

No. PFRD 013/2563

15 June 2020

Re: Notice of the record date for the purpose of determining the entitlements of Trinity Freehold and Leasehold Property Fund (TNPF) Unitholders in the circular resolution

To: The President
Stock Exchange of Thailand

Principal Asset Management Company Limited (“Management Company”) as management company of Trinity Freehold and Leasehold Property Fund, abbreviated as “TNPF” (“Fund”), would like to inform you that the Management Company received a letter, dated 15 May 2020, from Silom All Company Limited as representative of the lessee of the Fund’s property (“Company” or “Lessee”), to request rent exemption due to impacts from the coronavirus COVID-19 pandemic which prevents business operations. In brief, the Lessee is affected by the coronavirus COVID-19 outbreak and is required to temporarily suspend its hotel and serviced apartment operations. As at the date specified in the letter, the Lessee was able to provide retail spaces (Mall 1 and 3), particularly in the Villa Market, pursuant to relevant announcements of the Bangkok Metropolitan Administration at the time. For the foregoing reasons, the Lessee would like to request that the Fund consider giving aid to relieve these impacts by reducing the rate of rental from March 2020 to April 2020. Such reduction will result in significant decrease in the total rental under the agreement. The Management Company views it expedient to request the unitholders’ resolution pertaining to the Lessee’s proposal. The details of the matters for consideration are as set forth below.

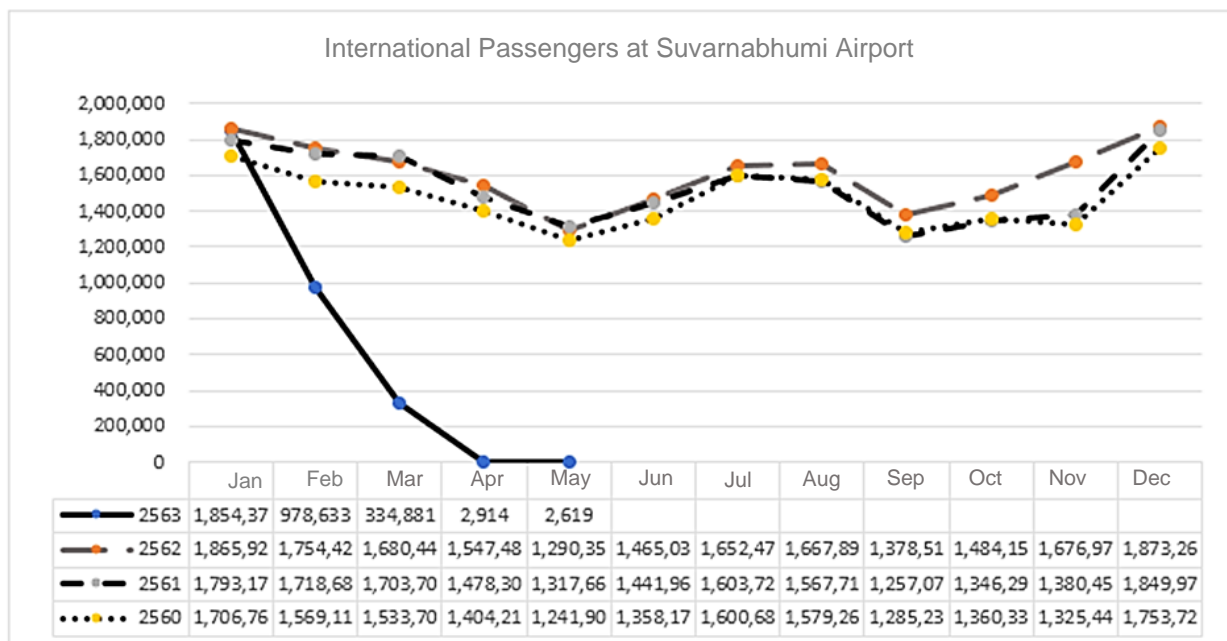
Background

The outbreak of the novel coronavirus or COVID-19 in China since the end of 2019, which later rapidly spread to different countries throughout the world, has resulted in many countries, including Thailand, implementing strict measures to prevent the spread of the virus. The declaration of a state of emergency was issued on 25 March 2020, effective from 26 March 2020, of which the effectiveness was subsequently extended to 30 June 2020. Under this declaration of the state emergency, the government has come out with preventive measures, travel bans, and closure of businesses and activities that pose a risk of spreading the disease.

In addition, on 21 March 2020, the Governor of Bangkok has ordered the temporary closure of premises in the Bangkok area that are at risk from the spread of the disease as listed from 22 March 2020 to 12 April 2020. Another announcement was later issued regarding extension of the temporary

closure period and relaxation of preventive measures allowing some types of restaurants, convenience stores and supermarkets to open during the period of time and on the conditions prescribed from 2 April 2020 onwards. The closure period effectiveness was then extended to 30 June 2020¹. Despite improvement in the domestic situation, the government is still urging people to continue to comply with social distancing measures to prevent a new wave of outbreak. The above situation therefore dramatically affects the use of commercial spaces, restaurants, and retail stores in the leased premises.

Hotel and retail space market condition



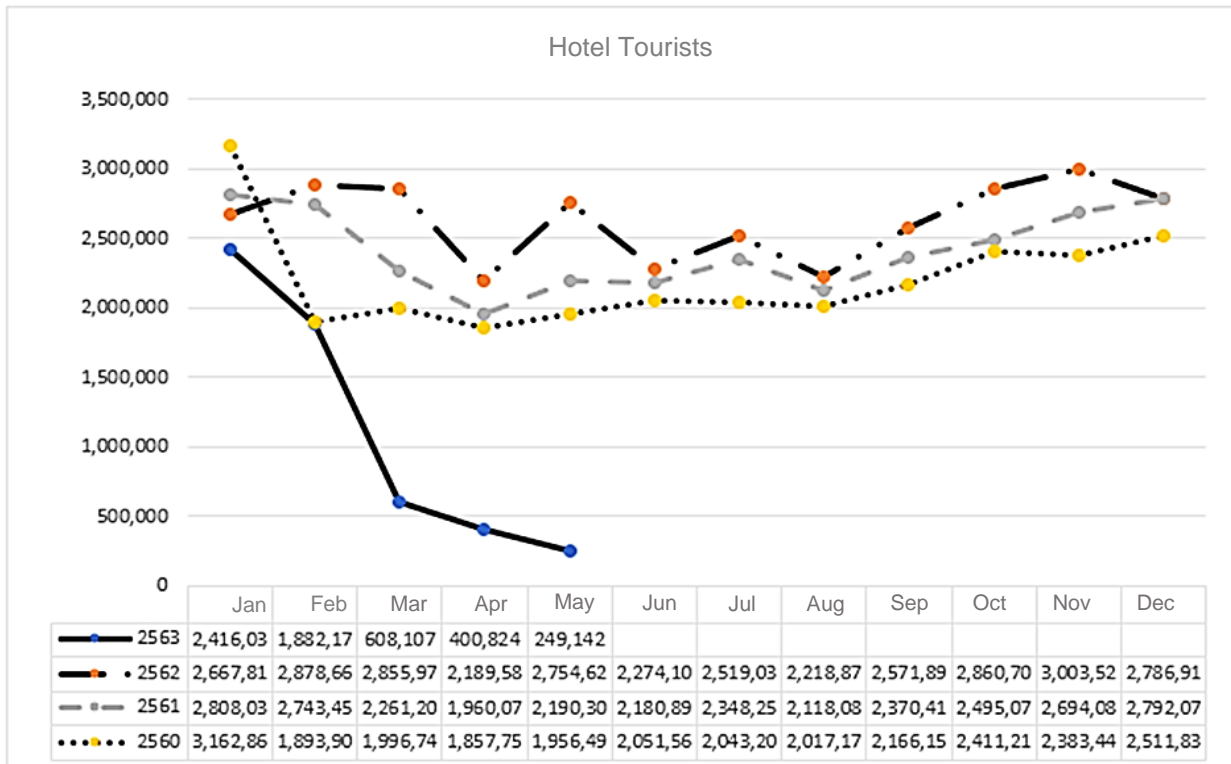
According to the information on international passengers at Suvarnabhumi Airport², it is evident that, from the disease outbreak to airport closure and ban on tourists' inbound flights, as well as disease outbreak in the countries of origin which are the main source markets for Thailand's tourism industry, both in Asia and Europe, the number of incoming international passengers decreased significantly during March to May, with only necessary flights remaining.

Even though the outbreak prevention and disease control in the country remain effective, if the government relaxes inbound and outbound international flights, it may be anticipated that the restoration of the tourism will take a moderate long time to recover to its normal state as this pandemic has global

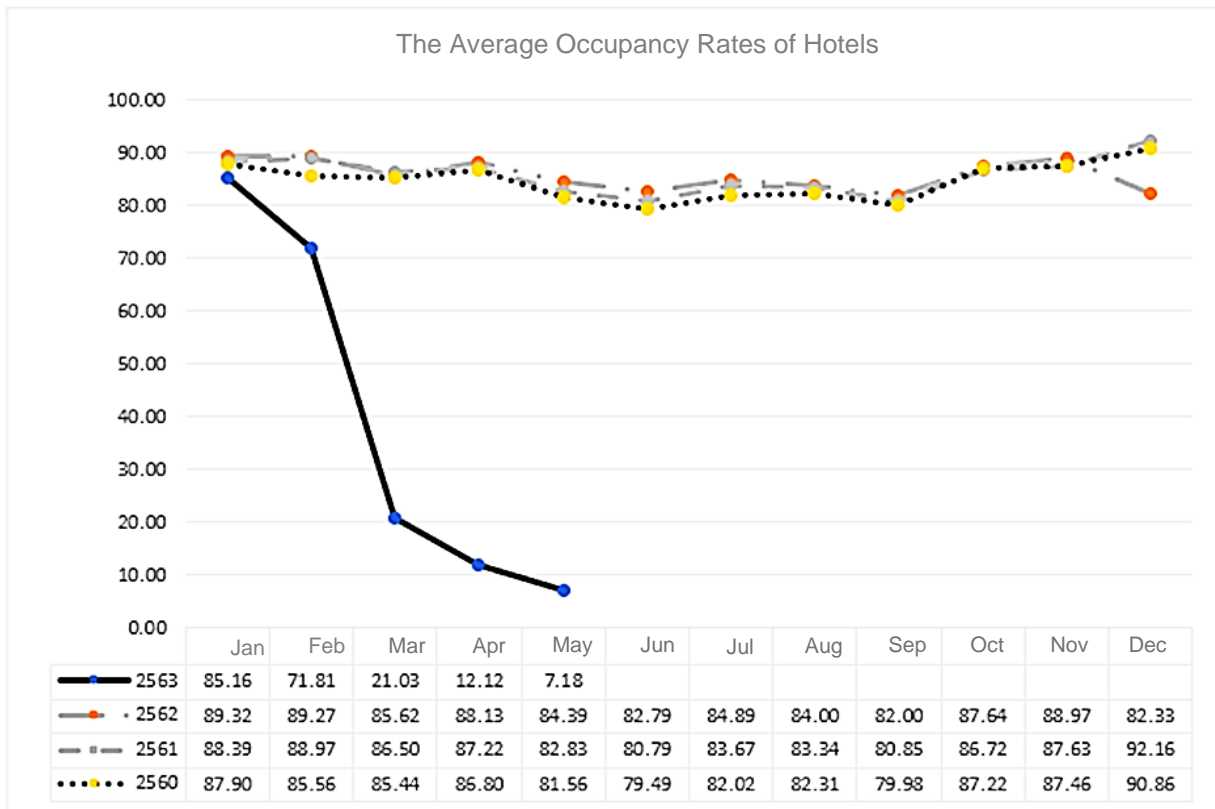
¹ Announcement of Bangkok Metropolitan Administration (BMA) regarding Order of Temporary Closure of Premises (No. 2), dated 21 March 2020; BMA Announcement (No. 4), dated 27 March 2020; BMA Announcement (No. 5), dated 1 April 2020; BMA Announcement (No. 6), dated 9 April 2020; BMA Announcement (No. 8), dated 2 May 2020; and BMA Announcement (No. 10), dated 31 May 2020.

² Information from the Tourism Authority of Thailand as at the date of preparation of this document, i.e. 9 June 2020

impacts not only on the global health sector, but also on the economic sector, slowing down travels in Thailand's main tourism market. It depends on each country's recovery ability.



The number of hotel tourists in May 2020 decreased to one-tenth of that in the same month of the previous year which is consistent with the tourists' inbound travels. Even though the number of inbound travelers decreased, some tourists remain unable to return to their home countries, giving the appearance of the number of hotel tourists being likely larger than the number of inbound tourists. However, this number includes Thai hotel guests. From the total 249,142 hotel guests in May, 133,366 of them are Thai and 115,776 of them are foreign. If the international flight ban is lifted and these tourists are able to travel out of the country, the number of hotel tourists will materially decrease.



The decrease in the number of hotel tourists resulted in decrease in the average occupancy rates of hotels in Bangkok to 12.12 percent and 7.18 percent in April and May, respectively, in comparison to 88.13 percent and 84.39 percent in the same period of the previous year.

The hotel and serviced apartment markets are expected to take at least approximately 2-3 years to recover nearly to the same level.

With respect to retail spaces, social distancing measures will continue for a period of time and become the new normal. In the recent period, it appears that more people have been engaging in online shopping and the need to travel and make purchases at stores has lowered. It is anticipated that this trend will remain and develop, and eventually become one of the factors significantly affecting the overall retail space market.

Agenda for Consideration

Agenda 1: To consider approving or disapproving the reduction of rental rate as requested by the Lessee (for approval)

1. Details of the Matters for Consideration

As the Management Company received the letter requesting consideration on temporary exemption of the rental payment from the Lessee, as per the letter, dated 15 May 2020, the Lessee reported that it has been affected by the COVID-19 outbreak. From the joint discussion, the details can be summarized as follows.

1. It is necessary for the Lessee to suspend its business operation and have its employees stop working temporarily, save for Villa Market which is still open.
2. The Lessee requests that the Fund consider reducing rent as follows.
 - (1) To reduce the rental for March 2020 from Baht 3,500,000 per month to Baht 1,000,000 per month (VAT excluded).
 - (2) To reduce the rental for April 2020 from Baht 3,500,000 per month to Baht 200,000 per month (VAT excluded).
 - (3) To reduce the rental for May 2020 to April 2021 from Baht 3,500,000 per month to Baht 200,000 per month (VAT excluded).
3. The Lessee requests that the Fund consider providing for a remission of outstanding rental in clause 2.
4. In the meantime, the Lessee still arranges for employees to take the best care of the property.

2. Opinion of Management Company

According to the property lease agreement, dated 9 April 2018, supplemental lease agreement, dated 7 May 2018, and lease extension addendum, dated 29 April 2019, the key matters are as follows:

Lease term: 1 May 2019 – 30 April 2022
Monthly rental: Baht 3,500,000 (VAT excluded)

The Lessee is obligated to invest in property improvement under a budget of no less than Baht 18 million throughout the term of the lease agreement. If the Lessee performs so by spending the improvement budget of less than Baht 18 million, the Lessee shall pay the difference to the Fund and such amount shall be deemed as part of the rental. If the Lessee performs the improvement activities by spending more than such budget, it shall be the burden of the Lessee and the Fund is not required to pay the Lessee the difference.

The Management Company has considered the request of the Lessee and compared it with the applicable lease agreement for consideration of the unitholders as follows:

Comparison between the Current Lease Agreement and the Lessee's Request

	Rental under the Lease Agreement (Baht)	Request of Lessee (Baht)	Difference (Baht) /Remark
Year 1			
May 19	3,500,000		Already Received
June 19	3,500,000		
July 19	3,500,000		
August 19	3,500,000		
September 19	3,500,000		
October 19	3,500,000		
November 19	3,500,000		
December 19	3,500,000		
January 20	3,500,000		
February 20	3,500,000		
March 20	3,500,000	1,000,000	-2,500,000
April 20	3,500,000	200,000	-3,300,000
Year 2			
May 20	3,500,000	200,000	-3,300,000
June 20	3,500,000	200,000	-3,300,000
July 20	3,500,000	200,000	-3,300,000
August 20	3,500,000	200,000	-3,300,000
September 20	3,500,000	200,000	-3,300,000
October 20	3,500,000	200,000	-3,300,000
November 20	3,500,000	200,000	-3,300,000
December 20	3,500,000	200,000	-3,300,000
January 21	3,500,000	200,000	-3,300,000
February 21	3,500,000	200,000	-3,300,000
March 21	3,500,000	200,000	-3,300,000
April 21	3,500,000	200,000	-3,300,000
Year 3			
May 21	3,500,000	3,500,000	
June 21	3,500,000	3,500,000	
July 21	3,500,000	3,500,000	
August 21	3,500,000	3,500,000	
September 21	3,500,000	3,500,000	

	Rental under the Lease Agreement (Baht)	Request of Lessee (Baht)	Difference (Baht) /Remark
October 21	3,500,000	3,500,000	
November 21	3,500,000	3,500,000	
December 21	3,500,000	3,500,000	
January 22	3,500,000	3,500,000	
February 22	3,500,000	3,500,000	
March 22	3,500,000	3,500,000	
April 22	3,500,000	3,500,000	
Difference			

If the unitholders consider approving the Lessee's request, it will result in the Fund receiving a total of Baht 45,400,000 less than the total rent under the current lease agreement (total rent under the agreement equals Baht 126,000,000) and the total rental income standing at Baht 80,600,000.

With respect to the property improvement, the Lessee is still obligated to perform under the current agreement and may adjust its work plan to fit the situation.

Therefore, the Management Company opines as follows:

Current Situation

The outbreak of the COVID-19 first began in China, and later spread to other continents, e.g. Asia, Europe, America and Africa, and as a result, travels, trade and businesses have been disrupted, most airlines suspend their passenger flights, but still operate for some types of businesses such as air freight and special flights, and almost all countries have implemented measures to restrict inbound and outbound travels, which affect the world's overall tourism industry. Furthermore, Thailand has come out with various measures to control the spread of the disease, including, for example, restricted entry and exit to different areas across the country, ban on entering and exiting the country, and closure of hotels, restaurants and places of entertainment. This occurrence has impacts on a global scale, including impacts on Thailand and direct impact on the Lessee's business operations.

Impacts on the Fund from Reduction of Rental Rate

The reduction of rental rate during the period as requested by the Lessee shall result in the Fund's loss a total income of Baht 45,400,000 (from total rental under the agreement of Baht 126,000,000). The remaining total rental income shall be at Baht 80,600,000. In 2020 alone, the Fund

will receive the total rental revenue of Baht 9,800,000 , which is a decrease of a total of Baht 32,200,000 from the rental under the agreement (the rental under the agreement for 2020 equals Baht 42,000,000).

Moreover, the Fund has an average expenditure of approximately Baht 550,000 per month, or approximately Baht 7,000,000 per year. As of 31 December 2019, the Fund has Baht 10,056,085 of cash flow for operation. The reduction of rental rate might cause the Fund to set up an additional reserve fund to prepare for uncertain situations in the upcoming future.

Therefore, the rental exemption for the period of time requested by the Lessee will directly affect the Fund's financial status, which will affect dividend payment to the unitholders for the years 2020 and 2021.

Whether Other Property Funds and Real Estate Investment Trusts (REIT) Have Been Similarly Affected, and Courses of Action

According to the meeting within the Association of Investment Management Companies (AIMC), the members of which include other management companies and REIT managers, it is acknowledged that all property funds and REITs have been majorly or minorly affected depending on the types of investment property.

The mutually agreed course of action is that we need to sustain the fund and REIT through this crisis. The main measure is to give aid to the lessee to enable the lessee to return to its business operations and continue to rent property of the fund and REIT after this crisis. The course of action is dependent on the details of the agreement made between the fund and the lessee. If any provisions of the agreement may be relaxed, they will be included in the course of action. If the management company is not authorized to take action under the agreement, the management company will request that the unitholders further consider the course of action. The guidelines for relaxation range from reduction of rental rate, deferment of rental payment to exemption of rental payment.

The consideration to implement relaxation measures which result in decrease in benefits of the Fund is beyond the Management Company's managerial authority which is consistent with the opinion of the Fund's legal advisor as follows:

Request for reduction of rental rate and exemption of rental payment by the Lessee

According to the Fund's prospectus with regard to rights, duties and responsibilities of the Management Company, which prescribes that the Management Company shall have the right to manage the Fund's property to be in accordance with the law on securities and exchange, as well as any other

relevant notifications, and to comply with the objectives, investment criteria, investment limitations and approved projects, including agreements that have been made and obligations under the investment unit subscription form, the Management Company shall oversee and manage the Fund in good faith, applying knowledge, capacity and proficiency, as well as standards of care and caution or professionalism, for the maximum benefit of all unitholders under the Notification of Capital Market Supervisory Board No. TorNor. 36/2562 Re: Property Fund Management, dated 25 April 2019.

In this case, the Management Company has no authority to exercise its discretion to agree to reduce the rental rate and exempt the rental payment as requested by the Lessee as such action does not comply with the lease agreement and may result in the Fund losing the right to receive full payment under the lease agreement, which is contrary to the Management Company's duty to manage the Fund for the maximum benefit of all unitholders. Moreover, even though this is an extension of the lease term under the lease agreement, the material terms and conditions of the original lease were approved by the unitholders' meeting. Therefore, any change to the terms and conditions of the lease which has an adverse effect on the Fund shall be subject to unitholders' authority to approve by a resolution of the unitholders' meeting.

In this regard, the Management Company has considered two courses of action under the current situation as follows:

Performance of the Agreement

In case where the Fund chooses to enforce its rights under the agreement, i.e., the Lessee to make rental payment in full as prescribed, and if the Lessee fails to do so, the Fund will take legal action, e.g. execution of the previously-made compromise agreement, or if the Lessee raises any objections, the Fund might have to bring an action for execution, requesting the court to order the Lessee to pay the rental and vacate the premises.

Even though the Fund has a better legal standing than the Lessee and there are high chances in the execution or in winning the case, it will waste a significant amount of time and expenses. Considering the Fund's financial status, it may be deemed that the Fund is not in the position to bear the legal costs and property maintenance fees to incur once the Lessee returns possession of property to the Fund.

Furthermore, any ongoing dispute will prevent the Fund from taking any action, e.g. selection of a new lessee (the current agreement will expire on 30 April 2022 and the Management Company will initiate the selection process for a new lessee in September/October 2021), selection of property buyers, or other actions that are more advantageous than what is being taken now.

Performance under the Current Situation

This guideline is to consider relaxing the rental payment for the Lessee, e.g. deferral of or exemption of rental payment.

The rental deferral may be problematic in practice as the agreement term expiring in April 2022. The remaining period is too short to allow the Lessee to recover its business to the extent that it is able to pay outstanding rental within the current agreement term. If it is set to be an outstanding debt that shall be repaid within a specified period after the current lease agreement expires and the Lessee returns the property to the Fund after the agreement expires, enforcement of the agreement may be required to enter court proceedings again, which will cost the Fund a significant amount of time and expenses.

In the current situation, the exemption of rental payment within a specified period is likely to be a solution which pose less damage to the Fund and low risk for future lawsuits.

During the preparation period of sending the letter to request for the unitholders' resolution, the Management Company deems it expedient to temporarily relax the rental payment for the Lessee to initially alleviate the impact of the situation by entering into the supplemental property lease agreement, dated 4 June 2020, to agree and determine the conditions of temporary relaxation of rental payment. The details of which are summarized as follows.

1. Rental for March 2020 is lessened from Baht 3,500,000 to Baht 1,000,000 (VAT excluded).
2. Rental for April 2020 is lessened from Baht 3,500,000 to Baht 200,000 (VAT excluded).
3. Rental for May to August 2020 is lessened from Baht 3,500,000 to Baht 200,000 (VAT excluded).
4. The Lessee must make full payment of the outstanding rental (reduced amount), as per clauses 1 to 3, of Baht 19,000,000 (VAT excluded) under the current lease agreement within the period specified in the lease extension addendum.

However, if the unitholders pass a resolution to approve the rental reduction as requested by the Lessee in this agenda, the Management Company will further enter into a new supplemental lease agreement with the Lessee so that it complies with the unitholders' resolution.

3. Matter to be Resolved

In this agenda, the Management Company proposes the unitholders to consider approving or disapproving the reduction of rental rate as requested by the Lessee as follows.

1. Reduction of rental rate in the amounts and within the periods as follows.
 - (1) Rental for March 2020 to be reduced from Baht 3,500,000 per month to Baht 1,000,000 per month (VAT excluded).
 - (2) Rental for April 2020 to be reduced from Baht 3,500,000 per month to Baht 200,000 per month (VAT excluded).
 - (3) Rental for May 2020 to April 2021 to be reduced from Baht 3,500,000 per month to Baht 200,000 per month (VAT excluded).
2. Exemption of outstanding rental (reduced amount) in its entirety as per clause 1.

If the unitholders resolve not to approve rent reduction as requested by the Lessee, the Management Company will perform under the supplemental lease agreement, dated 4 June 2020, with respect to temporary relaxation for rent payment, and if the Lessee fails to comply with such agreement, the Management Company will enforce the agreement pursuant to legal provisions and further file a lawsuit.

4. Vote Counting and Resolution

A resolution for this agenda must be passed by a majority of votes out of the total number of investment units held by unitholders responding and being entitled to cast a vote.

Note: The Management Company is in discussion to obtain an approval from the Office of the Securities and Exchange Commission (“SEC Office”) in respect of amendment to the fund management project concerning the base for vote counting for unitholders’ resolution to be in accordance with the Securities and Exchange Act, B.E. 2535 (1992) (as amended), as well as notifications, rules and orders issued by virtue of such law.

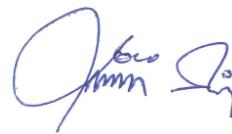
With respect to vote counting for this agenda, the Management Company will not count the votes from the interested unitholders. According to the list of Fund’s unitholders, dated 31 March 2020, the shareholders of the group of lessees (Trinity Asset Company Limited), collectively hold 54,906,197 investment units of the Fund, or equivalent to 37.49 percent of the total number of the Fund’s investment units sold, and the Management Company will not count their votes with regard to this agenda.

The Management Company shall deliver a notification to the unitholders requesting a resolution and supporting documents for consideration of the unitholders and the Stock Exchange of Thailand not less than 14 days prior to the record date to determine the names of unitholders entitled to receive the letter requesting a resolution.

The Management Company hereby notifies you the date of determination of name list of unitholders who are entitled to receive the letter requesting a resolution (Record Date) on 30 June 2020, and determines the delivery date of the letter requesting a resolution and supporting documents to the unitholders on 7 July 2020 and determines the return date of the resolution to the Management Company on 7 August 2020. The Management Company will gather and inform the Stock Exchange of Thailand of the result of the circular resolution by 10 August 2020.

Please be informed accordingly,

Yours sincerely,



(Mr. Suttipan Kreemaha)

Senior Vice President

Head of the Property Fund and

Real Estate Investment Trust Department

Property Fund and Real Estate Investment Trust Department

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