

No. PFRD 077/2562

On 13 August 2019

Re: Notification of the Date of Extraordinary General Meeting of the Unitholders No. 1/2019 of Sub Sri Thai Property Fund (SSTPF) and the Record Date

To: The President  
The Stock Exchange of Thailand

As Principal Asset Management Company Limited (formerly “CIMB-Principal Asset Management Company Limited”) (“Management Company”), as the Management Company of Sub Sri Thai Property Fund ( “SSTPF” or “Fund”), received an offer from SST REIT Management Company Limited, as the REIT Manager (“REIT Manager”) of Sub Sri Thai Real Estate Investment Trust (“SSTRT” or “REIT”), regarding the conversion of the Fund to real estate investment trust by transferring the Fund’s assets and liabilities to REIT in exchange for the newly-issued REIT units in accordance with the Notification of Capital Market Supervisory Board No. TorJor. 34/2559 RE: Conversion of Property Fund to Real Estate Investment Trust (“Notification No. TorJor. 34/2559”). Later, there was mutual negotiation and discussion until there was conclusion regarding the terms and conditions on the conversion of the Fund to REIT. Accordingly, the Management Company would like to notify the date of Extraordinary General Meeting of the Unitholders No. 1/2019 on 18 September 2019, at Eastin Grand Hotel Sathorn, Bangkok, at Surasak 1 Conference Room, on 11<sup>th</sup> Floor, located at No.33/1, South Sathorn Road, Yannawa Sub-district, Sathorn District, Bangkok 10120, in order to consider the matters according to the following agendas:

**Agenda 1 Chairman’s Notice (For Acknowledgement)**

**Agenda 2: To approve the minutes of the Annual General Meeting of Unitholders for the year 2019 (For Approval)**

**Agenda 3: To acknowledge the offer on transferring the Fund’s assets and liabilities to be merged with REIT (For Acknowledgement)**

In this agenda, the Management Company will explain the background and reason for the conversion of the Fund to REIT including details of relevant action and the impact to the unitholders to the Meeting before consideration in subsequent agendas.

### **3.1 Background and reason for the conversion**

The Management Company received an offer letter regarding the transfer of the Fund's assets and liabilities to REIT, dated 2 August 2018, from the REIT Manager. The conditions of such offer can be summarized as follows:

1. REIT offer to purchase all assets and liabilities of the Fund by making payment in form of newly-issued units of REIT only;
2. The Fund will be responsible for the expenses which incurred from the conversion of the Fund to REIT, including the expenses on holding the Unitholders' Meeting, providing of independent financial advisor, auditor and other reports for the Fund's unitholders, specific business tax and expenses on liquidation.

REIT's important information<sup>1</sup> is as follows:

Name of REIT (Thai)	ทรัสต์เพื่อการลงทุนในอสังหาริมทรัพย์ศรีไทย
Name of REIT (English)	Sub Sri Thai Real Estate Investment Trust
Acronym	SSTRT
REIT Manager	SST REIT Management Company Limited
Trustee	One Asset Management Limited
REIT Establishment Date	13 December 2017
Total REIT Units	82,000,000 Units
Paid-up Capital <sup>2</sup>	609,219,000 Baht
Par Value	7.4295
Net Asset Value <sup>3</sup>	622,395,000 Baht or 7.5901 Baht per Units
Term of the REIT	Indefinite
Type of the REIT	Unitholders have no right to sell back or redeem trust units
Investment in Assets	<p>Absolute ownership in the assets comprising of the land whose area is approximately 5 Rai, 3 Ngarn, 52.4 Sq.Wah. and buildings which comprise of 5 warehouses with the total area of 9.277 Sq.Meters, together with component part, public utility system work, tool, equipment and other properties relating to and necessary for the utilization of such buildings and land.</p> <p>The properties are located at No. 115 and 115/7-9, Moo 6, Sukawat Road, Bangchack Sub-district, Prapadaeng District, Samutprakarn Province.</p>

<sup>1</sup> As appeared in the Annual Report of 2018

<sup>2</sup> The information as of 31 March 2019

<sup>3</sup> The information as of 31 March 2019

Utilization	Sub Sri Thai PCL. has leased all of the assets for operation of its warehouse business.			
	Annual rental according to Lease Agreement <sup>4</sup>			
	Lease Term	Annual rental (Baht)		
	7 Aug 2017 – 6 Aug 2018	65,000,000		
	7 Aug 2018 – 6 Aug 2019	65,000,000		
	7 Aug 2019 – 6 Aug 2020	65,000,000		
	7 Aug 2020 – 6 Aug 2021	67,000,000		
	7 Aug 2021 – 6 Aug 2022	67,000,000		
	7 Aug 2022 – 6 Aug 2023	67,000,000		
	7 Aug 2023 – 6 Aug 2024	69,000,000		
	7 Aug 2024 – 6 Aug 2025	69,000,000		
	7 Aug 2025 – 6 Aug 2026	69,000,000		
	7 Aug 2026 – 6 Aug 2027	71,000,000		
7 Aug 2027 – 31 Jan 2028	34,624,657			
<b>Total</b>	<b>708,624,657</b>			
Record of Dividend Payment	Operating Period	Return (per trust unit)	Return percentage (compared to par value)	
	13 Dec – 31 Dec 2017	0.0138 Baht	0.18%	
	1 Jan – 30 Jun 2018	0.2633 Baht	3.54%	
	1 July – 31 Dec 2018	0.2625 Baht	3.53%	
Record of Registered Capital Reduction	Amount of Capital Reduction (Baht)	Amount per Trust Unit (Baht)	Record Date	Date of Proceeds Distribution
	22,238,400	0.2712	14 March 2018	29 March 2018
Loan	REIT has obtained loan from Siam Commercial Bank PCL for its investment in the assets after the conversion. The loan facility is in the amount of 240,000,000 Baht and the loan term is 10 years.			
	As of 31 March 2019, REIT has the loan debt from financial institutions in the amount of 237,956,000 Baht <sup>5</sup>			

<sup>4</sup> This REIT is converted from Sub Sri Thai Smart Storage Property Fund (SSTSS).

<sup>5</sup> Referring to the financial statements for the three-month period ended on 31 March 2019

The Management Company had conducted legal and financial studies and periodically negotiated with the REIT Manager and the terms and conditions for the conversion of the Fund to REIT were concluded as follows:

1. REIT offer to purchase all assets and liabilities of the Fund with the sole consideration in a form of newly issued trust units of REIT by conversion of the Fund to REIT according to the Notification No. TorJor. 34/2559 and relevant rules;
2. The swap ratio of the Fund's investment units to REIT units will be 1 investment unit of the Fund per 1.1 REIT unit.
3. Unless otherwise mutually agreed, both parties will jointly be responsible for the official fee, tax, duty and expense for the registration of title transfer of the immovable properties of the Fund, except the special business tax from the title transfer of such immovable properties which the Fund will be responsible.
4. The conversion of the Fund to REIT is subject to the condition that the parties obtained approval from the Fund Unitholders' Meeting and REIT Unitholders' Meeting (as the case may be), trustee (in case of REIT) and other relevant authorities in accordance with relevant regulations for the conversion of property fund to real estate investment trust, and the agreement for the transfer of assets and liabilities of the Fund for the conversion has been made.

In addition, as the conversion of the Fund to REIT requires the transfer of rights and duties of all agreements of the Fund (including property lease agreement) to REIT, thus, the Management Company had discussed with Sub Sri Thai Public Company Limited, the Fund's asset lessee ("Lessee"), regarding the transfer of right and duties under the lease agreements of the Fund to REIT. The Lessee has proposed to extend the term of existing lease agreements which will expire on 2 May 2021 and a change to the rental structure as follows:

1. In case of the conversion of the Fund to REIT, the Lessee will consent to the Fund's transfer of its rights and duties under the agreements with the Lessee to REIT;
2. The Lessee proposed to extend the term of the agreements to 31 January 2028 (approximately 6 years and 9 months)
3. The Lessee proposed to change the structure of the rental from having both fixed rental and variable rental to only fixed rental effective from the date of the transfer of the assets and liabilities of the Fund to REIT, according to the details as follows:

Lease Term	The annual rental
The date of transfer the asset and liabilities of the Fund to REIT - 31 December 2022	Baht 49,500,000
1 January 2023 - 31 December 2025	Baht 50,500,000
1 January 2026 - 31 January 2028	Baht 51,500,000

In comparison with the existing agreements:

Lease Term	The existing annual rental	The new annual rental
Present – the date of transfer of asset and liabilities of the Fund to REIT	47,000,000 Baht + variable rent	47,000,000 Baht + variable rent
The date of transfer the asset and liabilities of the Fund to REIT - 2 May 2021 (the expiration date of the existing lease agreements)	Baht 47,000,000 + variable rent	Baht 49,500,000
3 May 2021 - 31 December 2022		Baht 49,500,000
1 January 2023 - 31 December 2025		Baht 50,500,000
1 January 2026 - 31 January 2028		Baht 51,500,000

4. The above offer will be binding on the Fund and the lessee after the Unitholders' Meeting and REIT Unitholders' Meeting have approved the conversion and other matters as necessary for the conversion of the Fund to REIT.

According to the aforementioned, the Management Company deems appropriate to propose the Unitholders' Meeting to consider approving the conversion of the Fund to REIT, the extension and amendment of the property lease agreements and any other matter relating thereto with the purpose of transferring the asset and liabilities of the Fund to REIT for the remuneration in form of newly-issued REIT units before the dissolution and liquidation of the Fund in order to distribute REIT units to the unitholders in accordance with their investment units holding ratio. Upon completion, the unitholders will become the unitholders of REIT.

### **3.2 Summary of comparison between the Fund and REIT and the change of characteristics after the conversion**

Prelimianarily, the Management Company would like to inform the unitholders to acknowledge and understand the Real Estate Investment Trust, as follows:

The Real Estate Investment Trust or REIT has the characteristics of properties where Trustee is its titleholder. REIT is not a juristic person. The REIT's founder will become the REIT Manager and the Trust Deed will specify authority of the REIT Manager in managing REIT while the Trustee is the supervisor overseeing REIT Manager's performing of duties and the custodian of the properties.

The Real Estate Investment Trust is governed by 2 main laws, i.e. the operation of REIT and Trustee are governed by the Trust for Transactions in Capital Market Act, B.E. 2550 (2007) and the Trust Certificate is a form of securities under the Securities and Exchange Act B.E. 2535 (1992) ("Securities Act"). The Management Company will prepare and send a summary of essence and difference of the Fund and REIT to the unitholders together with the invitation to this Unitholders' Meeting.

### **3.3 The Process of the conversion, the dissolution and liquidation of the Fund and approximate timeline**

The conversion of the Fund to REIT is the transfer of all assets and liabilities of the Fund to REIT in exchange for newly issued REIT units. After the Fund acquires the newly issued REIT units, the Fund will be dissolved and liquidated in order to distribute the newly issued REIT units to the Fund's unitholders according to their unit holding ratio. As a result, REIT will obtain the assets, rights and liabilities of the Fund, and the Fund's unitholders will become REIT unitholders.

In order to have a clear terms and conditions for conversion of the Fund to REIT, the Fund will enter into the contracts which are necessary for conversion of the Fund to REIT in accordance with the offer, including but not limited to the master transfer agreement for the transfer of the Fund's asset and liabilities, the agreements for the transfer of rights and duties under the agreements which the Fund is a party, the agreements for the renewal and amendment of the property lease agreements, *etc.* with the condition precedent that such agreements will become effective when the conversion of the Fund to REIT is approved by the Unitholders' Meetings of the Fund and REIT on the relevant matters and the issuance and offering of the newly issued REIT units are approved by the Securities and Exchange Commission ("SEC Office") according to relevant regulations.

After the approval from the Unitholders' Meeting of the Fund and REIT, the REIT Manager will request a permission from the SEC Office to issue and offer the REIT units to the Fund for the purpose of the conversion of the Fund to REIT. After the permission is granted, REIT Manager will schedule the date to offer REIT units to the Fund and the Fund will subscribe for said trust units. In that regard, REIT Manager will amend the provisions the trust deed of REIT to allow for the conversion of the Fund to REIT. The Management Company will prepare and send a summary of the trust deed of REIT to the unitholders together with the invitation to this Unitholders' Meeting.

The Management Company and REIT Manager will jointly schedule the date for transferring the assets and liabilities of the Fund to REIT (“Date of Assets and Liabilities Transfer”). The assets and liabilities that will be transferred to REIT comprising of all assets, debts and liabilities of the Fund on the Date of Assets and Liabilities Transfer excluding (1) assets and money allocated for debt settlement, (2) dividend or proceeds from capital reduction of the Fund which has not been distributed to the unitholders or eligible person and (3) fee and the expense for the liquidation of the Fund (“Asset and Liabilities of the Fund”).

The Assets of the Fund that will be transferred to REIT include but not limited to real estate and other assets in which the Fund has invested comprising of (1) the ownership of 3 plots of land with title deeds number 17177, 17189 and 17185 located in Bangchak Sub-district, Phrapradaeng District, Samutprakarn Province; (2) the ownership of 9 document storage buildings located at 115 Moo 6, Suksawas Road, Bangchak Sub-district, Phrapradaeng District, Samutprakarn Province; (3) the ownership of utility system, system work, furnitures, materials, and equipment relevant and necessary for the building and land utilization; (4) the utility system, tools and equipment necessary and appropriate for the operations of the Fund The Management Company will prepare and send a summary of the details of the Fund’s assets, the value of real properties as well as the Fund’s net assets value to the unitholders together with the invitation to this Unitholders’ Meeting.

Besides, the Fund will transfer rights and duties of agreements which the Fund is a party and remain in effect to REIT. The transfer of rights and duties will come into effect on the Date of Assets and Liabilities Transfer which will be after the approval from the Unitholders’ Meeting of the Fund and REIT on relevant matters are obtained. At present, the Management company and REIT Manager are arranging for a contractual party to consent and agree to the transfer of rights, duties and liabilities of aforementioned agreements to REIT. The Management Company will prepare and send the summary of the agreements which will be transferred to REIT and the status of the assignment of such agreements to the unitholders together with the invitation of this Unitholders’ Meeting.

Prior to the Date of Assets and Liabilities Transfer, the Management Company may consider to pay dividend from retained earnings, and/ or to reduce the capital of the Fund in order to distribute and return the cash balance to the Unitholders, as deemed appropriate.

The Management Company will prepare and send the details of the timeline for the conversion of the Fund to REIT and dissolution and liquidation of the Fund as well as approximate schedule of each step to the unitholders together with the invitation to this Unitholders’ Meeting.

This conversion of the Fund to REIT will not include the redemption of the investment units from the unitholders who attend the unitholders’ meeting and object the conversion of the Fund to REIT.

### **3.4 The swap ratio of investment units of the Fund and trust unit of REIT**

In consideration for the transfer of Asset and Liabilities of the Fund to REIT, REIT will issue 74,250,000 new trust units to the Fund. After the completion of the transfer of Asset and Liabilities of the Fund to REIT, the Management Company will dissolve the Fund and proceed with the liquidation. During the liquidation of the Fund, the liquidator will distribute the newly issued REIT units to the unitholders whose name appeared on the Fund's unitholders register on the record date for the swap of investment units of the Fund and trust unit of REIT (which the Management Company will determine and inform the unitholders later) in accordance with the swap ratio of 1 investment unit of the Fund per 1.1 trust unit of REIT. Currently, the Fund has registered capital of Baht 660,825,000, divided into 67,500,000 investment units, with a par value of Baht 9.79 each.

In the event that there is a fraction of REIT units, the said amount will be rounded to the closest whole number. In the event that there are remaining REIT units from conversion that cannot be rounded to a whole number, the liquidator will sell said REIT units to Sub Sri Thai Public Company Limited at the value of trust unit calculated from the value of assets and liabilities of the Fund which will be transferred to REIT divided by the number of newly issued REIT unit. The amount gained from selling the said REIT units will be used for liquidation for the Fund. In case there is remaining balance, the liquidator will transfer such balance to REIT or distributed to the unitholder of the Fund as appropriate and in accordance to relevant regulations taking into account the benefit of the unitholders.

The Management Company will explain the calculation method of the swap ratio of investment units of the Fund and trust unit of REIT proposed to Unitholders for consideration in the invitation to this Unitholders' Meeting.

### **3.5 Actions taken by the Management Company and Expense for the Conversion**

Preliminarily, the Management Company considered that merging the Fund with REIT as proposed will be beneficial to the unitholders in the long run. Thus, the Management Company appointed independent appraiser, legal advisor and independent financial advisor to study the proposal and appropriate course of actions.

#### **3.5.1 Asset Value**

The Management Company has appointed Global Asset Valuer Company Limited which is an independent appraiser ("Appraiser") to appraise the Fund's asset value. In this regard, the Appraiser appraised the asset value based on the assumption that the amendment to the lease agreements are made as per the lessee's proposal to renew the lease agreements after the conversion and the assets



are transferred to REIT using the income approach to consider the value of the assets after the conversion which will directly affect the unitholders. The appraisal of assets by considering the amended lease agreements is similar to the appraisal of the Fund's assets upon its establishment on 28 March 2011.

The value of the Assets from the appraisal using the income approach based on the amended lease agreements after the conversion is Baht 629,000,000 which is 0.59% higher than the appraised value for year 2018.

### 3.5.2 Findings from legal research

The proposal concerning the transfer of all assets and liabilities of the Fund to REIT dated 2<sup>nd</sup> August 2018 which the Management Company received from the REIT Manager did not specify a clear method for the transferr of assets in exchange for REIT units, thus, the Management Company assigned Kompas Law Ltd. ("Legal Advisor"), the Legal Advisor of the Fund, to conduct a legal research on the most appropriate method. The 2 methods on the disposal of the Fund's assets to merge with REIT have been studied as follow:

1. The transfer the ownership of the Fund's assets to REIT in consideration of the newly issued REIT units and dissolve and liquidate the Fund in order to distribute REIT units to the Fund's unitholders;
2. The conversion of the Fund to REIT according to Notification of Capital Market Supervisory Board No.Tor.Jor. 34/2559,RE: Conversion of Property Fund to Real Estate Investment Trust ("Notification No. Tor.Jor. 34/2559")

The Legal Advisor has conducted comparative studies on the 2 methods considering the implementation each methods, legal restrictions and the best interest of the Fund and the Unitholders. It is concluded that the transfer of the Fund's assets to merge with REIT of the 1<sup>st</sup> method has more procedures and legal restrictions than the Conversion of the Fund to REIT according to Notification No.Tor.Jor. 34/2559 of the 2<sup>nd</sup> method. Additionally, some limitations of the 1<sup>st</sup> method cannot be done, especially, the restrictions on issuing and paying for the REIT units and the distribution of REIT units to the Fund's unitholders inn the liquidation process. The legal advisor opined that the Management Company should not be able to dispose the asset of the Fund and merge with REIT by the 1<sup>st</sup> method. Thus, the 2<sup>nd</sup> method of disposal of the assets of the Fund to merge with REIT by the conversion of the Fund to REIT in accordance with Notification No.Tor.Jor. 34/2559 is the most appropriated method.

After it is concluded that the disposal of the Fund's assets to merge with the REIT by conversion of the Fund to REIT in accordance with Notification No.Tor.Jor. 34/2559 is the most suitable method, as the conversion of the Fund to REIT according to the Notification No.Tor.Jor. 34/2559 does not require 2 asset

appraisers, the Management Company decided to appoint Global Asset Company Limited as the only independent appraiser to update the appraisal report on the asset value to avoid incurring unnecessary expense.

In addition to the expense for the above-mentioned actions, there are expenses for the conversion of the Fund to REIT including the consultant fee, the cost of Unitholders' Meetings, the liquidation expense, tax and duty for the transfer of assets, registration fee for the asset transfer, etc. The Management Company will prepare and send a summary of the relevant expenses to the Unitholders together with the invitation of this Unitholders' Meeting.

### **3.6 The impact on the Unitholders from the Conversion of the Fund to REIT**

The Management Company will prepare and send the summary of the effect that the unitholders will receive from conversion of the Fund to REIT including the effect on tax related issues both on the level of the Fund and Unitholders to the unitholders together with the invitation of this Unitholders' Meeting.

#### **The opinion of Independent Financial advisor**

The Management company has appoint an Independent Financial Advisor to provide opinion on the Conversion of the Fund to REIT in accordance with Notification No.Tor.Jor. 34/2559. The Management Company will send the report of Independent Financial Advisor to all unitholders together with the invitation letter of this Unitholders' Meeting. The Independent Financial Advisor will participate in the meeting to explain and provide information to the meeting on the date of Extraordinary General Meeting of the Unitholders.

#### **The opinion of Management Company**

According to the proposal and the findings from the study, the Management Company has considered 2 topics as follows:

1. Whether the conversion of the Fund to REIT will benefit the unitholders ?
2. Whether the swap ratio of investment units are fair and appropriate?

The Management Company had an opinion on the 2 topics as follows:

1. The Management Company considered the followings to determine whether the conversion of the Fund to REIT will be beneficial to the unitholders;

##### 1.1 The current and future business opportunities

At present, the Fund is not allowed to increase its registered capital in order to invest in other property in accordance with the regulations of the Capital Market Supervisory Board and the Office of the Securities and Exchange Commission, thus, the business opportunity of the Fund depends solely on the existing property (i.e. land and buildings that the Fund currently invests in). Moreover, it cannot expand its investment for diversification and revenue increase.

The existing assets of REIT are located in the same area of the existing assets of the Fund and have similar nature of business utilization. As a result, REIT can be regarded as the Fund's direct competitor. The conversion of the Fund to REIT will merge the assets of the Fund and REIT and will enhance the effectiveness in determining the rate of service charges as well as controlling the supply in providing services on document storage to certain extent. In addition, REIT can expand its investment in other asset in the future which will provide diversification and increase income and value of REIT.

As a result, the Management Company views that the conversion of the Fund to REIT, with SSTRT being the supporting REIT, will provide the unitholders more business opportunities in the future when compared with the current situation.

#### 1.2 The financial return for the Fund's unitholders

Apart from the increase of business opportunities, the financial return is an important factor that has been considered. In the event that the unitholders approve the conversion of the Fund to REIT with the swap ratio of the Fund investment unit and REIT units of 1 per 1.1 as proposed, the lease agreements are amended as proposed by the lessee and the conversion of the Fund to REIT is completed, the number of REIT units will be changed as follows:

Current number of REIT units	82,000,000 units
Number of REIT units to be issued and swapped with the Fund's investment units	74,250,000 units
Total number of REIT units	156,250,000 units

In addition, the annual rental in accordance with the REIT's property lease agreement (including the existing lease agreement of REIT and the lease agreements of the Fund which will be transferred) will be as follows:

Period between 1 Jan – 31 Dec of each year	Annual rental (Baht)
2020	115,377,004
2021	116,500,000
2022	116,500,000

2023	118,229,553
2024	119,575,926
2025	119,500,000
2026	121,305,479
2027	122,500,000

Base on the above-mentioned information, the Management Company estimated that the annual dividend which the unitholders will receive after the conversion of the Fund to REIT will be approximately Baht 0.5317 per REIT unit (the estimate was on the assumption that REIT has the total expenses of approximately 20% and REIT pay dividend to REIT Unitholders at the rate of 90% after deduction of such expenses) which is similar to the estimation of return after the conversion of the Fund from the projected statement of income and details of net investment income based on the assumption and report of the licensed auditor of REIT (SP Audit Company Limited) for the projection period from 1 January 2020 to 31 December 2020, at approximately 0.5302 Baht per REIT Unit.

Example estimation of status and the return after the conversion of the Fund to REIT in case a unitholders have 10,000 investment units and the return after the conversion is in the amount of approximately Baht 0.5300.

<b>Number of the existing investment units (Unit)</b>	<b>10,000</b>
Market price (Baht/investment unit) as of 28 June 2019	6.40
Investment value according to market price as of 28 June 2019	64,000
<i>Average return (2016-2018) (Baht/investment unit) per year</i>	<i>0.4575</i>
<b>Number of the REIT units received from the swap (Unit)</b>	<b>11,000</b>
Market price (Baht/REIT unit) as of 28 June 2019	6.15
Investment value according to market price as of 28 June 2019	67,650
<i>Estimated return in 2019 (Baht/REIT unit)</i>	<i>0.5300</i>
<b><i>Estimated return per the number of existing investment units (Baht/investment unit)</i></b>	<b><i>0.5830</i></b>

As the number of investment units of the Fund and REIT unit have different par value, the Management Company used the market price as of 28 June 2019 as reference price for comparing an impact to the unitholders after the conversion to REIT.

In above-mentioned example, investment value of the unitholders as of 28 June 2019 according to market price was equivalent to Baht 64,000, after the conversion to REIT, the unitholders will receive total 11,000 REIT units which is equivalent to the investment value according to market price of Baht 67,650, or increasing by 5.70%.

After considering the expected return compared with the number of the existing investment units, the unitholders will receive the return in the amount of approximately Baht 0.5830 per investment unit. Moreover, when compared with the retrospective 3-year average return (including capital reduction) which was in the amount of approximately 0.4575 Baht per investment unit, the unitholders will receive the increased return by approximately 27.43%.

The Management Company has an opinion that the conversion of the Fund to REIT (including the amendment of lease agreements) will make the unitholders receive more financial benefit than their existing benefit.

## 2. The swap ratio fairness and appropriateness

The Management Company has considered the swap ratio by comparing the registered capital and the net asset value of the Fund and REIT which are as follows:

### Registered capital

Fund	REIT
660,825,000	609,219,000

### Net asset value as of 31 March 2019

Fund	REIT
673,682,246	622,395,000

If we compare the registered capital of the Fund and REIT, the ratio will be at 1:1.08, and if we compare the net asset value as of 31 March 2019, the ratio will be at 1:1.08. Therefore, the Management Company has an opinion that the swap ratio of 1 investment unit per 1.1 REIT unit is an acceptable swap ratio.

In addition, the Fund's independent financial advisor will give an opinion regarding the appropriateness of such swap ratio in the report which will be sent to all unitholders together with the meeting invitation letter.

After considering the benefit to be received by the unitholders, both in terms of future business opportunity and estimated financial return, the Management Company has an opinion that the unitholders should consider approving this offer.

In this regard, the Management Company would like the unitholders to carefully consider this offer and consider the benefit to be received when compared with the investment cost as well as the past benefit already received and the estimated benefit to be received from investment in these properties in the future and your own way of investment as each unitholder may have different cost of investment, expectation and investment style.

### **Resolution**

This Agenda is to explain the offer received by the Fund and the studies in various aspects to the unitholder for understanding in every point and further consideration in Agenda 4.

This matter is for acknowledgement, thus, there is no voting.

#### **Agenda 4: To consider the conversion and conversion plan including other actions relating to the transfer of the Fund's properties and liabilities to Sub Sri Thai Real Estate Investment Trust (For Consideration)**

As the matters to be considered in Agenda 4.1-4.4 and Agenda 5,6 and 7 are related and conditional to one another, thus, if the Unitholders' Meeting resolves to approve only some agenda and to disapprove some agenda, the resolution of the Meeting which approves such agenda shall be cancelled and there will be no further consideration on the remaining agenda.

#### **Agenda 4.1: To consider the conversion and conversion plan (For Consideration)**

In this Agenda, the Management Company will propose the unitholders to consider approving the conversion of Sub Sri Thai Property Fund from being a property fund to a real estate investment trust with Sub Sri Thai Real Estate Investment Trust being the supporting trust according to the details as proposed in Agenda 3.

### **Opinion of the Management Company**

The Management Company has an opinion that the unitholders should consider approving the conversion of the Fund to REIT according to the details as proposed for the benefit of all unitholders.

### **Resolution**

In this Agenda, the resolution requires at least three-fourths of the total votes of the unitholders who attend the Meeting.

**Agenda 4.2: To consider appointing other person who is not the Management Company to be the REIT Manager (For Consideration)**

In order to proceed with the conversion as approved by the Meeting in Agenda 4.1, in this agenda, the Management Company will propose the unitholders to consider approving the appointment of SST REIT Management Co., Ltd. (who is existing REIT Manager) as the REIT Manager in order to perform the duty of management of REIT after the conversion of the Fund to REIT according to the details as proposed in Agenda 3 in place of the Management Company who is existing management company of the Fund.

**Opinion of the Management Company**

The Management Company has an opinion that the unitholders should consider approving the appointment of SST REIT Management Co., Ltd. as the REIT Manager after the conversion of the Fund to REIT as proposed for the benefit of all unitholders.

**Resolution**

In this Agenda, the resolution requires more than half of the total votes of the unitholders who attend the Meeting and have the right to cast the vote.

Sub Sri Thai Public Company Limited, the unitholder holding 33.33% of the Fund's total investment units sold, is the person having special interest who have no right to cast the vote in this agenda as the unitholder is a shareholder of SST REIT Management Co., Ltd. The Management Company will consider number of investment units and the interest of each unitholder again prior to the meeting.

**Agenda 4.3: To consider appointing other person who is not the Trustee of the Fund as the Trustee of REIT (For Consideration)**

In order to proceed with the conversion as approved by the Meeting in Agenda 4.1, in this agenda, the Management Company will propose the unitholders to consider approving the appointment of One Asset Management Co., Ltd. (who is existing Trustee of REIT) as the Trustee of REIT and continue to perform its duties as Trustee after the conversion of the Fund to REIT according to the details as proposed in Agenda 3 in place of the Citibank N.A. who is existing trustee of the Fund.

**Opinion of the Management Company**

The Management Company has an opinion that the unitholders should consider approving the appointment of One Asset Management Co., Ltd. as the Trustee of REIT after the conversion of the Fund to REIT as proposed for the benefit of all unitholders.

### **Resolution**

In this Agenda, the resolution requires at least three-fourth of the total votes of the unitholders who attend the Meeting and have the right to cast the vote.

#### **Agenda 4.4: To consider dissolving the Fund and delisting the investment units from the Stock Exchange of Thailand (For Consideration)**

In order to proceed with the conversion as approved by the Meeting in Agenda 4.1, in this Agenda, the Management Company will propose the unitholders to consider dissolving Sub Sri Thai Property Fund and delisting the investment units from the Stock Exchange of Thailand after the conversion of the Fund to REIT according to the details as proposed in Agenda 3.

### **Opinion of the Management Company**

The Management Company has an opinion that the unitholders should consider approving the dissolution of Sub Sri Thai Property Fund and delisting the investment units from the Stock Exchange of Thailand after the conversion as proposed.

### **Resolution**

In this Agenda, the resolution requires majority votes of the total issued investment units of the Fund.

#### **Agenda 5: To consider amending the lease agreement and extending the term of the lease agreement executed with Sub Sri Thai Public Company Limited (For Consideration)**

As the matters to be considered in Agenda 4.1-4.4 and Agenda 5,6 and 7 are related and conditional to one another, thus, if the Unitholders' Meeting resolves to approve only some agenda and to disapprove some agenda, the resolution of the Meeting which approves such agenda shall be cancelled and there will be no further consideration on the remaining agenda.



As the conversion of the Fund to REIT requires a transfer of rights and duties of the Fund under the asset lease agreements to REIT, thus, the Management Company discussed with Sub Sri Thai Public Company Limited, the lessee of the Fund's asset, on such matter. The lessee proposed to amend the existing lease agreements which will expire on 2 May 2021 and extend the lease term to 31 January 2028 (if the Meeting resolves to approve the conversion and conversion plan and actions relating to the transfer of the Fund's assets and liabilities to Sub Sri Thai Real Estate Investment Trust as proposed in Agenda 4). In this connection, there are the significant points regarding the amendment and renewal of the lease agreement as follows:

#### 1. Amendment to the annual rental rate of the existing lease agreements

The lessee proposed to change the structure of the rental of the 2 existing lease agreements between the Fund and the lessee (i.e. land and structures lease agreement and public utility system work and equipment lease agreement) from having both fixed and variable rental to only having the fixed rental, effective from the Date of Assets and Liabilities Transfer of the Fund to REIT, according to the details as follows:

Lease Term	Existing annual rental	New annual rental*
Present - the Date of Assets and Liabilities Transfer	Baht 47,000,000 + variable rent	Remain the same
Date of Assets and Liabilities Transfer - 2 May 2021	Baht 47,000,000 + variable rent	Baht 49,500,000
3 May 2021 - 31 December 2022		Baht 49,500,000
1 January 2023 - 31 December 2025		Baht 50,500,000
1 January 2026 - 31 January 2028		Baht 51,500,000**

\* Such rental rate is the gross rental of the 2 lease agreements

\*\* In the last year (1 January 2028 – 31 January 2028), the rental will be calculated in proportion to the lease term and the rental will be approximately Baht 4,362,021.

#### 2. Condition of extension of the term of agreements

The Lessee proposed to extend the term of the 2 agreements to 31 January 2028 (approximately 6 years and 9 months) effectively from the Date of Assets and Liabilities Transfer of the Fund to REIT.

The details and analysis of the impact from the amendment of such agreement are as specified in Agenda 3.

In this Agenda, the Management Company will propose the unitholders to consider approving the amendment of the existing lease agreements and extension of the lease term to 31 January 2028 according to the details as proposed. Such amendment will be effective on the Date of Assets and Liabilities Transfer ( the date which the Fund transfer all of its assets and liabilities to REIT).

### **Opinion of the Management Company**

The Management Company has an opinion that the unitholders should consider approving the amendment of the existing lease agreement and extending the lease term to 31 January 2028 as proposed in order to proceed with the conversion of the Fund to REIT according to the received offer.

### **Resolution**

In this Agenda, the resolution requires more than half of the total votes of the unitholders who attend the Meeting and have the right to cast the vote.

Sub Sri Thai Public Company Limited, the unitholder holding 33.33% of the Fund's total investment units sold, is the person having special interest who have no right to cast the vote in this agenda. The Management Company will consider number of investment units and the interest of each unitholder again prior to the meeting.

### **Agenda 6: To consider approving the expenses on the conversion of the Fund to REIT (For Consideration)**

As the matters to be considered in Agenda 4.1-4.4 and Agenda 5,6 and 7 are related and conditional to one another, thus, if the Unitholders' Meeting resolves to approve only some agenda and to disapprove some agenda, the resolution of the Meeting which approves such agenda shall be cancelled and there will be no further consideration on the remaining agenda.

In this agenda, the Management Company will propose the Fund Unitholders' Meeting to consider approving the expenses for the conversion of the Fund to REIT, including the expense on the studies of the offer received by the Fund and any other expenses and taxes relating to or in connection with the conversion of the Fund to REIT and the conversion plan, the transfer of Fund's assets and liabilities to REIT according to the details as proposed in Agenda 3. Such expenses may be or may not be the expenses specified as collectable from the Fund in the Fund Management Project.

### **Opinion of the Management Company**

The Management Company has an opinion that the unitholders should consider approving the expenses necessary for the conversion of the Fund to REIT and the conversion plan as proposed in order for the Fund to be converted to REIT for the benefit of all unitholders.

### **Resolution**

In this Agenda, the resolution requires more than half of the total votes of the Unitholders who attend the Meeting and have the right to cast the vote

### **Agenda 7: To consider approving the amendment of agreements and the Fund Management Project (For Consideration)**

As the matters to be considered in Agenda 4.1-4.4 and Agenda 5,6 and 7 are related and conditional to one another, thus, if the Unitholders' Meeting resolves to approve only some agenda and to disapprove some agenda, the resolution of the Meeting which approves such agenda shall be cancelled and there will be no further consideration on the remaining agenda.

In this Agenda, the Management Company will propose the Meeting to consider approving the amendment of the agreement and Fund Management Project in relevant parts to allow the Fund to successfully carry out the conversion to REIT according to the proposed details, including but not limited to, the Fund's assets and liabilities transfer to REIT in exchange for the newly-issued REIT units, the amendment of the existing lease agreements and extension of the term of the lease agreements, fees and expenses collected from the Fund, dissolution of the Fund, liquidation and allocation of REIT units after the dissolution of the Fund, in this regard, the Management Company will further consider the details of amendment to the Fund Management Project which are necessary and will further inform the unitholders.

### **Opinion of the Management Company**

The Management Company has an opinion that the unitholders should consider approving the amendment of agreement and Fund Management Project in relevant parts in order for the Fund to successfully carry out the conversion to REIT according to the proposed details.

### **Resolution**

This Agenda shall be resolved by the majority votes of the total issued investment units of the Fund.

**Agenda 8: To consider other business (if any)**

The Management Company will send the invitation to the Meeting and supportive documents of each agenda to the unitholders of not less than 14 days in advance prior to the date of the Unitholders' Meeting. In this regard, the Management Company fixes the record date to determine the unitholders having the right to attend this Unitholders' Meeting on 27 August 2019.

Please be informed accordingly.

Yours sincerely,



(Mr. Suttipan Kreemaha)

Senior Vice President

Head of the Property Fund and  
Real Estate Investment Trust Department

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Tel.No. 02-018-3446