year. The mentioned net profit is adjusted by the following transactions.

- (1) Deduction of Unrealized Gain from value appraisal or verification of value appraisal of the REIT's assets, including adjustment with other transactions in accordance with the guideline of the Office of the SEC to be consistent with cash position of the REIT.
- (2) Deduction with reserve transaction for repayment of loan or borrowing obligation of the REIT in financial limit specified in the underwriting of trust units proposition particulars regarding the offer for sale of trust units, prospectus, or Form 56-1 as the case may be.

Moreover, this also includes additional conditions as stipulated in the Trust Deed. The payment shall be made within 90 (ninety) days from the ending date of fiscal year or accounting period of which the distribution payment is made, as the case may be.

However, the distribution will not pay to the unitholders in the event where the REIT remains having accumulated deficit balance.

12. In the event where the Trust Deed prescribes that the REIT Manager can disburse assets of the REIT. Such disbursement can be performed particularly in the event of disbursement from daily operation account and Petty cash account under financial limit approved by the Trustee in requisition of expense from the REIT. The REIT Manager is the authorized person of the Trustee to sign on behalf of the Trustee under approval of the Trustee. The REIT Manager can disburse not exceeding 3 (three) times per month, and the REIT Manager shall prepare and submit disbursement report to the Trustee so that the Trustee can audit such transactions within the period deemed appropriate by the Trustee, and submit Invoice, Receipt, and/or evidence indicating details of the list of such expenses to the Trustee. The Trustee that performs on behalf of the REIT shall verify, consider and make payment into daily operation within 7 (seven) days from the date of which the Trustee has completely received such documentary evidence.

The REIT Manager is responsible for storing documentary evidence in relation to the



management of the REIT, including affirmative documentation of petty cash payment, and original of receipts for expenses for at least 5 (five) years period from the date of which such documents are prepared to be in valid and complete condition to be ready for audit of the Trustee. The REIT Manager and the Trustee may mutually consider extending or reducing financial limit of daily operating account and petty cash account above, by considering the suitability of the REIT's operation for best interest of the REIT.

13. The REIT Manager shall prepare, and/or submit and certify the accuracy of the information relating to the management of the REIT under responsibility of the REIT Manager in accordance with The REIT Manager Appointment Contract, the Trust Deed and the related laws and notifications, or as deemed appropriate by the Trustee, including but not limited to just information relating to calculation of Net Asset Value (NAV), and reporting of real estate appraisal, to the Trustee and/or the Office of the SEC.
14. In the event where the loss of the REIT's asset, the REIT Manager shall be responsible for taking any action to monitor and take back the said asset to be under possession of the REIT as before.
15. The REIT Manager shall be responsible for examining and taking any action as appropriate to make the borrowing proportion of the REIT to be in line with the condition of the loan agreement and consistent with rules in the Notification ThorJor.49/2555 or related laws and notifications.
16. The REIT Manager shall prepare the borrowing plan for the REIT as follows.
 - (1) Prepare long-term borrowing plan for repayment of the existing loan (refinancing) before maturity of loan liability under the effective long-term loan agreement at least 1 (one) year.
 - (2) Prepare short-term working capital credit line review plan for working capital used in business operation in money market for comparing with the condition of the existing effective loan agreement of short-term working capital credit line.

The REIT Manager shall propose the matter of the borrowing to the Trustee for approval consideration on case by case basis in accordance with the Trust Deed.

17. The REIT Manager shall be responsible for remarking the opinion to the related official about

attributes or characteristics of real estate invested by the REIT upon request of the related agencies.

18. The REIT Manager shall change, restore, and modify core assets as necessary and appropriate in the extent that is not in conflict or contradiction with the Trust Deed, the related laws and regulations, and Benefits Procurement Contract of the REIT, under advance notice to the Trustee.
19. The REIT Manager shall control and supervise the management of core assets, and procurement of benefits from core assets, as well as management in the event of emergency occurrence, and refurbishment of properties as necessary. The REIT Manager shall notify the Trustee for advance notice in the event of major refurbishment.
20. The REIT Manager shall be responsible for managing and procuring benefits from other assets of the REIT apart from core assets, and taking any other necessary actions so that the management of other assets of the REIT apart from core assets is in line with the annual operating plan, the Trust Deed, The REIT Manager Appointment Contract, and related laws and notifications.
21. The REIT Manager shall be responsible for jointly taking any actions together with the Trustee to ensure the Trustee's acquisition of license, permit, indulgence letter, and/or any other related and necessary documents in procurement of benefits from core assets.
22. The REIT Manager shall be responsible for facilitating the Trustee or the person assigned by the Trustee to examine core assets within working days and working hours of the REIT Manager, and providing information, statement, and/or submitting any documents relating to the management of the REIT upon request of the Trustee in case of necessity and appropriateness.
23. The REIT Manager shall be responsible for facilitating the asset valuation company to appraise the assets of the REIT or the person assigned by the said asset valuation company in surveying core assets for appraisal, and providing information, statement and/or submitting any documents relating to the management of the REIT upon request of the asset valuation company in case of necessity and appropriateness.
24. The REIT Manager shall be responsible for preparing any documentary evidence under



possession of the REIT Manager in relation or connection with core assets, and/or under possession on behalf of the REIT, including accounting documentary evidence in relation or connection with the REIT so that the Trustee or the person assigned by the Trustee and/or the auditor can audit within working days and working hours of the REIT Manager. Upon request of the Trustee or the person assigned by the Trustee and/or auditor, the REIT Manager shall submit all of any documents in relation or connection with the REIT upon request of the Trustee and/or the auditor (as the case may be) within 15 (fifteen) working days from the date of which the said request has been acknowledged or should be acknowledged, unless reasonable ground or otherwise agreed by the contractual parties.

25. The REIT Manager shall be responsible for notifying the Trustee for acknowledgement within reasonable period on defect of core assets, including equipment and facilities or upon occurrence of any circumstances that cause significant reduction of value of core assets.
26. The REIT Manager shall be responsible for taking any other actions as the REIT considers and deems necessary and appropriate to make core assets to be in good and available condition for procurement of benefits, or in accordance with the intention of The REIT Manager Appointment Contract in all respects, and providing advices on market situation in the event where the REIT wishes to dispose or transfer leasehold right in core assets.
27. Apart from delegating the Property Manager to execute tasks under responsibility of the REIT Manager, in the event where the REIT Manager wishes to delegate other person to execute tasks under its responsibility apart from the Property Manager, such as delegating other person to manage other assets besides core assets of the REIT, the REIT Manager shall select the delegated executor with prudence and diligence, as well as govern and audit the execution of the delegated executor. The requirement of such delegation must not cause any material conflict with Notification Sor.Chor. 29/2555 nor any other related notifications as prescribed by the SEC or the Office of the SEC.

1.3.3. Duty of Contracting in Procurement of Benefits in Properties of the REIT

- 1 The benefits from core assets which are properties shall be procured by leasing and/or sub-leasing of the properties only. Total value of the properties shall not be less than 75 (seventy five) of total value of trust units offered for sale, including loan amount (if any).
- 2 The REIT Manager shall be responsible for controlling, supervising and establishing measure of control, supervision, and taking any necessary and appropriate actions on behalf of the REIT Manager to ensure compliance of the tenants, sub-tenants (if any), and/or third parties relating to the management of core assets, with duties, conditions and/or agreements prescribed in the lease contract, sub-lease contract (if any), and/or contract relating to core assets, including rules, criteria, regulations or any other requirements of core assets, or policy relating to core assets.
- 3 The REIT Manager shall be responsible for preparing the lease contract of space, service contract, outsourcing contract for the external service provider, and any other contracts relating to core assets (if any).

1.3.4. Delegating the Property Manager for Operation in Tasks under Responsibility of the REIT Manager

In the event where the REIT Manager wishes to delegate the Property Manager to operate tasks under responsibility of the REIT Manager, the REIT Manager shall be responsible for selecting the Property Manager with prudence and diligence in order to acquire the Property Manager that has keen qualification, knowledge, competence, and experience in property management of the REIT, prepare the Property Manager Appointment Contract in consistency and not in conflict with the Trust Deed, and control, supervise, govern and audit the performance of duties of the said Property Manager so that the performance of duties and responsibilities are in accordance with what are stipulated in this Trust Deed, The Property Manager Appointment Contract, as well as the related laws and notifications in order to maintain best interest of the unitholders and general investors. The following operation shall be at least carried out.

1 Selection of the Property Manager

In respect to the delegation or appointment of the Property Manager to manage properties invested by the REIT, such as daily supervision in sales, marketing, and



management on such real estate, the REIT Manager shall carry out at least the following matters.

- (1) Evaluate and analyse the past experience, reputation and achievement of the Property Manager in various matters such as capability to seek for tenants, debt collection, maintenance of interior assets, administration system of the leasable space, service care for tenants and service users, internal control for prevention of revenue leakage, and circumspect control of expense requisition, etc.
Furthermore, the internal control system of the Property Manager shall be in line with the minimum requirement under the practical guideline of Real Estate Investment Trust Management stipulated by the Notifications of the SEC and/or the Office of the SEC.
- (2) Consider the suitability of rate of remuneration for the the Property Manager that must be determined based on capability level in duty performance, in order to create incentive for the Property Manager to attempt to enhance revenues and reduce expenses of the REIT.
- (3) Set up mechanism to allow the alteration of the Property Manager by the REIT in the event of the Property Manager's breach of conditions, the Trust Deed, The Property Manager Contract, or the related laws and notifications, or unsatisfactory management result.
- (4) Establish a system in regular monitoring, auditing and assessing the internal control system of the Property Manager to ensure effectiveness of the existing internal control system, ability to prevent corruption, and easily detect corruption or non-compliance with internal control system, such as determining the auditor of the Property Manager to assess internal control system of the Property Manager during auditing, and report weakness or fault of internal control system for acknowledgement of the REIT Manager, etc.

Nevertheless, the REIT Manager may consider prescribing in The Property Manager Appointment Contract that the Property Manager shall be responsible for damage occurred with the REIT's benefits as the result of negligence of the Property Manager

in control system, resulting in easy occurrence of corruption.

- (5) In the event where the REIT Manager detects that the Property Manager fails to perform duties as prescribed in The Property Manager Appointment Contract or performs any act or omits to perform any act, resulting in lack of credibility in performance of duties in accordance with The Property Manager Appointment Contract, the REIT Manager shall cancel The Property Manager Appointment Contract of the said Property Manager so that the REIT Manager can enter to operate in replacement, or select the new Property Manager to replace the existing one.

Furthermore, in the event where the REIT Manager allows the real estate of the REIT to be leased by single tenant whereas the REIT gains distribution in whole or in part in form of profit sharing, the REIT Manager shall establish selecting, monitoring and auditing system on the duty performance of this single tenant in same manner as delegation or appointment of the Property Manager above in order to ensure that this single tenant can completely pay rental fee to the REIT in accordance with the conditions of the lease contract and non-leakage of revenue, possibly resulting in not gaining full distribution by the REIT as assumed by the REIT.

- (6) In the event where the Trustee detects that the Property Manager fails to perform duties as stipulated in The Property Manager Appointment Contract or perform any acts or omits to perform any acts that cause lack of credibility in performance of duties in accordance with the Property Manager Appointment Contract, the Trustee may notify the REIT Manager for acknowledgement by writing regarding to the said circumstance so that the REIT Manager can cancel The Property Manager Appointment Contract of the said Property Manager, and can enter to operate in replacement or select the new Property Manager in replacement of the existing one.

2 Supervision of Duty Performance of the Property Manager

The REIT Manager shall be responsible for supervising the management and duty performance of the Property Manager to maintain best interest of the unitholders and

general investors. The REIT Manager shall be particularly responsible for controlling and managing revenues and expenses of the REIT so that the REIT's distribution is in accordance with the setting target. The measure of supervision and duty performance of the Property Manager is as follows.

- (1) The REIT Manager shall participate in preparing or considering the approval of annual budget preparation plan of the Property Manager to show details of revenues and expenses that quite certainly occur in each month to avoid undesirable expenses, set target of monthly and yearly revenue generation, and monitoring, controlling and supervising to ensure revenues and expenses of the REIT in line with setting annual budget plan approved by the Trustee.
- (2) The REIT Manager shall consider or review business strategy planning, marketing and underwriting promotion plan, and operating plan in various areas of the property Manager so that the REIT can increase revenue generation, mitigate risk from fluctuation of rental revenue for the REIT, and coordinate, monitor and control the Property Manager to operate in various areas in accordance with the determined strategy and work plan.
- (3) The REIT Manager shall consider or review the selection guideline of the major tenants and service providers, and plan the apportionment on type of business of the tenants of assets invested by the REIT. The said guideline and plan are prepared by the Property Manager to restrict and control risk or fluctuation of rental revenue in each year.
- (4) The REIT Manager shall consider and review the formulation of rental fee policy of the Property Manager for suitable rate of rental fee based on leasing and service market situation at that time, govern and monitor the Property Manager to operate in accordance with the said policy, and govern and monitor the Property Manager to operate in accordance with the agreement made with the tenants on calculation and payment of rental fee.
- (5) The REIT Manager shall enter to audit control system of maintenance or refurbishment expense of equipment or building invested by the REIT in order to

assess the suitability of refurbishment or replacement in order to ensure that such expense is not wasteful and causes true benefit to the REIT.

- (6) The REIT Manager shall assess the suitability of the control system in relation to procurement of the Property Manager so that the REIT can receive goods or services which are worthwhile for paid money. Excessive expenses shall not be collected from the REIT and shall be under the framework stipulated in the Trust Deed, the related laws and notifications, and commitments additionally provided in documents which are disclosed for benefit of offering for sale of trust units to the investors, and resolution of the unitholders.
- (7) The REIT Manager shall assess, monitor and control the revenue collection of the Property Manager for complete receipt of rental revenue by the REIT.
- (8) The REIT Manager shall determine that the Property Manager shall be responsible for monitoring, controlling and supervising the tenants and the service users to completely and properly pay taxes required by law, and governing and monitoring the Property Manager to perform such duties.
- (9) The REIT Manager shall analyse irregularity of the management of the Property Manager, and randomly audit the operation of the Property Manager without advance notification.
- (10) The REIT Manager shall regularly select, monitor, audit and assess internal control system of the Property Manager.

Moreover, the REIT Manager shall establish monitoring and controlling system and randomly audit to ensure the compliance of the Property Manager at least with the following rules.

- (a) Completely and properly collect revenue and deliver to the REIT.
- (b) Not collect expenses from the REIT more than necessity and within the framework determined by this Trust Deed to be collectible.
- (c) Adequately and properly supervise, refurbish and maintain assets of the REIT so that benefits can be continuously procured in long run.



- (d) Prepare emergency plan to support emergency or circumstance which is unpredictable or may seriously affect the operation of the REIT or the Property Manager; and
- (e) Take action in accordance with measure for prevention of conflict of interest that may occur between the Property Manager and the REIT.

1.4 Administration

BBLAM consists of seven departments that perform the duties in supporting tasks in relation to being the REIT Manager. The scope and duties and responsibilities can be summarized as follows.

1.) Real Estate and Infrastructure Investment Department

Real Estate and Infrastructure Investment Department is the department under control and supervision of Head of Real Estate and Infrastructure Investment on duty performance of each section to be line with the determined the operating policy. There are three sections as per below.

1. Infrastructure Fund
2. Property Fund
3. Real Estate Investment Trust (REIT) is the section with key responsible duty in management of the REIT on behalf of the REIT Manager for real estate investment.

2.) Compliance & Legal Department

Compliance & Legal Department is responsible for auditing the duty performance of the REIT Manager, and govern the performance of the REIT Manager to be in accordance with the stipulated guideline under the principle of trust such as establishment of the REIT in accordance with regulations of the Office of the SEC, and tasks in relation to general laws.

3.) Operation & System Department

Operation & System Department is responsible for preparing the system of trust unit allocation, trust unit subscription, and accounting and financing work of the REIT in part responsible by the REIT Manager.

4.) Product Management Department

Product Management Department is responsible for mutually preparing the documents of the establishment application and offering for sale of trust units, publishing subscription form and trust unit

certificate, prospectus, and related documents. Moreover, the Department is also responsible for mutually planning, preparing and carrying out the advertising and public relations tasks in relation to REIT management task such as advertising media, the unitholders' meeting, and other advertising and public relations tasks upon occasional request, etc.

5.) Risk Management Department

Risk Management Department has duty to manage risks, propose risk management policy to the Risk Management Committee and the Board of Directors for consideration and approval, and apply the framework of risk management as basis and guideline of risk assessment and reporting, and transmit to the executives and staffs for acknowledgement.

6.) Internal Audit Department

Internal Audit Department is responsible for checking and evaluating the adequacy of the internal control system related to the operating system of the REIT Manager

7.) HR Strategy & Service Support Department

HR Strategy & Service Support Department performs the duty to mutually plan, coordinate and carry out tasks in human resource, detail of personnel, and person in charge in administration of the REIT by work units of the REIT Manager as at December 31, 2018 as follows.

Number of Personnel in Departments of the REIT Manager

Department	No. of Personnel	Head of Department*	Qualification
Real Estate & Infrastructure Investment	15	Pornchalit Ploykrachang*	DMD, Finance & Real Estate
Compliance & Legal	5	Sutee Khantaruangsakul	DMD, Compliance & Legal
Operation & System	41	Winai Hirunpinyopard	MD, Finance
Product Management	21	Wipharat Setkit	DMD, Finance
Risk Management	5	Adisorn Rotjanapan	AMD, Risk Management
Internal Audit	2	Sirima Prapapanich	AMD, Internal Audit
HR Strategy & Service Support	20	Ubolrat Busyakanistha	DMD, HR & Strategy

Mr. Pornchalit Ploykrachang has commenced to perform his responsible duties in Real Estate & Infrastructure Investment Depart on January 2, 2019.

1.5 Functional Fees of the REIT Manager

Throughout the term of the REIT Manager Appointment Contract, the REIT Manager shall receive functional fees of the REIT Manager which are divided into three portions as follows.

Fees and Expenses Collected from the REIT	Ceiling % of NAV	Expected Collection Rate (Excluding VAT)
Portion 1 REIT administration fee	Not exceeding 1.00% per year of NAV	Not exceeding 0.50% of TAV but not lower than 8 million Baht per year
Portion 2 Property Management Fee	See detail of fees of the Property Manager	
Portion 3 Core Asset Acquisition or Disposal	Not exceeding 5.00% per year of NAV	Not exceeding 1.00% of acquired or disposed core asset value

2 The Property Manager

2.1 General Information

<u>Name</u>	True Properties Company Limited
<u>Registration Date of the Company</u>	July 2, 1992
<u>Establishment</u>	
<u>Paid-Up Registered Capital</u>	7,059,000,000 Baht
<u>Type of Business</u>	Engage in the business for space leasing of office buildings in Bangkok, and office buildings in the region, and providing interior services and furniture leasing.
<u>Shareholders</u>	The name list of shareholders as at December 24, 2018 is as follows.

Name List	Number of Holding Shares	Proportion
	(Shares)	(Percent)
1. Thana Telecom Co., Ltd.	40,079,998	56.78
2. CP Property Holding Co., Ltd.	30,510,001	43.22
3. Mr. Voravit Chanethanakul	1	0.00

<u>Head Office Location</u>	True Tower 1, No. 18, Ratchadapisek Road, Huai Khwang, Huai Khwang, Bangkok
<u>Telephone</u>	02-858-1188
<u>Facsimile</u>	02-858-1480

<u>The Board of Directors</u>	1. Mr. Kajorn Jiaravanon
	2. Ms. Naruemol Thanetsunthorn
	3. Mr. Noppadol Dechudom
	4. Mr. Chartvutthi Tanchanpong
	5. Mr. Somkiat Viphusanamankala
	6. Mr. Prasert Jiarakul

<u>Board of Directors who signs in</u>	The signatory authorized directors of True Properties consisting of Mr. Kajorn Jiaravanon, or Ms. Naruemol Thanetsunthorn, or Mr. Noppadol Dechudom, or Mr. Chartvutthi Tanchanpong,
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together with Mr. Somkiat Viphusanamankala, or

Mr. Prasert Jiarakul, shall counter sign in total of two directors, and affix the company's seal.

2.2 Duties and Responsibilities of the Property Manager

2.2.1. Duty of Property Management

1) Procure benefits from assets invested by the REIT in accordance with the policy of the REIT Manager for best interest of the REIT.

2) Refurbish, renovate and maintain assets invested by the REIT to be in good and available condition in procurement of benefits, and audit the compliance with the related laws.

3) In respect to preparation of accounting and report, management documents, and internal audit, account and reports shall be prepared as appropriate, and any documentary evidence relating to Gross Operating Revenue of the REIT and Operating Expenses to be submitted to the REIT.

4) In respect to marketing operation, the necessary advertising plan for the REIT shall be established in accordance with what is stipulated in the approved annual operating plan.

2.2.2. Duty of Information Disclosure

Information relating to management and benefits procurement of assets invested by the REIT shall be disclosed to the REIT and the Trustee in accordance with rules and procedures prescribed by the REIT Manager.

2.2.3. Duty of Compliance with Rules Relating to Transaction with the Related Party of the REIT

The rule of the REIT management in the matter of transactions with the related party of the REIT shall be complied whereas the Property Manager shall perform duties under concern on best benefits of the REIT and the unitholders.

2.2.4. Duty of Cooperation with the REIT Manager and the Trustee

The cooperation shall be given to the REIT Manager or the Trustee in compliance with supervision system for the Property Manager. Upon property inspection by the REIT Manager or the Trustee, the Property Manager shall prepare to provide information, statement, and/or submit any documents as requested by the REIT Manager or the Trustee in case of necessity and appropriateness.

2.2.5. Duty of Prevention of conflict of interest

The Property Manager shall have duty to establish, comply with and update the measure for prevention of conflict of interest and maintenance of best interest of the unitholders, and disclose potential conflict of interest that is proper, complete and consistent to fact for acknowledgement of the REIT Manager and the Trustee. In addition, the Property Manager shall not take any actions that are in conflict with interest of the REIT as per details stipulated in The Property Manager Appointment Contract.

2.2.6. Delegating Other Person for Performance of Duties and Supervision (Outsourcing)

The Property Manager may delegate other person to perform some part of duties of the Property Manager to the extent that it is not in conflict with the laws, regulations, rules or any notifications applicable with the REIT, the Property Manager, the REIT Manager and the Trustee, and in accordance with rules stipulated in the policy in relation to delegation of work and outsourcing.

2.2.7. Work System Relating to Performance of Duties of the Property Manager

The Property Manager shall have duty to comply with, improve and disclose information relating to work systems in relation to performance of duties for efficient performance of duties, and for best benefits of the REIT and the overall unitholders.

2.3 Functional Fee of the Property Manager

The Property Manager shall receive fees for performance of duties of the Property Manager whereas the said fees are divided into three portions as follows.

Fees and Expenses Collected from the REIT	Ceiling % of NAV	Expected Collection Rate (Excluding VAT)
Portion 1 Standard Fee	Not exceeding 3.00% pa of NAV	Not exceeding 3.00% of operating revenue per project
Portion 2 Additional Fee		Not exceeding 10.00% of Adjusted Gross Operating Profit from Real Estate per project
Portion 3 Contract Service Fee		Not exceeding 3-month revenue from space rental and/or service

		fees in case of new contract or current contract renewal for lease or service provision of space, including procurement of benefits from the REIT's assets within 3-year contract term and varying according to contract term
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3 Trustee

3.1 General Information

<u>Name</u>	Krung Thai Asset Management Public Company Limited, "KTAM"
<u>License</u>	KTAM has been granted for Trustee Business License on January 23, 2014.
<u>Location of Head Office</u>	No. 1 Empire Tower, 32th Floor, South Sathorn Road, South Sathorn Road, Yannawa, Sathorn, Bangkok 10120
<u>Telephone</u>	02-686-6100
<u>Facsimile</u>	02-670-0430
<u>Website</u>	www.ktam.co.th

3.2 Duties and Responsibilities of the Trustee

The Trustee shall have duty to manage the REIT with honesty, professional diligence, and expertise, and fairly treat the unitholders for best interest of the overall unitholders in accordance with the Trust Deed, as well as related laws and notifications as follows.

- 1) Oversee the Trust Deed to have materiality in accordance with related laws. In amendment of the Trust Deed, the procedures and conditions prescribed in the Trust Deed, and rules prescribed in related laws, shall be observed. Nevertheless, if the aforesaid is not observed in amendment, the Trustee shall carry out in accordance with power and duties specified in the Trust Deed, and under Trust Act in order to oversee and maintain the privilege of the overall unitholders. If in the event of subsequent amendment in rule of

offering for sale of trust units or management of the REIT issued in accordance with Securities Act and Trust Act, and non-compliance of the Trust Deed's requirement with such rule, the Trustee shall carry out to amend the Trust Deed to comply with the said rule, and procedure stipulated in the Trust Deed or as ordered by the Office of SEC under Section 21 of Trust Act.

- 2) Oversee to ensure that management of the REIT is performed by the REIT Manager under consent of the Office of the SEC throughout the establishment term of the REIT unless the event of the REIT Manager's failure to perform duties and the participation of the Trustee in management of the REIT as necessary to prevent, restrain or limit in order to avoid the occurrence of severe damage against the interest of the REIT or overall unitholders, and take action under the authority in this Trust Deed and Trust Act to provide new the REIT Manager.
- 3) Oversee and take any necessary actions so that the REIT Manager and the delegated person (if any) shall have characteristics and comply with rules prescribed in the Trust Deed, other related agreements (if any), and related laws, including discharge of the existing REIT Manager, and appointment of the new REIT Manager or the new delegated person (if any).
- 4) Control the investment of the REIT in accordance with the Trust Deed and related laws.
- 5) Control to ensure the disclosure of proper and complete information of the REIT as stipulated in the Trust Deed and related laws.

3.3 Functional Fee of Trustee

Throughout the term of the Trust Deed, the Trustee shall receive functional fee as trustee, and custodian of assets in fee rate of not more than 0.50% of total asset value. The minimum rate is defined at 4 Million Baht per year.



4 Other Contact

4.1 Registrar

Name	Thailand Securities Depository Co.,Ltd.
Address	The Stock Exchange of Thailand Building 93 Ratchadaphisek Road, Dindaeng, Dindaeng, Bangkok 10400
Telephone	0-2009-9000

4.2 Auditor

Name	KPMG Phoomchai Audit Ltd.
Address	48th – 51st Floor, Empire Tower1 South Sathon Road Yannawa, Sathon
Telephone	0-2677-2000

4.3 Appraisals

Name	CPM Capital Co.,Ltd.
Address	976/10 RimkhlongSamsaen Road, Bangkapi, Huaykwang 10310
Telephone	0-2641-5775

Risk factors

1 REIT business operational risk

- 1.) Risk from compliance with the contract
- 2.) Risk from inability of the space tenant to renew the term of lease contract
- 3.) Risk from ability to pay space rental fee and space service fee of the tenant
- 4.) Risk from renovation and repair of properties that affect benefits procurement
- 5.) Risk from dependence on major tenants
- 6.) Risk of REIT turnover from dependence on capability of the Property Manager
- 7.) Risk relating to trade competitor in REIT business operation
- 8.) Contingent risk from borrowing
- 9.) Occurrence of conflict of Interest between REIT and True Properties

2 REIT invested asset utilization ability risk

- 1.) Risk from the event of land expropriation
- 2.) Risk from natural disaster, flood, sabotage and other force majeure
- 3.) Risk from design of some areas of the assets in the manner of specific use

3 REIT real estate investment risk

- 1.) Risk from change in real estate value based on valuation of the asset appraiser
- 2.) Risk from investment in leasehold with decreasing value based on the remaining lease term

4 REIT unit investment risk exposed by the investor

- 1.) Risk relating to price of trust unit that may decrease due to price fluctuation based on market situation
- 2.) Liquidity risk in secondary market for trading of trust units
- 3.) Risk relating to actual operating performance that may be different from projected income statement based on assumption
- 4.) Risk from impact of change in accounting standards or relevant laws
- 5.) Risk from impact of change in relevant taxes or fees



REIT Management

1 The REIT Supervision Policy

In compliance with the stipulated laws, criteria and Trust Deed, BBLAM shall have the internal control and audit system for duty performance of the REIT Manager and related tasks in accordance with the related rules, notifications or laws; and clearly determine annual audit plan, controlling and auditing procedure. The person who performs in such duty shall be independent. The clear step, method and duration for direct reporting audit result to the Board of Directors or other committees entrusted by the Board of Directors such as Audit Committee, shall be determined. Moreover, the rule and procedure for protection of the operating errors that do not comply with the Trust Deed, and related rules, notifications or laws, shall be established.

2 Sub-Committees

Please see the details in REIT's Structure

3 The Meeting of the Real Estate Investment Committee

The meeting of the Real Estate Investment Committee (REITCOM) is scheduled in quarterly basis or upon having crucial agenda or as deemed appropriate. Real Estate & Infrastructure Investment Group shall organize the meeting and act as secretariat of the meeting. It is determined that the members of the REITCOM shall attend the meeting by presence for not less than half of total members of the REITCOM. All resolutions shall be judged by majority vote. Meeting invitation notice together with meeting agenda shall be delivered to the Board of Directors for consider prior to the meeting. Generally, the crucial agenda of the meeting consist of the following.

- Agenda 1 Consider certifying the minutes of the past Committee's meeting
- Agenda 2 Consider acknowledging the report of the operating performance of the REIT
- Agenda 3 Consider acknowledging financial statements
- Agenda 4 Consider approving the REIT distribution payment
- Agenda 5 Consider other matters (if any)

3.1 Meeting Requirement

1. Schedule of quarterly meeting or upon having crucial agenda or as deemed appropriate, Real Estate & Infrastructure Investment Group shall organize the meeting and act as secretariat of the meeting.

2. The Chief Executive Officer shall preside over the meeting. In a case where the Chairman of the Meeting is unable to attend the meeting, the members of the Committee who attend the meeting shall select one member to preside over that time of the meeting instead.

3. In the meeting, the quorum will be constituted if not less than half of the members of the Committee can attend the meeting. The majority vote shall be considered in final judgment of the meeting. One member of the Committee has one vote. If there is tie vote, an additional vote shall be performed by the Chairman of the Meeting as casting vote. However, the member of the Committee who has gain and loss or may have conflict of interest in any matter is not allowed to participate in consideration or resolution in the said matter. The nature of involvement in the stakeholding or conflict of interest shall be recorded in minutes of the meeting.

4. Properly and completely prepare minutes of the meeting and file meeting-related documents to be verifiable, and file the minutes of the meeting certified by the meeting as evidence.

3.2 Crucial Transaction of the REIT Proposed to Real Estate Investment Committee

1. Investment strategy, management policy, and capital structure
2. Appointment of the external entrusted party such as financial advisor, underwriter, and the Property Manager
3. Selection of assets which will be invested in accordance with procedure of acquisition of core assets
4. Disposal of assets in accordance with procedure of disposal of core assets
5. Consideration on audit and transaction within the scope of transaction with the related party of the REIT Manager
6. Determination of annual budget in accordance with procedure of budget determination
7. Capital increase, borrowing, and issuance of debenture in accordance with procedure of financing
8. Entry into other transactions which are significant for management of the REIT in accordance with related rules and regulations such as the REIT distribution payment, etc.



4 Supervision on Use of Inside Information

BBLAM on behalf of the REIT Manager has established conflict of interest protection system regarding to storage of inside information as follows.

1. It is prohibited not to disclose confidential information to the third party or to the staff of the company that are not related, and not to use acquired information apart from normal performance of duties or improperly use.
2. Manage the storage system of the confidential documents with carefulness.
3. Beware of conversation or discussion on inside confidential information with the third party of the section to prevent conspiracy of the non-related party in the said information.
4. Being cautious in delivery or receipt of inside information in order to prevent information leakage prior to public disclosure.
5. The non-related party is prohibited to enter in working area of the work unit and the meeting or reception area is separately accommodated.
6. If the staff is in doubt on which information is confidential or whether the information can be disclosed, the staff shall directly inquire his/her superior or Compliance & Legal Department.

5 Processes and Factor Used for Investment Consideration and Decision, and Management of the REIT

5.1 Investment in Core Assets of the REIT

The REIT Manager shall execute the following prior to each acquisition of core assets.

1. Perform Due Diligence on the details of assets including related information and documents.
2. Arrange the appraisal of assets which will be invested as specified in the Trust Deed.
3. In the event of the Trust Deed's investment in real estate leasehold in the manner of sub-lease, the REIT Manager shall establish the measure of risk prevention or contingent damage remedy as the result from breach of the lease contract or failure to enforce under the right in the lease contract, and shall disclose such measure of risk prevention to the Trustee and the unitholders.

In the event of acquisition of additional core assets, the REIT Manager shall execute the following.

1. Ask the Trustee to consider giving the consent on asset investment to ensure the compliance with the Trust Deed and related laws.

2. Request the approval of the asset investment as follows.

2.1 Investment in assets owned by the REIT Manager or related party

- In respect to transaction relating to acquisition of core assets, the approval shall be given by the Executive Board of the Company.
- In respect to the transaction with value from 20 million Baht and more or exceeding 3.00% of net asset value of the REIT, whichever value is higher, shall be resolved by vote not less than 3/4 of total votes of the unitholders who attend the meeting and have voting right.
- Arrange the financial advisor to remark the opinion on the connected transaction of the REIT Manager to be the decision making supporting information for the Executive Board of the Company and/or the unitholders of the REIT in approval of the investment in such assets.
- The related party of the assets offered for sale is not allowed to be involved in approval of investment in such assets.

2.2 Investment in assets owned by general person that is not the REIT Manager or related party

- In respect to transaction relating to acquisition of core assets, the approval shall be given by the Executive Board of the Company.
- The investment in assets with value from 30.00 % of total asset value of the REIT shall be resolved by votes not less than 3/4 of total votes of the unitholders who attend the meeting and have voting right.

5.2 Disposal of Core Assets of the REIT

The REIT Manager may consider disposing core assets of the REIT as per the following process.

1. The REIT Manager must have the assets to be appraised by the independent appraiser in accordance with the rule stipulated in the Notification of the Office of the Securities and Exchange Commission.
2. The disposal of core assets shall be approved by the Executive Board of the Company.



3. The disposal of core assets shall be openly disclosed with the essence of list of items, under approval system as specified in the Trust Deed, and procedures in place for obtaining consent from the Trustee or resolution of the unitholders' meeting as the acquisition of assets.

5.3 Management of Core Assets of the REIT

In management of core assets of the REIT, the REIT Manager on behalf of the REIT Manager shall hire the Property Manager by selecting from the person who is experienced in asset management in each type of the assets invested by the REIT.

5.4 Selection of Personnel Relating to Management of the REIT

The REIT Manager shall select the personnel to perform duty of the REIT management by mainly considering from working experiences in the related duty. The REIT Manager shall verify that the personnel who are the executives shall have qualifications as specified in the Notification of the Office of SEC as follows.

- Being the experienced person in investment management or benefits procurement from real estate for not less than three years in total, within five years period prior to the employment date for working with the REIT Manager.
- Being the person without prohibited characteristics of the person with power to manage the REIT. The said prohibited characteristics are announced in the Notification of the Capital Market Supervisory Board on prohibited characteristics of the personnel in capital market business mutatis mutandis.
- The Board of Directors or the entrusted person (as the case may be) shall supervise the selection of personnel in accordance with the aforesaid qualifications. The Compliance Department shall participate in verifying the qualifications of the applicant as well.

Nevertheless, the selected personnel in each position is restricted not to perform duties in other position that may be in conflict with the duty performance in the entrusted key position.

5.5 Investment in Other Assets for Cash Flow Management

The REIT Manager establishes investment control and supervision system for other assets in order to manage cash flow of the REIT. The type of other assets requiring investment and proportion of investment in other assets shall be verified to be in line with the requirement prescribed in the Trust Deed.

6 Selection of the Property Manager

The REIT Manager may appoint other person which is single or several juristic person(s) to perform the duty in managing properties which are assets of the REIT in lieu of the REIT Manager. The Property Manager shall be competent to manage properties in the assigned part, and have personnel with knowledge and experiences in property management not less than three years. The REIT Manager shall be responsible for property management fee, and the REIT shall be responsible for other expenses incurred from property management such as public utility expense, cleaning expense, security expense, property maintenance expense, etc. If the new Property Manager is appointed apart from the one specified in this underwriting of trust units proposition particulars regarding the offer for sale of trust units, the REIT Manager shall notify the Trustee about such appointment within 15 (fifteen) days from the appointment date of the new Property Manager.

The REIT Manager may consider defining term of The Property Manager Appoint Agreement as appropriate as the case may be, and the said Agreement can be automatically renewed. However, the REIT Manager may appoint the Property Manager to add or alter the Property Manager, or consider determining the discharge condition of the Property Manager in case by case. Preliminarily, the Property Manager of the initially invested assets has determined the condition of The Property Manager Appoint Agreement whereas the REIT Manager is entitled to consider discharging the Property Manager upon occurrence of any circumstances as follows.

(1) In the event where Adjusted Gross Operating Profit from Real Estate is lower 95% of the estimate of such profit as specified in annual operating plan proposed by the Property Manager and approved by the REIT Manager for two consecutive years period unless the event of force majeure; or

(2) In the event where occupancy rate of the initially invested assets managed by the Property Manager is lower 50% for three consecutive months period unless the event of force majeure.

(3) If during any year of occurrence of force majeure, the Property Manager may propose the updated annual operating plan to the REIT Manager for consideration and approval. If it appears that Adjusted Gross Operating Profit from Real Estate is lower 95% of the estimate of such profit as specified in the updated annual operating plan for two consecutive years period.



7 Monitoring and Supervising the Operation of the Property Manager

Details	Operation of the Property Manager	Operation Relating to the REIT Manager	Operation of the Trustee
1) Receiving – Delivery of Assets and Contracts after Establishment of REIT			
1.1 Receiving-Delivery of Assets and Contracts	<ul style="list-style-type: none"> - Submit document declaring ownership / right in assets, including contracts and important documents to the REIT Manager. - Enter to jointly inspect the condition of invested real estate together with the REIT Manager and the Trustee. - Properly and completely prepare real estate condition recording report, within 30 days from the commencement date of inspection, and send copy of such report to the REIT Manager within 5 working days from the completion date of recording. 	<ul style="list-style-type: none"> - Verify details of assets and contracts received from the asset owner, the Property Manager, and other relevant agencies such as legal consultant, and appraiser, etc. - Prepare 1 set of copy of ownership document of assets and contracts to be retained at the REIT Manager for using as reference and support of the operation; and prepare important document delivery letter to be delivered to the Trustee for storage accordingly. - Enter to jointly inspect the condition of invested real estate together with the Trustee and the Property Manager; and verify real estate condition recording report. 	<ul style="list-style-type: none"> - Receive assets from the asset owner as per the details of assets invested by the REIT, and review the details of assets, copy of ownership documents and contracts received from the REIT Manager. - Enter to complete the inspection of the condition of the invested real estate within 30 days from real estate possession date of the Trustee; and verify the real estate condition recording report.

Details	Operation of the Property Manager	Operation Relating to the REIT Manager	Operation of the Trustee
2) Monitoring and Controlling the Operation of the Property Manager			
2.1 Complete and Proper Collection of Revenue and Delivery to the REIT	<p>- The REIT establishes a policy that the tenants shall directly pay rental fee into deposit account of the REIT. However, the event where the tenants deposit money into the account of the Property Manager, the Property Manager shall deposit rental fee money into the account of the REIT.</p> <p>- At the end of every month, the Property Manager shall prepare the collection summary of rental revenue under lease contract, cash of rental fee received in that month, and outstanding receivables of rental fee delivered to the REIT Manager for audit</p>	<p>- At the end of every month, audit the accuracy of revenue amount transferred into the account in comparison with the reports and documentations received from the Property Manager.</p> <p>- In the event of accurate amount of money, collect information and documentations, and prepare financial statements and report to be proposed to the Trustee.</p> <p>- In the event of inaccurate amount of money, notify the Property Manager to clarify reason and revise to be accurate.</p>	<p>- At the end of every month, mutually audit financial statements in comparison with reports and documentations together with the auditor.</p> <p>- In the event where abnormality is not detected, reports and documents shall be filed.</p> <p>- In the event where the abnormality is detected, the REIT Manager shall be notified to verify and correct to be proper.</p>



Details	Operation of the Property Manager	Operation Relating to the REIT Manager	Operation of the Trustee
2) Monitoring and Controlling the Operation of the Property Manager			
2.2 Collection of Expenses from the REIT	<p>- The Property Manager shall prepare budget and propose annual operating plan to the REIT Manager for considering determination of budget prior to the end of fiscal year in each year in advance.</p> <p>- In the event of determination of budget, submit expense requisition and evidence of disbursement to the REIT Manager for audit and consideration of disbursement.</p> <p>- In the event of non-determination of budget, discuss with the REIT Manager and clarify the reason of necessity to disburse for determining expense limit required for approval request. If being approved, the Property Manager shall deliver documents to the REIT Manager by specifying 1) details of assets,</p>	<p>- The REIT Manager shall mutually consider budget preparation plan together with the Property Manager and propose REITCOM to consider approving annual budget.</p> <p>- In the event of determination of budget, if the said expense is in the approved budget, audit the accuracy of disbursement documentation, and notify the audit result to the Trustee for considering ordering to make payment into the account of the related party.</p> <p>- In the event of non-determination of budget, or if such expense is not in the approved budget or in excess of the approved budget, the REIT Manager shall notify the Property Manager to clarify the necessity and appropriateness of such expense,</p>	<p>- At the end of every month, jointly audit financial statements in comparison with reports and documentations together with the auditor.</p> <p>- In the event where abnormality is not detected, reports and documents shall be filed.</p> <p>- In the event where the abnormality is detected, the REIT Manager shall be notified to verify and correct to be proper.</p>

Details	Operation of the Property Manager	Operation Relating to the REIT Manager	Operation of the Trustee
2) Monitoring and Controlling the Operation of the Property Manager			
2.2 Collection of Expenses from the REIT	<p>2) limit of approval request, 3) Approval Letter No., and 4) others, as the case may be.</p> <p>- In the event of urgency required for approval request, the Property Manager shall call / email to notify for requesting prior-approval from the REIT Manager.,</p>	<p>and request for additional documents. If it is deemed that such expense is useful for the REIT, payment order shall be approved. If the REIT Manager deems inappropriate for paying, it shall inform the Property Manager to return such set of documents.</p> <p>- Prepare transaction recording and financial statements to be proposed to the Trustee.</p>	
2.3 Adequate and Appropriate Supervision and Refurbishment of Assets of the REIT	<p>- Visually check whether core assets are in the condition ready for benefits procurement.</p> <p>If the significant defect of asset affecting generation of the REIT's revenue is detected, the Property Manager shall record, take photography to support observed physical condition, refurbish, and also notify the REIT Manager for acknowledgement.</p>	<p>- In the event of the Property Manager's request for approval on refurbishment expense, the REIT Manager shall consider the appropriateness of such execution.</p>	<p>- Verify progress report from the REIT Manager.</p> <p>- In the event where abnormality is not detected, reports and documents shall be filed.</p>

Details	Operation of the Property Manager	Operation Relating to the REIT Manager	Operation of the Trustee
2) Monitoring and Controlling the Operation of the Property Manager			
2.3 Adequate and Appropriate Supervision and Refurbishment of Assets of the REIT	<p>- In the event where the tenant notifies the intention to request for asset refurbishment in overview, the Property Manager shall consider suitability and necessity of the said refurbishing items by taking into account maintenance of good relationship with the tenant, and also notify the REIT Manager for acknowledgement.</p> <p>- In the event where the tenant desires not to renew the leased contract, the Property Manager shall receive the assets from the tenant and ask the tenant to refurbish and renovate the assets to be available condition for use as the same condition at the time of commencement of the lease contract.</p>	<p>- If it is deemed to be appropriate for performing transaction, the REIT Manager shall consider the appropriateness of outsourcing the repairer of the significant defective asset to be in available condition, and report progress result for acknowledgement of the Trustee.</p>	<p>- In the event where abnormality is detected, the REIT Manager shall be informed to inspect and correct to be proper.</p>

Details	Operation of the Property Manager	Operation Relating to the REIT Manager	Operation of the Trustee
3) Fund Management and Disclosure of REIT Information			
3.1 Consideration on Distribution Payment	-	<ul style="list-style-type: none"> - Verify the operating result and consider approving amount of distribution payment. - Issue letter notifying the schedule of the book closing date in order to define the right to receive distribution within 14 days from the date of which the Stock Exchange of Thailand has been notified. - Schedule distribution payment date within 14 days from the closing date of register. - Notify the said schedule to the related parties for further executing in related part. 	<ul style="list-style-type: none"> - The Trustee shall verify distribution payment report from the REIT Manager.
3.2 Arrangement of Annual Appraisal / Review of Asset Price	<ul style="list-style-type: none"> - Submit necessary information to the independent appraiser. - Facilitate appraisal assets of the appraiser. 	<ul style="list-style-type: none"> - Gather the list of total assets of the REIT that will be due for the appraisal cycle in the current year. - Select and appoint independent appraisers according to the selection criteria for the entrusted appraisers, and notify the 	<ul style="list-style-type: none"> - The Trustee shall verify the report of asset appraisal from the REIT Manager.

Details	Operation of the Property Manager	Operation Relating to the REIT Manager	Operation of the Trustee
3) Fund Management and Disclosure of REIT Information			
3.2 Arrangement of Annual Appraisal / Review of Asset Price	-	<p>Property Manager for acknowledgement in order to prepare appraisal documentation.</p> <ul style="list-style-type: none"> - Verify the assumption and accuracy of asset appraisal, and submit appraisal report to the Trustee and the SEC. - Conclude the appraised price and disseminate in website of the Stock Exchange of Thailand. 	-
3.3 Annual Asset Inspection	<p>- Enter to jointly inspect the condition of the REIT's real estate together with the REIT Manager and the Trustee.</p>	<ul style="list-style-type: none"> - Gather the list of assets of the REIT that is nearly due for annual inspection schedule. - Coordinate with the Trustee and the Property Manager to make appointment schedule of the entry date for inspecting the real estate condition 	<ul style="list-style-type: none"> - The Trustee shall verify the real estate condition recording report from the REIT Manager.

Details	Operation of the Property Manager	Operation Relating to the REIT Manager	Operation of the Trustee
3) Fund Management and Disclosure of REIT Information			
3.3 Annual Asset Inspection		<ul style="list-style-type: none"> - Enter to inspect the condition of the REIT's real estates whether they are really existent and in the condition that are used for procuring benefits. - Complete the preparation of the real estate condition recording report to be proper on fact basis within 30 (thirty) days from the entry date for asset inspection. - Delivery the copy of the real estate condition recording report to the Trustee within 5 (five) working days from the completion date of the said report. 	
3.4 Investment for REIT Liquidity Management	-	<ul style="list-style-type: none"> - Audit information of cash balance in the account of the REIT. - Consider reserve cash for expense of the REIT around 1 (one) month in advance, and consider investing the remaining for liquidity 	<ul style="list-style-type: none"> - Consider the appropriateness of liquidity management of the REIT Manager.

Details	Operation of the Property Manager	Operation Relating to the REIT Manager	Operation of the Trustee
3) Fund Management and Disclosure of REIT Information			
3.4 Investment for REIT Liquidity Management		<p>management as appropriate by notifying the details of investment, amount of investment fund, and duration required for investment, for requesting the Trustee's approval.</p> <ul style="list-style-type: none"> - Coordinate the related work unit to invest by cash according to the procedure if it is approved. 	
3.5 Verification of the Copy of Insurance Policy	<ul style="list-style-type: none"> - In the event where insurance term of insurance policy is nearly expired, the REIT Manager shall be informed to renew insurance policy of the REIT assets. 	<ul style="list-style-type: none"> - Consider adequacy and suitability of the condition of insurance policy that will be renewed. - Verify the beneficiary in the insurance policy to be in line with the criteria. - Verify the type of insurance and insurance limit in each type of Property Damage and insure must not below the Replacement Cost. 	<ul style="list-style-type: none"> - Consider the suitability of insurance limit

8 REIT Manager fee

For the entire agreement period of the REIT Management Agreement, the REIT Manager shall receive management fee for performing its duties as the REIT Manager which are divided into three portions as follows:

Fees and Expenses Collected from the REIT	Ceiling % of NAV	Expected Collection Rate (Excluding VAT)
Portion 1 Management Fee	Not exceeding 1.00% per year of NAV	Not exceeding 0.50% of TAV but not lower than 8 million Baht per year
Portion 2 Property Management Fee	Not exceeding 3.00% per year of NAV	
Base Fee		Not exceeding 3.00% of operating revenue per project
Incentive Fee		Not exceeding 10.00% of Adjusted Gross Operating Profit from Real Estate per project
Contract Service Fee		Not exceeding 3-month revenue from space rental and/or service fees in case of new contract or current contract renewal for lease or service provision of space, including procurement of benefits from the REIT's assets within 3-year contract term and varying according to contract term
Portion 3 Core Asset Acquisition or Disposal	Not exceeding 5.00% per year of NAV	Not exceeding 1.00% of acquired or disposed core asset value



9 Information Disclosure to Unitholders

The REIT manager is responsible for prepare and deliver financial statement and operating result of B-WORK to The Securities and Exchange Commission of Thailand, The Stock Exchange of Thailand, Trustee and unitholders in accordance with the following details:

- (1) A quarterly financial report within 45 days after the end of accounting period , except for the fourth quarter financial statements.
- (2) Annual financial report which audited by independent auditor within 2 months after the end of accounting period.
- (3) Form56-1 within 3 months after the end of accounting period.
- (4) Annual report with an invitation to the Annual General Meeting within 4 months after the end of the accounting period.

10 Unitholders Meeting

The REIT Manager is responsible for arranging a Unitholders Meeting as follows:

1. The Annual General Meeting within 4 months after the end of the accounting period
2. The Extraordinary General Meeting is meetings that are not the General Annual Meeting which are organized when the following events or incidents occur:

- (1) When unitholders who cumulatively hold no less than 10% of total units come together to send a requesting document to the REIT Manager to arranges a REIT Unit Holders Meeting. The request will clearly state the reasons for the meeting. Once the request is received, the REIT Manager is responsible for arranging a unitholders meeting within 1 month of receiving the letter from unitholders.
- (2) In any scenario where the Trustee is of the opinion that it is necessary or advisable to have a unitholders meeting to discuss or approve pertinent matters. The REIT Manager is responsible for arranging a unitholders meeting within 1 month of receiving the request from the Trustee. The Trustee has the right to consult with REIT Manager with regards to this case.
- (3) In any scenario where the REIT Manager is of the opinion that it is necessary or advisable to have a unitholders meeting to discuss or approve pertinent matters. The REIT Manager has the right to consult with Trustee with regards to this case.

11 Auditor's fee

B-WORK has appointed KPMG Phoomchai Audit Ltd. to be the auditor for the accounting period from 6 February 2018 (date of establishment) until 31 December 2018 with an audit fee of 1,150,000 baht.

Internal Control and Risk Management

Internal Audit Department performs the duty in auditing and assessing the adequacy of internal control system of departments in charge in part relating to management of the REIT in accordance with the determined operating procedure. The audit and assessment of this internal control system shall be in accordance with annual audit plan approved by the Audit Committee. As Internal Audit Department is a department with operating independence, the performance result therefore shall be reported directly to the Audit Committee. According to the assessment of the adequacy of internal control system, the Internal Audit Department commented that internal control system in part relating to REIT management is circumspect and proper. The adequate personnel have been assigned to perform the duties under clear segregation of duties and responsibilities, resulting in efficient operation in accordance with internal control system. In addition, the operation of the Property Manager has been monitored and controlled, resulting in circumspect and proper control and monitoring on utilization of the REIT's assets.

The Details of REIT's Related Party Transactions

1 Prevention of conflict of interest

Trust Deed establishes the requirement relating to transactions performed between the REIT and the REIT Manager or related party of the REIT Manager as follows.

1) The transactions performed between the REIT and the REIT Manager or related party of the REIT Manager shall be the transactions with the following nature of transaction.

- 1.1) Compliance with Trust Deed and related laws
- 1.2) Being executed for best interest of the REIT
- 1.3) Being reasonableness and use of fair price
- 1.4) Fair and reasonable rate of transaction expense collected by the REIT (if any)
- 1.5) Non-involvement in decision making on entering into the transaction with specific stakeholder from entering the said transaction

2) Approval of transaction between the REIT and the REIT Manager or related party of the REIT Manager shall be carried out through the following procedure.

- 2.1) Being approved by the Trustee that it is the transaction in accordance with Trust Deed and related laws.
- 2.2) In the event of transaction with value more than 1,000,000 Baht or from 0.03% of net asset value of the REIT and more in whichever value is higher, it must be approved by the Board of the REIT Manager.
- 2.3) In the event of transaction with value from 20,000,000 Baht and more or more than 3.00% of net asset value of the REIT in whichever value is higher, it must be resolved by the unitholders' meeting with votes not less than 3/4 of total votes of the unitholders who attend the meeting and have voting right.

3) In the event where the said transaction is acquisition or disposal of the core asset, value calculation shall be performed based on value of acquisition or disposal of total assets of each project that makes the project ready for generating revenue, including assets relating the said project.

4) The duties of the REIT Manager and the Trustee in the process of approval request from the Trustee or request of resolution of the unitholders' meeting, are as follows.



- 4.1) The REIT Manager shall prepare approval request document or meeting invitation notice as the case may be, and remark the opinion regarding the nature of transaction in accordance with Item 1) together with clear reason and supporting information.
- 4.2) The Trustee shall attend the unitholders' meeting to remark the opinion regarding the nature of transaction in the aspect whether it is in accordance with Trust Deed and related laws. In the event of request for resolution of the unitholders' meeting, meeting invitation notice shall contain the opinion of the independent financial advisor to support the request for resolution of the unitholders' meeting.

5) In the event of clear presentation of information for transactions performed between the REIT and the REIT Manager or related party of the REIT Manager in the underwriting of trust units proposition particulars and the prospectus, such transactions must not be approved under Item 2), and must not be carried out through the process of request for approval under Item 4).

2. Transactions between the REIT and the REIT Manager and Related Party of the REIT Manager

1. Transactions between the REIT and the REIT Manager

The REIT Manager includes BBL Asset Management Co., Ltd. ("BBLAM")

Nature of Related Party	Following the establishment of the REIT, the Trustee on behalf
Transaction	of the REIT shall appoint "BBLAM" as the REIT Manager
Reason and Necessity of Transactions	<p>1) "BBLAM" is the Settlor and the party submitting permit for offering for sale of trust units for investment in initially invested assets.</p> <p>2) "BBLAM" is engaged in the business of securities management and a subsidiary of Bangkok Bank Public Company Limited. "BBLAM" is known for its extensive experience in managing infrastructure fund, property fund and other mutual funds, including experience as a Trustee of real estate investment trust. In addition, "BBLAM" personnel are equipped with keen experience and expertise in the business, which can</p>

	<p>efficiently support the business operations of “BBLAM” on behalf of the REIT Manager.</p> <p>3) Directors, executives and personnel of “BBLAM” have excellent knowledge and experience in capital market business and real estate investment.</p> <p>“BBLAM” is therefore suitable to perform the task of REIT Manager.</p>
Reasonableness of Transactions	<p>1) “BBLAM” shall collect payment of REIT Manager fee which consists of three portions as follow:</p> <p>Portion 1 : REIT administration fee not exceeding 0.50% of total asset value (TAV) per year.</p> <p>Portion 2 : Property management fee which consists of:</p> <ul style="list-style-type: none"> • REIT property management fee of the REIT not exceeding 3.00% of operational revenue per year • Not exceeding 10.00% of adjusted gross operating profit from real estate within 3 months of rental revenue and/or service revenue of space in case of new contract or renewal of the primary lease or service contract of space, including procurement of benefits from REIT assets based on 3 (three)-year contract term and varying according to contract term. <p>Portion 3 : Core asset acquisition or disposal fee not exceeding 1.00% of total value of the acquired or disposed core assets. Fee structure shall be in accordance with normal business operation which is equivalent to the same fee category of the REIT Manager of other real estate investment trusts.</p> <p>2) “BBLAM”, on behalf the REIT Manager, shall collect payment of property management fee not exceeding the rate specified in “Payment of Fees and Expenses”. The rate of property management fee shall be determined as deemed appropriate</p>

	<p>by the REIT Manager based on each Property Manager and project. In addition, “BBLAM” has efficient control and work systems. All fees collected by Property Manager shall be responsible by the REIT Manager, including performing duty or finding replacement in the event that Property Manager was unable to partially or entirely perform his/her duties. Since fee structure of the REIT is based on normal business operation, it is therefore equivalent to the same fee category for REIT Manager or the executive of other real estate investment trusts.</p>
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2. Transactions between the REIT and Major Shareholders of the REIT Manager

Major shareholder of the REIT Manager is Bangkok Bank Public Company Limited (“Bangkok Bank”)

Relationship	<p>Bangkok Bank is the major shareholder of the REIT Manager by having direct shareholding of 75.00% of total paid-up shares of the REIT Manager.</p>
Nature of Related Party Transactions	<p>Lender of capital for investment in the initial assets, and provided other financial services to the REIT in accordance with general business conditions such as Savings Account, Cash Management, etc.</p>
Reason and Necessity of Transactions	<p>The provision of other financial services shall be in compliance with general business conditions.</p>

3 Transactions between the REIT and Trustee and Related Party of the Trustee

1. Transactions between the REIT and Trustee

The Trustee include Krungthai Asset Management Public Company Limited ("KTAM")

Nature of Related Party Transaction	"KTAM" performs the duty as the Trustee of the REIT.
Reason and Necessity of Transaction	<p>1) "KTAM" is engaged in the business of securities management and is a subsidiary of Krungthai Bank Company Limited which has extensive experience in managing infrastructure fund, property fund and other funds. As at June 30, 2017, "KTAM" was appointed as REIT Manager of a property investment trust (office building type) which is CP Tower Growth Office Leasehold Real Estate Investment Trust (CFTGF). "KTAM" therefore have a team of personnel with keen experience and expertise in the business, which can efficiently support its business operations as the Trustee of the REIT.</p> <p>2) Directors, executives and personnel of "KTAM" has excellent knowledge and experience in capital market business and real estate investment.</p> <p>"KTAM" is therefore suitable to perform the task of Trustee of the REIT.</p>
Reasonableness of Transactions	<p>1) The Trustee shall be responsible for the payment of service fees of the REIT as per the rates and conditions approved by the REIT Manager and must not exceed the rates disclosed in the underwriting of trust units proposition particulars and the prospectus.</p> <p>2) The Trustee has efficient control system and in compliance with the requirements of SEC.</p> <p>3) The rate of Trustee fee shall be in accordance with normal business transaction conditions and must be equivalent to the</p>

	rate of Trustee fees of other real estate investment trusts of similar market nature.
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2. Transactions between the REIT and Major Shareholders of the Trustee

Major shareholder of the Trustee include Krungthai Bank Public Company Limited (“Krungthai Bank”)

Relationship	Krungthai Bank is a major shareholder of the Trustee by having direct shareholding of 99.99% of total paid-up shares of the Trustee.
Nature of Related Party Transactions	Krungthai Bank provided financial services to the REIT in accordance with general business conditions such as Savings Account, Cash Management, Custodian service, etc.
Reason and Necessity of Transactions	The provision of other financial services shall be in compliance with general business conditions. In addition, Krungthai Bank has excellent understanding on this transaction. Meanwhile, the use of central system-based management can help to promote flexibility and quick management.

4. Policy on Related Party Transactions between the REIT and the Trustee or Related Party of the Trustee

In the event of related party transactions between the REIT and the Trustee or related party of the Trustee occurred in the future, the following procedure shall be applied:

- 1) Disclose information and transaction-related information via the Stock Exchange of Thailand (SET) or any other channels completely accessible by the unitholders.
- 2) Reasonable information disclosure period by no less than 14 days.
- 3) The channel, method and duration for objection must clearly be disclosed and must not be less than 14 days unless in the event of request for resolution from the unitholders for entering into the transaction, an objection should be made against such request.

Furthermore, in the event the unitholders expressed clear objection as per the procedure disclose in Item 3) above by having objection vote of more than 1/4 of underwriting trust units, the Trustee shall not act or permit any transactions between the REIT and the Trustee or related party of the Trustee as aforementioned.

In the event the information necessary for establishment of transactions between the REIT and the Trustee or related party of the Trustee have been clearly disclosed in this document, it shall be considered that such transactions have adequately disclosed related information to the unitholders or investors before entering into any transactions that may be conflicting with the benefits of the REIT.



Legal Controversy

None

Other Important Information

B-WORK has no other significant information that affects the operation of the Trust. In addition, investors can study additional information from Form56-1 as shown in www.sec.or.th or additional information of B-WORK at www.bworkreit.com or the website of the Stock Exchange of Thailand at www.set.or.th.

Corporate Social Responsibility

1 Overview Policy

The REIT Manager establishes the policy of fund management under fair management, and anti-corruption policy under zero tolerance of any corruption covering all businesses and transactions in every country and every related agency whether by offering, giving promise, asking, demanding, giving or receiving bribe or act of behavior indicating corruption. In compliance with the said principle, the REIT Manager therefore has established the policy and practical guideline for attainment of such principle covering five areas as follows.

1. Political assistance
2. Donation for charity
3. Grant-in-aid
4. Gift expense, service and hospitality expense, and other expenses
5. Bribe and incentive

The unitholders can see additional detail of anti-corruption policy of the management company at www.bblam.co.th.

2 Operation

The REIT Manager has determined the anti-corruption procedure in detail under regular review of the REIT Manager on the operating procedure to be consistent with change of law and business, and maintenance of the company's reputation. All directors, executives, and staffs shall thoroughly comply with this policy.

Guideline of Communication and Disclosure of Anti-Corruption Policy

For effective implementation of anti-corruption policy and overall organizational benefit, all members of the company such as directors, executives, staffs, probationary staffs, permanent employees and temporary employees, shall acknowledge and realize the significance of such policy. They shall implement and disclose to the related parties of the business such as business partner companies, customers, etc., for acknowledgement.

Internal Control and Reporting

The REIT Manager shall verify the financial transaction recording and accountancy process at least once a year to ensure the efficient and continuous implementation of anti-corruption policy, and report such verification result report to the Board of Directors for acknowledgement.

Responsible Work Unit

Compliance Department is the work unit that is responsible for operation of work units in accordance with this policy, and entrusted to have authority in issuing rules and determining practice, and revising details for appropriateness of the management company's operation to attain the established principle.

Penalty

If the executives, directors, staffs, probationary staffs, permanent employees, and temporary employees required for compliance with this policy fail to comply with, the REIT Manager shall consider as violation of regulation or lawful order of the REIT Manager. The REIT Manager shall punish by any or several means without sequential requirement as follows.

- 1) Verbal warning
- 2) Remitting probation and performing written parole
- 3) Removal and alteration of duty and responsibility as deemed appropriate by the company
- 4) Dismissal of the staff without payment of any severance pay

3 Energy Conservation

The REIT Manager has still given precedence to energy conservation and saving by coordinating with the Property Manager to ensure monitoring, analyzing and summarizing the result of energy consumption as database to be informed of the REIT's energy consumption in order to further plan energy consumption, and periodically campaign water saving project inside the Project via media. In part of environmental maintenance, the Property Manager has also installed six-blade hydraulic turbine for 2 sets in the area of Khlong Yai Soon in front of True Tower 1 Project, contributing to increase in oxygen content and water conditioning to promote improvement of the environment in such area. In last year, the REIT Manager and property manager have also arranged measurement of interior air quality analysis in True Tower 1 Project and True Tower 2 Project for development and improvement of interior air quality for the Projects by such analysis result.

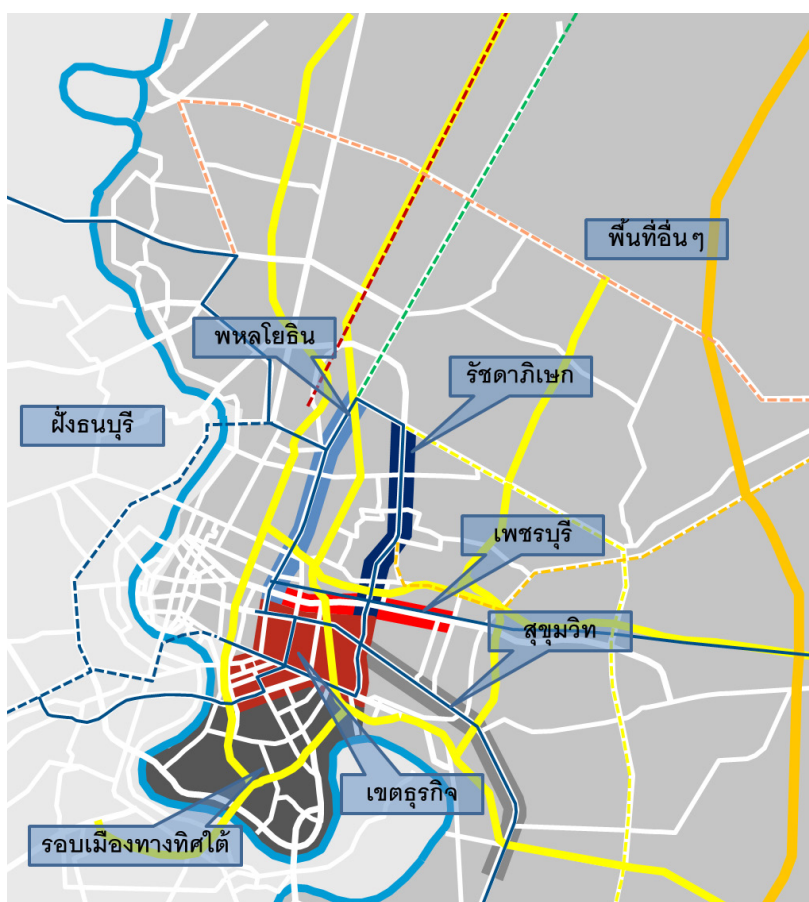
Nevertheless, the REIT Manager is confident that doing good via the aforementioned activities will be the crucial power that contributes to creativity of Thai society. Even though we are just small part of the society, but if large number of small parts has united to carry out useful activities, the existing power will be huge to ensure sustainable development of better Thai society accordingly.

Market Overview for Real Estate Industry of Invested Properties

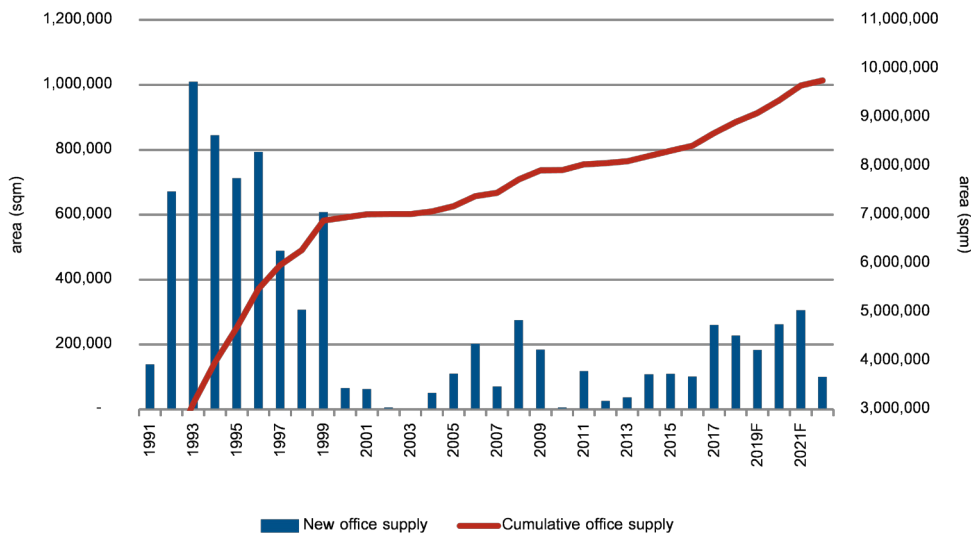
Bangkok Office market overview 2018

Bangkok is a center of business activities and accommodates majority of office buildings in Thailand. Most of the office buildings in Bangkok are located along the mass rapid transit network (BTS Skytrain and MRT) and other non-CBD business areas such as Petchaburi Road, Rama III Road and Naradhiwat Rajanagarindra Road. The offices space in the aforementioned areas account for approximately of 6,971,800 sqm, or 78% of total office space in Bangkok. Meanwhile, Ratchadaphisek Road and Phahonyothin Road are popular spots for new office building developments in the last few years.

1. Overview of office market in Bangkok

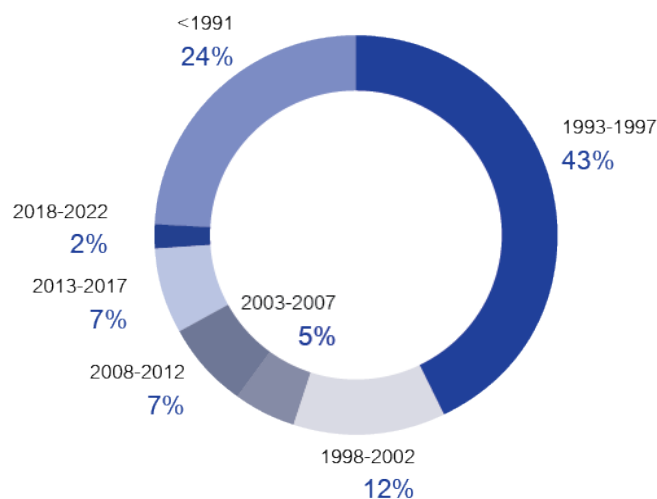


New office supply and cumulative office supply in Bangkok



Bangkok office market has been expanding significantly in the past 10-20 years, particularly since 2014. New office space supply grew at least 100,000 sqm every year. At the end of 2018, total office space supply in Bangkok was around 8,830,600 sqm. Meanwhile, there will be additional office space supply in the next 3-4 years. The office space supply will keep growing in the next several years but at the slower pace compare to the historic record.

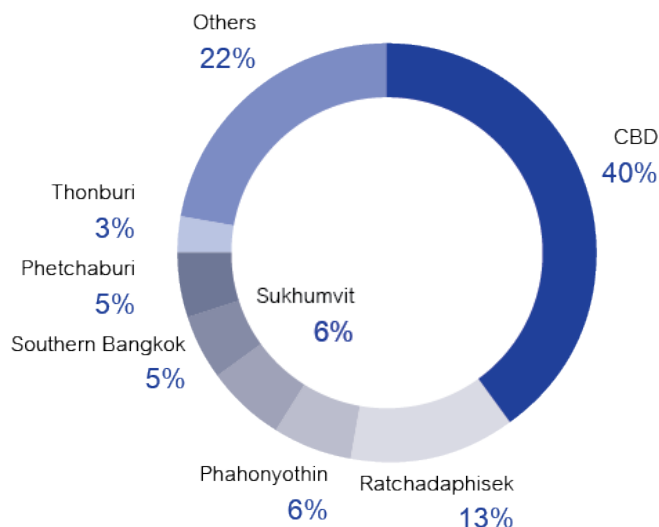
New office space supply of each year



There was meaningful new office space supply entered into the market during 1993-1997 while the growth rate was rising at the diminishing pace after 2002. However, from 2018 onwards, new office supply will grow at the faster rate due to the expansion of mixed-use projects.

2. Supply

Aggregated office space supply in each location at the end of 2018

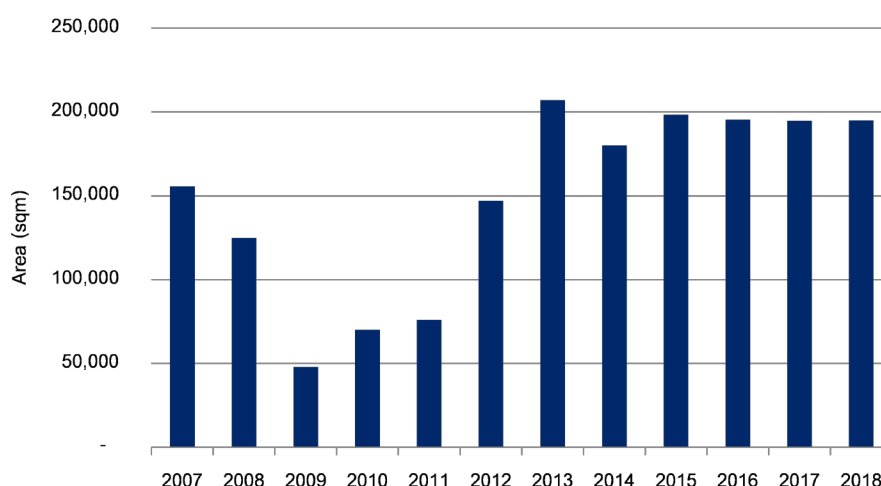


At the end of 2018, office space supply in Central Business District (CDB) accounts for 40% of total office space supply in Bangkok of 8,904,600 sqm. CDB will continue to be the key area for office buildings going forward since there is no other competitive area and there are a number of mix-used projects with office component in CBD in the pipeline.

Nevertheless, since land price in CBD went up abruptly, developers tend to develop office buildings in the new areas along the mass transit network such as Ratchadaphisek Road, Phahonyothin Road and Sukhumvit Road (BTS Prompong station onwards). New office buildings in CBD are now mostly developed on a long-term land leases.

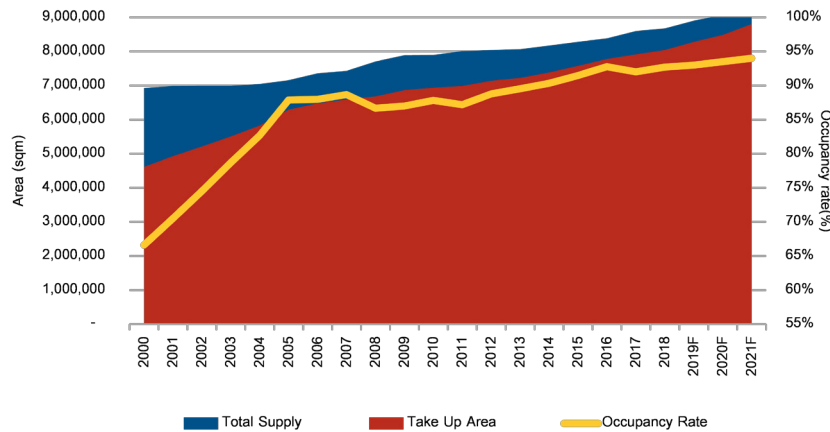
3. Demand

Total net take-up of office space of each year



Demand for office space in Bangkok has grown significantly in conjunction with supply expansion. Although total net take-up had been stagnated during 2009-2011 due to the global economic recession, total net take-up has recovered to 195,000 sqm per year during 2015-2018.

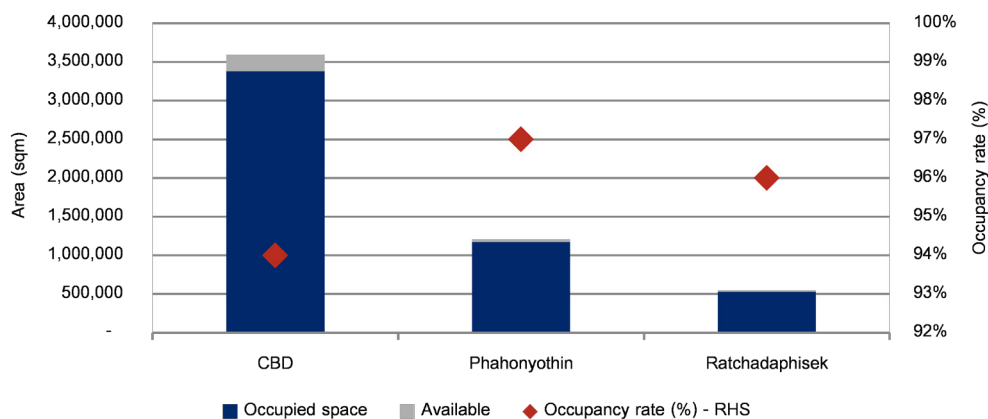
Bangkok office market trend



Overall occupancy rate of office market in Bangkok at the end of 2018 was 92.5%, rose 2% from 2017. Trend of occupancy rate in the past several years was on positive side, expanding in average of 2%-3% per year, although minor hiccup can be seen in some years.

A number of tenants are looking for office expansion and these tenants are making reservation for the new office space under construction. This brings occupancy rate for the new office building to 100% prior to the completion. Tenants prefer the new office space since they can easily decorate and tailor the office design based on their desire.

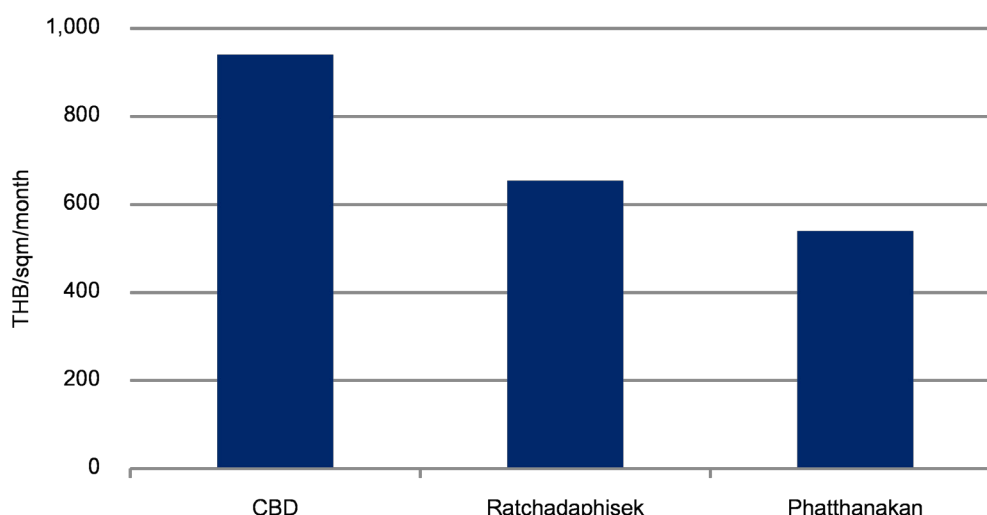
Overall occupancy rate in three main locations at the end of 2018



Key office locations in Bangkok are CBD, Ratchadaphisek Road, Phahonyothin Road which account for 59% of total office space supply in Bangkok. Hence, occupancy rate of these locations can be a good indicator for office market demand in Bangkok.

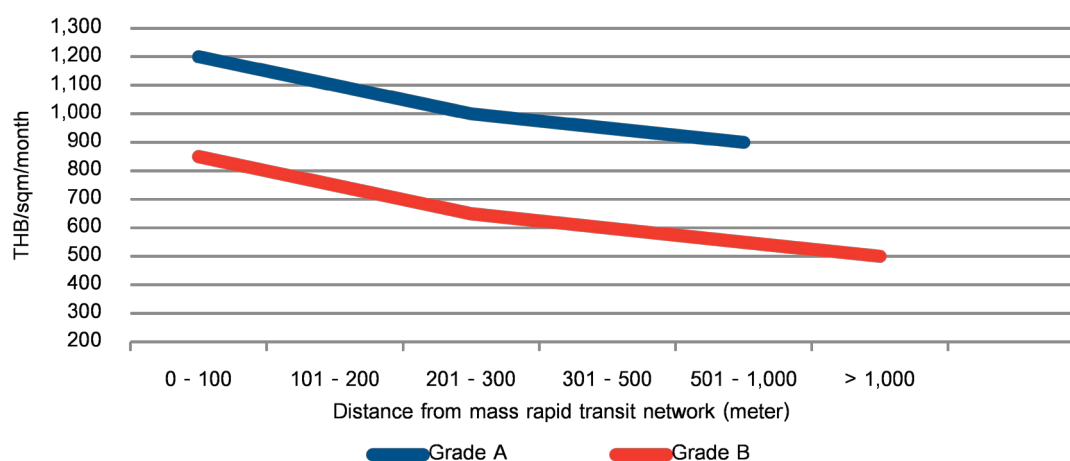
4. Rental rate in CBD, Ratchadaphisek and Phatthanakan

Average office rental rate at the end of 2018



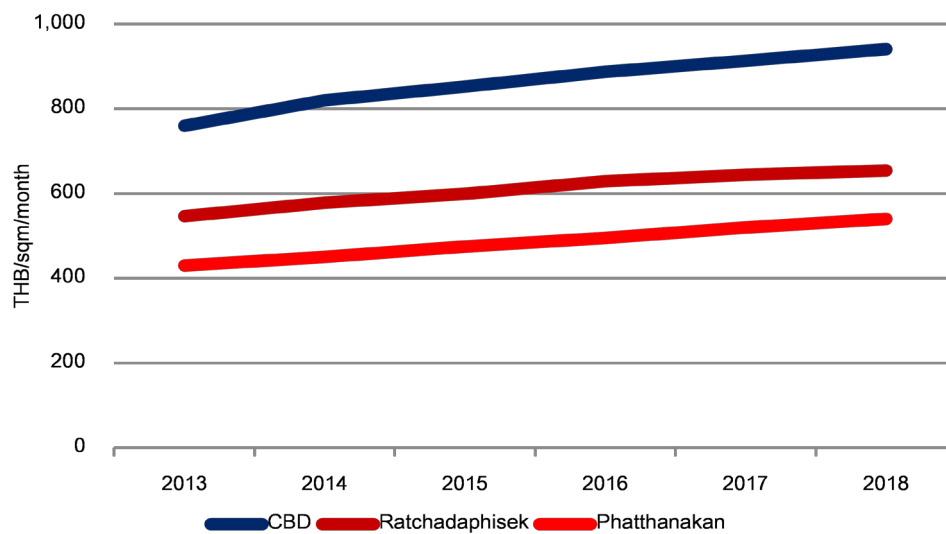
Office space in CBD has the highest average rental rate of THB 950 per sqm per month. Meanwhile, office space in Ratchadaphisek and Phatthanakan have an average rental rate of THB 654 per sqm per month and THB 540 per sqm per month, respectively. In addition, office buildings along the mass rapid transit network are able to demand higher rental rate compare to the others.

Rental rate based on distance from mass rapid transit network



5. Rental rate growth

Average rental rate of office building in CBD, Ratchadaphisek and Phatthanakan



Average rental rate of office buildings in Bangkok grew around 2% - 5% depending on location, grade and occupancy rate. Rental rate of Grade A office buildings in CBD increased considerably in the past years thanks to high demand from foreign companies. Average growth of rental rate for Grade A office in CBD was around 5% per year. Meanwhile, the average rental rate of office in Ratchadaphisek and Phatthanakan rose 4% and 3.5%, respectively.

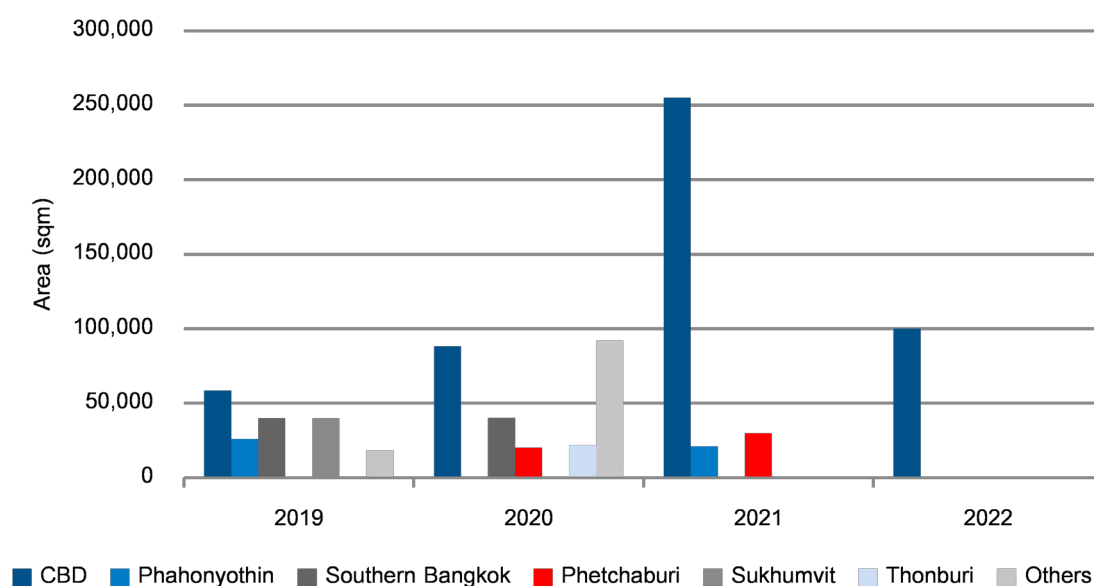
6. Future projects

Office buildings under development

Order	Building name	Road	Location	Year of completion	Office space (sqm)
1	MS Siam Tower	Rama III	Southern Bangkok	2019	40,000
2	Silom Center	Rama IV	CBD	2019	8,550
3	True Digital Park	Sukhumvit	Sukhumvit	2019	30,000
4	Summer Hub	Sukhumvit	Sukhumvit	2019	10,000
5	Samyan Mitrtown	Rama IV	CBD	2019	50,000
6	Spring Tower	Phayathai	Phahonyothin	2019	26,000
7	Thaijong Tower	Bangna-Trat	Others	2019	18,600
Total new office space supply in 2019					183,150
1	WHA Business Complex – Phase 2	Bangna-Trat	Others	2020	20,000
2	The Park – Phase 1	Rama IV	CBD	2020	63,000
3	TRR Office building	Naradhiwat	Southern Bangkok	2020	35,000
4	Tipco Tower 2	Rama VI	Others	2020	15,000
5	Thonburiphanich	Charan Sanitwong	Thonburi	2020	22,000
6	Sittiphol 1919	Rama III	Southern Bangkok	2020	5,300
7	Vanisa	Chidlom	CBD	2020	25,000
8	CP Tower	North Park	Others	2020	27,000
9	Betagro Tower 2	North Park	Others	2020	30,000
10	Rsa Tower	Phetchaburi	Phetchaburi	2020	20,000
Total new office space supply in 2020					262,300

Order	Building name	Road	Location	Year of completion	Office space (sqm)
1	The Market by Platinum	Ratchaprasong	CBD	2021	35,000
2	Sribunreung	Silom	CBD	2021	45,000
3	The Unicorn Phayathai	Phayathai	Phetchaburi	2021	21,000
4	One Bangkok - Phase 1	Rama IV	CBD	2021	65,000
5	548 Ploenchit	Pleonchit	CBD	2021	30,000
6	Supalai Icon Sathorn	Sathorn	CBD	2021	80,000
Total new office space supply in 2021					276,000

New office supply during 2019-2021



There will be new office space supply of 751,400 sqm completed during 2019-2021. 53% of the new supply or approximately of 401,500 sqm are located in CBD. Furthermore, 500,000 sqm of new office space supply are in pipeline which will be completed after 2021.

7. Summary of office market

Over the last several years, Bangkok office market had been in an expansion phase, both demand and supply. CBD remains the key location for office demand. Some Grade A office buildings are asking rental rate as much as THB 1,500 per sqm per month. In a meantime, rental rate in Ratchadapisek Road escalated meaningfully during 2014 – 2017 due to completion of new office buildings.

Return on investment of office building may be subordinate compare to other real estate development projects. The feasibility to develop office building project on costly freehold land plot is low, except leasehold land model. Hence, new office buildings which will be completed during 2019-2021 in the CBD are developed on leasehold land.

Supply and demand for office space in Ratchadaphisek Road were on an upturn in the past years. Although there were new office buildings completion in the last 3-4 years, rental rate climbed up consistently because of a solid demand. Some tenants decided to move from other areas to Ratchadaphisek Road in order to take new office space based on their need.

Business movement along Phatthanakan Road remains mediocre compare to Ratchadaphisek and CBD. This result in a soft real estate development activity is that area. Hence, the existing office buildings are still having an advantage.

Opinion of the Trustee for the REIT's Operation



หลักทรัพย์จัดการกองทุนกรุงไทย
KRUNGTHAI ASSET MANAGEMENT

Opinion of the Trustee

To Trust unitholders of Bualuang Office Leasehold Real Estate Investment Trust

I, Krung Thai Asset Management Public Company Limited, as the Trustee of Bualuang Office Leasehold Real Estate Investment Trust ("the Trust"), has supervised and monitored the management of the Trust managed by BBL Asset Management Company Limited for the accounting period from 6th February 2018 to 31st December 2018.

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

Trustee

Krung Thai Asset Management Public Company Limited



(Mr. Piraj Migasena)

Executive Vice President

Krung Thai Asset Management Public Company Limited

1 March 2019

Business Development and Management

Real Estat Investment Trus Dept.

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Independent Auditor's Report

To the Unitholders of Bualuang Office Leasehold Real Estate Investment Trust

Opinion

I have audited the accompanying financial statements of Bualuang Office Leasehold Real Estate Investment Trust (the Trust), which comprise of the balance sheet and details of investments as at 31 December 2018, the statements of income, changes in net assets, cash flows and the significant financial information for the period from 6 February 2018 (date of incorporation) to 31 December 2018, and notes, comprising a summary of significant accounting policies and other explanatory information.

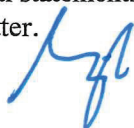
In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as at 31 December 2018, and its financial performance, changes in net assets, cash flows and the significant financial information for the period from 6 February 2018 (date of incorporation) to 31 December 2018 in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

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

Key Audit Matter

Key audit matter is those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. This matter was addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on this matter.





Valuation of investments in leasehold properties	
Refer to Notes 4 (a) and 6 to the financial statements.	
The key audit matter	How the matter was addressed in the audit
<p>Investments in leasehold properties are measured at fair value and are material to the Trust's financial statements. The fair value of investments in leasehold properties is estimated by income approach using discounted future cash flows based on future operating results of each property. The Trust engaged independent external valuers to assist in valuing the fair value of these investments.</p> <p>Identification and assessment of the fair value require significant judgment in determining the key assumptions. This is an area that my audit is particularly concentrated on.</p>	<p>My audit procedures included</p> <ul style="list-style-type: none"> • understanding and evaluating the basis upon which the Trust identified and assessed the fair value. • evaluating the independence, qualifications and competence of valuers of the Trust. • evaluating the appropriateness of the measurement basis and key assumptions used for estimating the fair value by comparing them against available industry data, considering the reasonableness of significant change in the fair value from the date of incorporation, sampling checked the relevant documents, and recomputing the valuation based on the discounted cash flows. • considering the adequacy of the disclosures in accordance with Thai Financial Reporting Standards.

Other Information

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

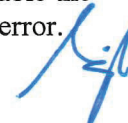
My opinion on the financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

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

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the correction be made.

The REIT manager's responsibility for the Financial Statements

The REIT manager is responsible for the preparation and fair presentation of the financial statements in accordance with TFRSs, and for such internal control as 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, 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 REIT manager either intends to liquidate or to cease operations, or has no realistic alternative but to do so.

The REIT manager is responsible for overseeing the Trust's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional 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 REIT manager.
- Conclude on the appropriateness of 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 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 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 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.



(Sujitra Masena)
Certified Public Accountant
Registration No. 8645

KPMG Phoomchai Audit Ltd.
Bangkok
25 February 2019

Bualuang Office Leasehold Real Estate Investment Trust**Balance sheet**

	<i>Note</i>	31 December 2018 <i>(in Baht)</i>
<i>Assets</i>		
Investments in leasehold properties at fair value (At cost: Baht 4,569.9 million)	6	4,491,000,000
Investments in cash at financial institution at fair value (At cost: Baht 143.6 million)		143,605,079
Cash and cash equivalents	5, 7	134,921,117
Rental and service receivables	5, 8	55,752,275
Accrued income		6,455,758
Accrued interest income	5	330,528
Deferred expenses	9	2,171,982
Refundable value added tax		17,801,438
Refundable deposits		10,726,388
Other assets		1,855,480
Total assets		4,864,620,045
<i>Liabilities</i>	5	
Trade accounts payable		18,990,116
Other payables and accrued expenses		31,923,049
Rental and service income received in advance		77,703,343
Deposits from rental and services		111,281,114
Long-term borrowings	10	920,000,000
Other liabilities		1,913,200
Total liabilities		1,161,810,822
Net assets		3,702,809,223
<i>Net assets</i>		
Trust registered capital	11	3,620,030,160
Capital from unitholders	11	3,620,030,160
Profit for the period	11	82,779,063
Net assets		3,702,809,223
Net asset value per unit		10.0401
Number of units issued at the end of period (<i>units</i>)		368,800,000



Bualuang Office Leasehold Real Estate Investment Trust

Detail of investments

31 December 2018

Type of investments	Areas held by the Trust	Cost	Fair value (in Baht)	Percentage of investments
Investments in leasehold properties (Note 6)				
Leasehold rights on land, office buildings and its component parts under 2 projects				
1. True Tower 1 project				
<u>Location</u> 18, Ratchadapisek Road, Kwang Huai Khwang, Khet Huai Khwang Bangkok 10310				
Leasehold rights on land, office building and its component parts including leasable area, common areas and parking areas				
	63,615 sq.m	2,721,859,000		
Tool, fixtures, equipment and utility systems				
		212,281,308		
		2,934,140,308	2,806,000,000	60.54
2. True Tower 2 project				
<u>Location</u> 1252, 1252/1 - 1252/3, Pattanakarn Road, Kwang Suan Luang, Khet Suan Luang, Bangkok 10250				
Leasehold rights on land, office building and its component parts including leasable area, common areas and parking areas				
	41,417 sq.m	1,417,325,000		
Tool, fixtures, equipment and utility systems				
		218,387,851		
		1,635,712,851	1,685,000,000	36.36
Total investments in leasehold properties				
		4,569,853,159	4,491,000,000	96.90

Bualuang Office Leasehold Real Estate Investment Trust**Detail of investments**

			31 December 2018		
Type of investments/ Issuer	Maturity date	Interest rate (% per annum)	Cost (in Baht)	Fair value	Percentage of investments
Investments in cash at financial institution					
Fixed deposits					
CIMB Thai Bank Public Company Limited	21 January 2019	1.20	12,500,000	12,500,000	0.27
CIMB Thai Bank Public Company Limited	26 February 2019	1.20	21,540,172	21,540,172	0.46
CIMB Thai Bank Public Company Limited	7 May 2019	1.30	30,055,151	30,055,151	0.65
CIMB Thai Bank Public Company Limited	8 November 2019	1.35	79,509,756	79,509,756	1.72
Total investments in cash at financial institution			143,605,079	143,605,079	3.10
Total investments			4,713,458,238	4,634,605,079	100.00

Bualuang Office Leasehold Real Estate Investment Trust

Statement of income

		For the period from 6 February 2018 to 31 December 2018 (in Baht)
	Note	
Investment income	5	
Rental and service income		496,044,024
Interest income		2,347,203
Other income		7,808,409
Total income		506,199,636
Expenses		
Management fees	5, 13	11,846,989
Trustee fees	5, 13	7,703,580
Registrar fees	13	1,351,641
Property management fees	5, 13	30,632,678
Professional fees		1,384,205
Amortisation of deferred expenses	9	453,258
Costs of rental and services	5	141,461,580
Administration expenses		2,810,248
Finance costs	5	35,029,315
Total expenses		232,673,494
Net investment income		273,526,142
Net loss on investments		
Net unrealised loss on investments in leasehold properties	6	(78,853,159)
Total net loss on investments		(78,853,159)
Net increase in net assets from operations		194,672,983

Bualuang Office Leasehold Real Estate Investment Trust**Statement of changes in net assets**

		For the period from 6 February 2018 to 31 December 2018 (in Baht)
	<i>Note</i>	
<i>Increase in net assets from operations during period</i>		
Investment income		273,526,142
Net unrealised loss on investments in leasehold properties	6	<u>(78,853,159)</u>
Increase in net assets from operations		194,672,983
Investment trusts sold during period	11	3,688,000,000
Distribution to unitholders	12	(111,893,920)
The reduction of paid-in capital distributed to unitholders	11	<u>(67,969,840)</u>
Increase in net assets during period		3,702,809,223
Net assets at the beginning of period		<u>-</u>
Net assets at the end of period		<u>3,702,809,223</u>

Bualuang Office Leasehold Real Estate Investment Trust

Statement of cash flows

		For the period from 6 February 2018 to 31 December 2018 (in Baht)
	Note	
<i>Cash flows from operating activities</i>		
Net increase in net assets from operations		194,672,983
<i>Adjustments to reconcile increase in net assets from operations to net cash used in operating activities</i>		
Purchases of investments in leasehold properties	6	(4,569,853,159)
Purchase of investments in cash at financial institution		(143,605,079)
Amortisation of deferred expenses	9	453,258
Increase in rental and service receivables		(55,752,275)
Increase in accrued income		(6,455,758)
Increase in refundable value added tax		(17,801,438)
Increase in refundable deposits		(10,726,388)
Increase in other assets		(1,855,480)
Increase in trade accounts payable		18,990,116
Increase in other payables and accrued expenses		18,746,885
Increase in rental and service income received in advance		77,703,343
Increase in deposits from rental and services		111,281,114
Increase in other liabilities		1,913,200
Interest income		(2,347,203)
Interest received		2,016,675
Finance costs		35,029,315
Net unrealised loss on investments in leasehold properties	6	78,853,159
Net cash used in operating activities		(4,268,736,732)

Bualuang Office Leasehold Real Estate Investment Trust**Statement of cash flows**

		For the period from 6 February 2018 to 31 December 2018 (in Baht)
	<i>Note</i>	
<i>Cash flows from financing activities</i>		
Proceeds from issued of trust capital from unitholders	11	3,688,000,000
Proceeds from long-term loans	10	920,000,000
Payment for the trust unit issuance costs and offering the trust unit expenses	9	(2,625,240)
Interest paid		(21,853,151)
Distribution to unitholders	12	(111,893,920)
The reduction of paid-in capital distributed to unitholders	11	(67,969,840)
Net cash from financing activities		4,403,657,849
Net increase in cash and cash equivalents		134,921,117
Cash and cash equivalents as at 6 February 2018 (date of incorporation)		-
Cash and cash equivalents as at 31 December 2018	7	134,921,117

Bualuang Office Leasehold Real Estate Investment Trust

Significant financial information

For the period from
6 February 2018
to 31 December 2018
(in Baht)

Information on operating results (per unit)

Net assets value at the beginning of period	-
Income from investing activities	
Net investment income	0.7416
Net unrealised loss on investments in leasehold properties	(0.2138)
Total income from investing activities	0.5278
Add Increase in capital from unitholders	10.0000
Less Distribution to unitholders	(0.3034)
Less The reduction of paid-in capital distributed to unitholders	(0.1843)
Net assets value at the end of period	10.0401

Ratio of net increase in net assets from operations

to average net assets during the period (%)	5.22
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Significant financial ratios and additional significant information

Net assets as at 31 December 2018	3,702,809,223
Ratio of total expenses to average net assets during the period (%)	6.24
Ratio of total investment income to average net assets during the period (%)	13.57
Ratio of weighted average investment purchases and sales during the period to average net assets during the period (%) *	122.48
Average net assets during the period	3,731,116,815

* The value of investment purchases and sales during the period does not include cash at financial institutions and investments in cash at financial institution, and are calculated by a weighted average basis over the accounting period.

Bualuang Office Leasehold Real Estate Investment Trust**Notes to financial statements****For the period from 6 February 2018 (date of incorporation) to 31 December 2018**

Note	Contents
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10	Long-term borrowings
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17	Commitments
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Bualuang Office Leasehold Real Estate Investment Trust

Notes to financial statements

For the period from 6 February 2018 (date of incorporation) to 31 December 2018

These notes form an integral part of the financial statements.

The financial statements issued for Thai regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language financial statements, and were authorised for issue by the authorised director of the REIT manager on 25 February 2019.

1 Description of Bualuang Office Leasehold Real Estate Investment Trust

Bualuang Office Leasehold Real Estate Investment Trust (“the Trust”) is a real estate investment trust established under the Trust for Transaction in Capital Market Act, B.E. 2550 (“the Act”) in accordance with the Trust Deed signed on 6 February 2018 between BBL Asset Management Company Limited as the Trust Settlor and Krung Thai Asset Management Public Company Limited as the Trustee. On 6 February 2018, the Trust was established as a specific closed-end real estate investment trust with an indefinite term. The Trust’s objectives are to raise funds from investors and use funds to invest in the major leasehold properties by lease and/ or sublease under 2 projects as follows:

1.1 True Tower 1 Project, descriptions of investment were as follows:

Location	18, Ratchadapisek Road, Kwang Huai Khwang, Khet Huai Khwang, Bangkok 10310
Ownership	The land and building are owned by True Properties Company Limited
Gross floor area	63,615 sq.m.
Net leasable area	37,315 sq.m.
Type of investment	1. Leasehold rights over the land (all) 2. Leasehold rights over building and its component parts (all) which located on land above 3. Freehold rights over tools, fixtures, equipment and utility systems
Investment period	30 years (ended on 7 February 2048)

1.2 True Tower 2 Project, descriptions of investment were as follows:

Location	1252, 1252/1 - 1252/3, Pattanakarn Road, Kwang Suan Luang, Ket Suan Luang, Bangkok 10250
Ownership	The land and building are owned by True Properties Company Limited
Gross floor area	41,417 sq.m.
Net leasable area	25,072 sq.m.
Type of investment	1. Leasehold rights over the land (all) 2. Leasehold rights over building and its component parts (all) which located on land above 3. Freehold rights over tools, fixtures, equipment and utility systems
Investment period	30 years (ended on 7 February 2048)

On 27 February 2018, the Stock Exchange of Thailand approved the listing of the Trust’s units and permitted their trading from 28 February 2018 onwards.

Bualuang Office Leasehold Real Estate Investment Trust

Notes to financial statements

For the period from 6 February 2018 (date of incorporation) to 31 December 2018

The Trust is managed by BBL Asset Management Company Limited (“the REIT Manager”), Krung Thai Asset Management Public Company Limited acts as the Trustee and True Properties Company Limited acts as the Property Manager.

As at 31 December 2018, the Trust’s major unitholder is True Properties Company Limited, which holds 15.18%.

2 Basis of preparation of the financial statements

(a) Statement of compliance

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

The FAP has issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2018. The initial application of these new and revised TFRS has resulted in changes in certain of the Trust’s accounting policies. These changes have no material effect on the financial statements.

In addition to the above new and revised TFRS, the FAP has issued a number of new and revised TFRS which are not yet effective for current periods. The Trust has not early adopted these standards in preparing these financial statements. Those new and revised TFRS that are relevant to the Trust’s operations are disclosed in note 19 to the financial statements.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for investment properties and investments in cash at financial institution are measured at fair value.

(c) Functional and presentation currency

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

(d) Use of judgments and estimates

The preparation of financial statements in conformity with TFRS requires the REIT manager to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Information about significant areas of estimation uncertainties that have a significant risk of resulting in a material adjustments to the carrying amounts of assets and liabilities within the year ending 31 December 2019 is included in note 6 Investments in leasehold properties.

Bualuang Office Leasehold Real Estate Investment Trust

Notes to financial statements

For the period from 6 February 2018 (date of incorporation) to 31 December 2018

3 Distribution policy

The Trust has policy to pay distributions to unitholders at least 2 times per year as follows:

- 1) The REIT manager shall pay distributions to unitholders that, in aggregate, amount to not less than 90% of adjusted net profit for the fiscal year which will pay within 90 days from the fiscal year or accounting period that had paid distributions or any other rates set by the Thai Securities and Exchange Commission.

However, the REIT manager may consider to reserve money for major renovation following the propose plan by Property Manager that, in aggregate, amount not more than 5% revenue from operation for the fiscal year. In this regard, the REIT manager will consider the necessary, the sufficiency of investments for major renovation including other financing activities such as short-term borrowings etc.

The adjusted net profit means the net profit not including the unrealised gain from the appraisal or verification of the appraisal of the Trust's asset and deduct with the reserve for repayments of borrowings or commitment incurred from obtaining borrowings by the Trust.

- 2) In case where the Trust has accumulated losses, the REIT manager shall not to pay any distributions to the unitholders.

In considering the payment of interim distributions, the determination of the distribution rate will depend on judgment of REIT manager. If the value of interim distribution per unit to be paid quarterly or year-end are lower than or equal to Baht 0.10, the REIT manager reserves the rights not to pay distribution at that time and to carry such distribution forward for payment together with the next distribution payment.

4 Significant accounting policies

(a) *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 prices and all direct expenses paid by the Trust in order to acquire such investments.

Investments in leasehold properties

Investments in leasehold properties are measured at fair value.

The REIT manager measured fair value at the first reporting date after the acquisition of the leasehold rights based on the cost of investments, and will remeasure them at subsequent reporting dates at fair value, using the appraisal value assessed by an independent appraiser approved pursuant to the Notification of the Securities and Exchange Commission concerning the granting of approval of valuation companies and principle valuers for public use. Valuation will be made when economic conditions change, but at least every years, commencing from the date of the full appraisal were made. In addition, the valuation will be annually reviewed after the latest valuation date.

The REIT manager will not appoint same valuer to appraise the leased property for more than two consecutive times.

Any gains or losses on valuation of investments in leasehold properties (if any) are presented as net unrealised gains or losses in the statement of income.

Bualuang Office Leasehold Real Estate Investment Trust**Notes to financial statements****For the period from 6 February 2018 (date of incorporation) to 31 December 2018***Investments in cash at financial institution*

Investments in cash at financial institution are presented at their fair value.

(b) Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows comprise cash balances, cash at financial institutions and highly liquid short-term investments.

(c) Rental and service receivables

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

The recognised revenue which is not yet due under the operating lease agreements has been presented under the caption of “Accrued income under operating lease” in “Rental and service receivables” at the end of reporting period.

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

(d) Accrued income

Accrued income is the recognised revenue which is not yet issued invoice to customers stated at cost plus margin recognised up to the reporting date. Cost includes all expenditure directly related to rendering of rental and service.

(e) Deferred expenses

Deferred expenses comprise the trust unit issuance and offering expenses as incurred which consisted of underwriting fees and other directly related expenses. Deferred expenses are amortised as an expense over a period of 5 years on a straight line basis.

(f) Other payables and accrued expenses

Other payables and accrued expenses are stated at cost.

(g) Income received in advance

Income received in advance represents the amount of billings rendered to customers in excess of income recognised, as well as the amount of advance billing for customers’ work, for which the Company had not rendered the service under the conditions stipulated in the contracts. Income received in advance is stated at cost.

(h) Provisions

A provision is recognised if, as a result of a past event, the Trust has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate method.

(i) Interest-bearing liabilities

Interest-bearing liabilities are stated at cost.



Bualuang Office Leasehold Real Estate Investment Trust

Notes to financial statements

For the period from 6 February 2018 (date of incorporation) to 31 December 2018

(j) Revenue

Revenue excludes value added taxes and is arrived at after deduction of trade discounts.

Rental and service income

Rental income is recognised as revenue in the statement of income on a straight line basis over the term of the lease. Service income is recognised when services are rendered to customers at the rate stipulated under the agreement. The recognised revenue which is not yet due under the operating lease agreements has been presented under the caption of “Rental and service receivables” at the end of reporting period.

Interest income

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

(k) Finance costs

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

(l) Expenses

Other expenses

Other expenses are recognised in the statement of income in the period in which they are incurred.

(m) 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.

(n) Distribution to unitholders

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

5 Related parties

For the purposes of these financial statements, parties are considered to be related to the Trust if the Trust has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Trust and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Bualuang Office Leasehold Real Estate Investment Trust**Notes to financial statements****For the period from 6 February 2018 (date of incorporation) to 31 December 2018**

Relationships with other related parties were as follows:

Name of parties	Country of incorporation	Nature of relationships	Nature of transactions
True Properties Company Limited	Thailand	Property manager Major unitholder holding 15.18% of trust units issued and paid-up	Entered into leasehold rights agreements over land, building and its component parts (<i>Note 6</i>) Receive property management fees from the Trust Rental and service income
BBL Asset Management Company Limited	Thailand	REIT manager	Receive management fees from the Trust
KrungThai Asset Management Public Company Limited	Thailand	Trustee of the Trust	Receive trustee fees from the Trust
Bangkok Bank Public Company Limited	Thailand	Parent company of REIT manager	Depository service Grant loan to the trust
Charoen Pokphand Group Company Limited	Thailand	Ultimate parent company of property manager	Rental and service income
Bakehouse Company Limited	Thailand	Affiliated company of property manager	Rental and service income
BFKT (Thailand) Company Limited	Thailand	Affiliated company of property manager	Rental and service income
Charoen Pokphand Foods Public Company Limited	Thailand	Affiliated company of property manager	Rental and service income
Chonburi Transportation Company Limited	Thailand	Affiliated company of property manager	Car parking rental income and service income
Cineplex Co., Ltd.	Thailand	Affiliated company of property manager	Rental and service income
CP All Public Company Limited	Thailand	Affiliated company of property manager	Rental and service income
CP Medical Center Company Limited	Thailand	Affiliated company of property manager	Car parking rental income
CPF (Thailand) Public Company Limited	Thailand	Affiliated company of property manager	Car parking rental income
Real Move Co., Ltd.	Thailand	Affiliated company of property manager	Rental and service income
Telecom Asset Management Company Limited	Thailand	Affiliated company of property manager	Car parking rental income
True Corporation Public Company Limited	Thailand	Affiliated company of property manager	Rental and service income
True Digital & Media Platform Company Limited	Thailand	Affiliated company of property manager	Rental and service income

Bualuang Office Leasehold Real Estate Investment Trust

Notes to financial statements

For the period from 6 February 2018 (date of incorporation) to 31 December 2018

Name of parties	Country of incorporation	Nature of relationships	Nature of transactions
True Digital Park Company Limited	Thailand	Affiliated company of property manager	Rental and service income
True Digital Plus Co., Ltd.	Thailand	Affiliated company of property manager	Rental and service income
True Distribution & Sales Co., Ltd.	Thailand	Affiliated company of property manager	Rental and service income
True GS Co., Ltd.	Thailand	Affiliated company of property manager	Rental and service income
True Internet Corporation Co., Ltd.	Thailand	Affiliated company of property manager	Rental and service income
True Internet Data Center Co., Ltd.	Thailand	Affiliated company of property manager	Rental and service income
True Leasing Co., Ltd.	Thailand	Affiliated company of property manager	Rental and service income
True Lifestyle Retail Co., Ltd.	Thailand	Affiliated company of property manager	Rental and service income
True Money Company Limited	Thailand	Affiliated company of property manager	Service income
True Move Company Limited	Thailand	Affiliated company of property manager	Rental and service income
True Move H Universal Communication Co., Ltd.	Thailand	Affiliated company of property manager	Rental and service income
True Multimedia Co., Ltd.	Thailand	Affiliated company of property manager	Rental and service income
True Visions Group Co., Ltd.	Thailand	Affiliated company of property manager	Rental and service income
True4U Station Company Limited	Thailand	Affiliated company of property manager	Rental and service income

The pricing policies for particular types of transactions are explained further below:

Transactions	Pricing Policies
Rental and service income	Market prices which are subject to location, lease space, lease form, lease period and type of lease
Interest income/interest expense	Interest rate based on the rate as announced by the financial institution
Other income	The rate being charged by other parties in the same business
Costs of rental and services	Market prices
Management fees	Contractually agreed prices
Trustee fees	Contractually agreed prices
Property management fees	Contractually agreed prices
Bank charges	Market prices
Investments in leasehold properties	Contractually agreed prices

Bualuang Office Leasehold Real Estate Investment Trust**Notes to financial statements****For the period from 6 February 2018 (date of incorporation) to 31 December 2018**

Significant transactions for the period from 6 February 2018 to 31 December 2018 with related parties were as follows:

	For the period from 6 February 2018 to 31 December 2018 (in thousand Baht)
Revenues	
Rental and service income	
Real Move Co., Ltd.	29,806
True Corporation Public Company Limited	172,959
True Distribution & Sales Co., Ltd.	29,521
True Internet Corporation Co., Ltd.	100,030
True Internet Data Center Co., Ltd.	34,165
True Visions Group Co., Ltd.	25,235
Other related parties	91,389
Total	483,105
Interest income	
Bangkok Bank Public Company Limited	620
Other income	
Other related parties	6,829
Expenses	
Costs of rental and services	
True Properties Company Limited	24,030
Management fees	
BBL Asset Management Company Limited	11,847
Trustee fees	
KrungThai Asset Management Public Company Limited	7,704
Property management fees	
True Properties Company Limited	30,633
Finance costs	
Bangkok Bank Public Company Limited	35,029

Balances as at 31 December 2018 with related parties were as follows:

	31 December 2018 (in thousand Baht)
Rental and service receivables	
Rental and service receivables	
True Corporation Public Company Limited	16,316
True Internet Corporation Co., Ltd.	8,684
Other related parties	23,650
	48,650
Accrued income under operating lease	
Other related parties	5,843
	5,843
Total	54,493

Bualuang Office Leasehold Real Estate Investment Trust

Notes to financial statements

For the period from 6 February 2018 (date of incorporation) to 31 December 2018

	31 December 2018 (in thousand Baht)
<i>Cash at financial institution</i>	
Bangkok Bank Public Company Limited	55,472
<i>Accrued interest income</i>	
Bangkok Bank Public Company Limited	8
<i>Trade accounts payable</i>	
True Properties Company Limited	578
<i>Other payables and accrued expenses</i>	
BBL Asset Management Company Limited	7,598
KrungThai Asset Management Public Company Limited	1,420
True Properties Company Limited	40
Total	9,058
<i>Rental and service income received in advance</i>	
Real Move Co., Ltd.	6,733
True Corporation Public Company Limited	27,946
True Distribution & Sales Co., Ltd.	4,825
True Internet Corporation Co., Ltd.	14,324
True Internet Data Center Co., Ltd.	4,313
True Visions Group Co., Ltd.	4,306
Other related parties	14,497
Total	76,944
<i>Deposits from rental and services</i>	
Real Move Co., Ltd.	6,606
True Corporation Public Company Limited	42,815
True Distribution & Sales Co., Ltd.	7,213
True GS Co., Ltd.	3,919
True Internet Corporation Co., Ltd.	21,481
True Internet Data Center Co., Ltd.	5,852
True Visions Group Co., Ltd.	6,260
Other related parties	16,577
Total	110,723
<i>Long-term borrowings</i>	
Bangkok Bank Public Company Limited	920,000
<i>Other liabilities</i>	
Other related parties	1,913

Significant agreements with related parties

During 2018, the Trust (“the Sublessor”) entered into building area sublease agreement, and service agreement with ultimate parent company and group of affiliated company of property manager (“the Sublessee”), for using in the operation of business for periods of 1 to 3 years. Counterparties can renew the agreements for 3 years each under the conditions of the agreement, the Sublessee had to pay the monthly rental throughout the lease agreement period.

Bualuang Office Leasehold Real Estate Investment Trust**Notes to financial statements****For the period from 6 February 2018 (date of incorporation) to 31 December 2018****6 Investments in leasehold properties**

On 6 February 2018, the Trust has entered into leasehold rights agreement over land, building and its component parts ("leased assets") of True Tower 1 project together with purchase of freehold rights over tools, fixtures, equipment and utilities system as described in note 1 to the interim financial statement with True Properties Company Limited. The Trust paid for the total investment cost in the amount of Baht 2,934.1 million, for the leased assets in the amount of Baht 2,721.9 million and for purchase of freehold rights over tools, fixtures, equipment and utilities system in the amount of Baht 212.2 million.

The Trust has already registered the leasehold rights with Department of Land on 8 February 2018.

On 6 February 2018, the Trust has entered into leasehold rights agreement over land, building and its component parts ("leased assets") of True Tower 2 project together with purchase of freehold rights over tools, fixtures, equipment and utilities system as described in note 1 to the interim financial statement with True Properties Company Limited. The Trust paid for the total investment cost in the amount of Baht 1,635.7 million, for the leased assets in the amount of Baht 1,417.3 million and for purchase of freehold rights over tools, fixtures, equipment and utilities system in the amount of Baht 218.4 million.

The Trust has already registered the leasehold rights with Department of Land on 8 February 2018.

During the third quarter of 2018, the Trust hired an independent appraiser to appraise the fair value of the investments in properties using the income approach by using discounted future cash flows. The main assumptions used in the review valuation are net leasable area, average rental and service rate, rental growth rate, average occupancy rate, other income from rendering service, operating costs, and discount rate. The Trust has revalued such investments in properties to be as fair value and has recorded net unrealised loss on such investments in the statement of income for the period from 6 February 2018 (date of incorporation) to 31 December 2018.

Movement of investments in leasehold properties for the period from 6 February 2018 (date of incorporation) to 31 December 2018 were as follows:

	<i>(in thousand Baht)</i>
Investments in leasehold properties - at cost	
Investments in leasehold properties as at 6 February 2018	-
Add Investments in leasehold properties	4,569,853
Investments in leasehold properties as at 31 December 2018	<u>4,569,853</u>
Net unrealised loss on investments in leasehold properties	
Net unrealised loss on investments in leasehold properties	
as at 6 February 2018	-
Net unrealised loss from revaluation of investments during the period	(78,853)
Net unrealised loss on investments in leasehold properties	
as at 31 December 2018	<u>(78,853)</u>
Investments in leasehold properties as at 31 December 2018	<u><u>4,491,000</u></u>

Bualuang Office Leasehold Real Estate Investment Trust

Notes to financial statements

For the period from 6 February 2018 (date of incorporation) to 31 December 2018

7 Cash and cash equivalents

	31 December 2018 (in thousand Baht)
Cash on hand	60
Cash at financial institutions	63,610
Highly liquid short-term investments	71,251
Total	134,921

As at 31 December 2018, the Trust invested in cash at financial institutions as follows:

	Interest rate (% per annum)	(in thousand Baht)
<i>Saving accounts</i>		
Bangkok Bank Public Company Limited	0.38 - 0.50	55,472
The Siam Commercial Bank Public Company Limited	0.38	13
<i>Current account</i>		
The Siam Commercial Bank Public Company Limited	-	8,125
<i>Highly liquid short-term investments</i>		
CIMB Thai Bank Public Company Limited	1.10 - 1.25	71,251
Total		134,861

Cash and cash equivalents of the Trust as at 31 December 2018 were denominated entirely in Thai Baht.

8 Rental and service receivables

	Note	31 December 2018 (in thousand Baht)
<i>Rental and service receivables</i>		
Related parties	5	48,650
Other parties		1,259
Total		49,909
<i>Accrued income under operating lease</i>		
Related parties	5	5,843
Total		5,843
Grand total		55,752

Aging analyses for rental and service receivables were as follows:

	Note	31 December 2018 (in thousand Baht)
Related parties		
Within credit terms		
Overdue:		47,405
Less than 3 months		1,067
3 - 6 months		73
Over 6 months		105
	5	48,650

Bualuang Office Leasehold Real Estate Investment Trust**Notes to financial statements****For the period from 6 February 2018 (date of incorporation) to 31 December 2018**

	<i>Note</i>	31 December 2018 <i>(in thousand Baht)</i>
Other parties		
Within credit terms		
Overdue:		929
Less than 3 months		9
3 - 6 months		321
		<u>1,259</u>
Total		49,909
Accrued income under operating lease		5,843
Grand total		<u>55,752</u>

The normal credit terms granted for rental and service receivables of the Trust range from 15 days to 60 days.

9 Deferred expenses

The trust unit issuance and offering expenses are recognised as deferred expenses and amortised as an expense over a period of 5 years on a straight line basis.

Movement of deferred expenses for the period from 6 February 2018 to 31 December 2018 was as follows:

	<i>(in thousand Baht)</i>
As at 6 February 2018	-
Increases	2,625
Amortisation	(453)
As at 31 December 2018	<u>2,172</u>

10 Long-term borrowings

	<i>Interest rate (% per annum)</i>	31 December 2018 <i>(in thousand Baht)</i>
Borrowings from financial institutions	4.25	<u>920,000</u>

Movement of long-term borrowings for the period from 6 February 2018 to 31 December 2018 was as follows:

	<i>(in thousand Baht)</i>
As at 6 February 2018	-
Increase	920,000
As at 31 December 2018	<u>920,000</u>

Bualuang Office Leasehold Real Estate Investment Trust

Notes to financial statements

For the period from 6 February 2018 (date of incorporation) to 31 December 2018

On 8 February 2018, the Trust borrowed loans of Baht 920.0 million from Bangkok Bank Public Company Limited (“the bank”). The principal is payable due at the term of agreements for a period of 10 years. The loan bears interest at MLR-2 to MLR-1 per annum. The principle and interest are semi-annually payable. The borrowings were secured by the followings:

- 1) Leasehold rights of True Tower 1 building.
- 2) Rights of received all rental and service income.
- 3) Insurances including all risk insurances and business interruption insurances in which identified the bank as beneficiary together with the borrower.

Under the borrowing agreement, the Trust must maintain financial conditions which stipulated in the borrowing agreement such as maintenance interest bearing debt to operating profit before interest expenses and financial costs, income tax, depreciation, amortisation adjust by non-cash items (Interest Bearing Debt to EBITDA ratio) to be not more than 4 times etc.

As at 31 December 2018, the Trust had unutilised credit facilities amounting to Baht 250.0 million.

11 Unitholders’ trust

On 6 February 2018, BBL Asset Management Company Limited, as the Trust Settlor and REIT manager established the Bualuang office Leasehold Real Estate Investment Trust with a registered capital of Baht 3,688.0 million, consisting of 368.8 million units with a par value of Baht 10 each. The Trust called up payment for all of these trust units and notified the Office of the Securities and Exchange Commission of these called-up capital funds.

	Par value (in Baht)	31 December 2018 Number (in thousand units/thousand Baht)	Amount
Trust registered capital and capital from unitholders	9.8157	368,800	3,620,030
Beginning balance of period	-	-	-
Trust issued and paid-up units	10.0000	368,800	3,688,000
Reduction of Trust unit value	(0.1843)	-	(67,970)
Ending balance of period	9.8157	368,800	3,620,030

At the Meeting of Real Estate Investment Committee of BBL Asset Management Company Limited, acting as a REIT Manager of Bualuang Office Leasehold Real Estate Investment Trust held on 13 November 2018, the Board of Directors approved the paid-in capital reduction of par value at the rate of Baht 0.1843 per unit totaling Baht 67.9 million. The reduction of paid-in capital was paid to its unitholders in December 2018 which was to comply with Trust deed.

Movement of profit for the period was as follows:

	Note	For the period from 6 February 2018 to 31 December 2018 (in thousand Baht)
As at 6 February 2018 (date of incorporation)		-
Add Increase in net assets resulting from operations during the period		194,673
Less Distribution to unitholders during the period	12	(111,894)
As at 31 December 2018		82,779

Bualuang Office Leasehold Real Estate Investment Trust

Notes to financial statements

For the period from 6 February 2018 (date of incorporation) to 31 December 2018

12 Distribution to unitholders

At the Meeting of Real Estate Investment Committee of BBL Asset Management Company Limited, acting as a REIT Manager of Bualuang Office Leasehold Real Estate Investment Trust held on 9 August 2018, the Board of Directors approved the appropriation of interim distribution for the period from 6 February 2018 to 30 June 2018 of Baht 0.3034 per unit, amounting to Baht 111.9 million, which already paid to its unitholders on 6 September 2018.

13 Expenses

(a) *Management fees*

The REIT manager will receive a monthly REIT management fees at a rate not exceed 0.50% per annum of total assets value (excluded value added tax, specific business tax or any other similar tax) but not less than Baht 8 million per year.

(b) *Trustee fees*

The Trustee of the Trust will receive a monthly trustee fees at a rate not exceed 0.50% per annum of total assets value (excluded value added tax, specific business tax or any other similar tax) but not less than Baht 4 million per year.

(c) *Registrar fees*

The registrar fees are calculated annually at a rate not exceed 0.05% per annum of the Trust's registered capital or other rate that set by the Trust's registrar.

(d) *Property management fees*

The Property Manager will receive remuneration under the Property Management Agreements which is summarised as follows:

(1) Base fees

At a rate of not exceed 3% of operating income by individual project.

(2) Incentive fee

At a rate of not exceed 10% of adjusted gross profit.

(3) Service fees for agreement arrangement

At a rate not exceed 3 months of rental and/ or service income for entering into new rental service contract or extending the original contract and investing in leased assets according to the term of the agreement for a periods of 3 years and variable depending on the term of agreement.

14 Information on investment purchase and sale transactions

The Trust purchase investments during the period by excluding investments in cash at financial institutions for the period from 6 February 2018 (date of incorporation) to 31 December 2018, totaling Baht 4,569.9 million which is 122.48% of the average net asset values during the period.

Bualuang Office Leasehold Real Estate Investment Trust

Notes to financial statements

For the period from 6 February 2018 (date of incorporation) to 31 December 2018

15 Segments information

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

16 Financial instruments

Financial risk management policies

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

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

Capital management

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

Interest rate risk

The Trust's exposure to interest rate risk relates primarily to its cash and cash equivalents and long-term borrowings which bear floating interest rates.

Credit risk

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

The Trust has no concentrations of credit risk due to the fact that the Trust has a large number of tenants in various businesses. Additionally, the Trust has a policy to collect in advance the rental deposits from customers as collateral in case of default.

Liquidity risk

The Trust monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Trust operations and to mitigate the effects of fluctuations in cash flows.

Fair values of financial instruments

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

Bualuang Office Leasehold Real Estate Investment Trust

Notes to financial statements

For the period from 6 February 2018 (date of incorporation) to 31 December 2018

17 Commitments

The Trust is committed to pay service charges and fees to counterparties under the terms and conditions as specified in note 13 to the financial statements.

18 Event after the reporting period

At the Meeting of Real Estate Investment Committee of BBL Asset Management Company Limited, acting as a REIT Manager of Bualuang Office Leasehold Real Estate Investment Trust held on 25 February 2019, the Board of Directors approved the appropriation of interim distribution for the period from 1 July 2018 to 31 December 2018 of Baht 0.1800 per unit, amounting to Baht 66.4 million, which will be paid to its unitholders in March 2019.

19 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new and revised TFRS which relevant to the Trust operations are expected to have significant impact on the financial statements on the date of initial application. Those TFRS become effective for annual financial reporting periods beginning on or after 1 January of the following years.

TFRS	Topic	Effective
TFRS 7*	Financial Instruments: Disclosures	2020
TFRS 9*	Financial Instruments	2020
TFRS 15	Revenue from Contracts with Customers	2019
TAS 32*	Financial Instruments: Presentation	2020
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation	2020
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments	2020

* TFRS - Financial instruments standards

The trust has not early adopted those standards in preparing these financial statements.

a) TFRS 15 Revenue from Contracts with Customers

TFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Revenue should be recognised when an entity transfers control over goods or services to a customer, measured at the amount to which the entity expects to be entitled.

REIT manager assessed that there was no material impact of adopting and initially applying TFRS 15 on the financial statements.

b) TFRS - Financial instruments standards

These TFRS establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting.

REIT manager is presently considering the potential impact of adopting and initially applying TFRS - Financial instruments on the financial statements.



REIT Manager

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