

Annual Report 2017

Samui Buri Property Fund

For the Period of July 1, 2017 to June 30, 2018

Message from the Management Company

September 28, 2018

Dear All Unitholders,

CIMB-Principal Asset Management Company Limited hereby submits Annual Report of Samui Buri (Mutual Fund) from July 1, 2017 to June 30, 2018 to all unitholders.

Performance of the Fund in the past year is loss, Net Asset Value as of June 30, 2017 is 608.20 Million Baht or equivalent to 7.3453 Baht per unit. From July 1, 2017 to June 30, 2018 the Fund had income from the temporary lease; the interest and others at the total amount of 7,102,194 Baht; while the total expense was at 42.83 Million Baht. According to the additional payment of 31,457,935 Baht Property Tax (details as shown in “Revaluation of Property Tax” page 10), resulting in total net loss of 35,724,338 Million Baht. Considering altogether with the total loss from unrealized loss of 45.20 Million Baht from the decrease of the asset value, the Fund then has decreased operating net asset of 80.92 Million Baht. The Fund does not have dividend paid out for the performance of 2017.

The Office of the National Economic and Social Development Board (NESDB) has announced the figures of the 2nd quarter of 2018 Gross Domestic Products and the Outlook of 2018 that Thai economy in Q2/2018 expanded by 4.6%, compared with 4.9% in the previous quarter. For the first half of 2018, Thai economy expanded by 4.8%.

The Hotels and restaurants sector expanded by 9.4%, slowed down from a 12.8% increase in the previous quarter, following the deceleration in the number of foreign tourists and travel receipts. The total number of foreign tourists was at 8.87 million persons, increased by 9.1%. Foreign tourism receipts stood at 442.6 billion baht which grew by 12.1%. The average occupancy rate was at 71.40%, increased from 67.46% in the same quarter last year. In the first half of 2018, hotels and restaurants sector grew by 11.1% compared with 6.0% in the same quarter last year, tourism receipts stood at 1,015.9 billion Baht, number of foreign tourists increased by 12.5%, and average occupancy rate was at 73.5%.

The Thai economy is forecasted to expand in the range of 4.2 – 4.7%, supported by (1) the improvement of the global economy which will further enhance growth of export and key production sectors; (2) the favorable expansion of government consumption and public investment; (3) the more pronounced recovery of private investment, and (4) the improvement of household income conditions. All in all, it is expected that export value will increase by 10.0%, and private consumption and total investment will grow by 4.1% and 4.4%, respectively. The headline inflation is forecasted to be in the range of 0.9 – 1.4% and the current account will record a surplus of 8.4% of GDP.

Finally, CIMB-Principal Asset Management Company Limited hereby thanks all unitholders for your trust in managing your investment in the Fund. The Company will manage the Fund considering utmost benefit of unitholders under corporate governance for your satisfaction.

CIMB-Principal Asset Management Company Limited

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SECTION 1

MANAGEMENT OF SAMUI BURI PROPERTY FUND

SAMUI BURI PROERTY FUND FACT SHEET

| | |
|--------------------|---|
| Name (Thai) | กองทุนรวมอสังหาริมทรัพย์ สมุยบุรี |
| Name (English) | Samui Buri Property Fund |
| Abbreviation | SBPF |
| Type of Fund | Non-redemption type listed Property Fund Investment Units |
| Type of Investment | Property |
| Term | Indefinite |
| Listed on | August 18, 2010 |
| Amount of Capital | 828,000,000 Baht |
| Management Company | CIMB-Principal Asset Management Company Limited |
| Trustee | Citibank, N.A., Bangkok Branch |
| Registrar | CIMB-Principal Asset Management Company Limited |

Objectives of the Investment

The Project intends to raise funds from general investors through the issue of Investment Units. Initially, such funds will be used for investing in real properties for commercial purposes by focusing on long-term investment in projects that continuously generate revenue. The Fund will use such funds for investing in property and/or by performing any proper or appropriate action by purchasing and/or lease including renovating, maintaining and/or lease out and sub-lease of the property which the Fund possesses for the benefits of such real properties so as to increase revenues and return to the Unitholders and the Fund. In this regard, the Fund intends to distribute dividends to the Unitholders regularly, and intends to increase the net asset value of the Fund in the long run, provided that the operation of the Fund is subject to the rules and procedures as prescribed by the relevant Securities Law and/or other laws.

Change in the Fund's name

The Fund is formerly known as Mercure Samui Property Fund (MSPF) and was approved by resolution of the Unitholders Meeting No. 1/2013 to change the name to Samui Buri Property Fund since April 1, 2014.

POLICIES, BUSINESS OUTLOOK, BENEFITS MANAGEMENT AND SIGNIFICANT CHANGE OF LAW

Characteristics of the Property and Location Details

Samui Buri beach Resort Hotel is a 88-room hotel located on the land title deed No. 10775, 10779 and Nor. Sor 3 Kor. No. 1274, 1275 and 2035 which has an approximately area of 13 Rai 0 Ngan 27 Square War located at no. 26/24 Soi Wat Napralan, apart from the road around island (TorLor. 4169), Maenum Sub-district, Koh Samui District, Surat Thani Province. The Fund had invested in land, buildings and equipment for operating the hotel business.

Detail of the 5 plots of land

| No. | Land Title Deed | Land No. | Area | | |
|-------|--------------------|----------|------|------|------------|
| | No. | | Rai | Ngan | Square Wah |
| 1 | 10775 | 271 | 1 | - | - |
| 2 | 10779 | 270 | - | 2 | - |
| 3 | Nor Sor 3 Kor 1274 | 255 | 1 | 1 | 32 |
| 4 | Nor Sor 3 Kor 1275 | 256 | 3 | 1 | 90 |
| 5 | Nor Sor 3 Kor 2035 | 261 | 6 | 3 | 05 |
| Total | | | 13 | 0 | 27 |

Samui Buri Resort Hotel has approximately 15,772.86 square meters of indoor usable area, 65-meter width beachside at Maenum Beach with facilities for serving guests consisting of a swimming pool and food court including parking lot which can accommodate approximately 80 cars.

Details of Hotel Rooms

| No. | Room Type | Number/Room |
|-------|-------------|-------------|
| 1 | Deluxe | 48 |
| 2 | Pool Deluxe | 12 |
| 3 | Pool Villa | 28 |
| Total | | 88 |

The decoration of the hotel applies the Thai architectural style together with in-room facilities as a standard 4-5-star hotel, which are air-conditioning, hot-cold water, bathtub, television, refrigerator and wireless internet system.

The villa type rooms consist of the same facilities as the normal room with the addition of a living room, Jacuzzi bathtub and private swimming pool in front of the room.

The lobby in the common area of the hotel is decorated in the Thai style and the other parts of the hotel have small parks with various trees to create shadiness in the inside of the project. The hotel is in a beachside area and has seats for sunbathing and swimming for tourists as well as a large swimming pool and a fitness center with a full set of exercise equipment which is also located at the beachside and has a restaurant for the guests of the hotel.

In addition, the hotel has seminar and meeting rooms to fulfill the requirement of clients from both private companies and government agencies who wish to organize an outside meeting with comfortable and modern equipment.

Value of the property of the Fund (Information as of June 30, 2018)

| | |
|-------------------|--|
| Type of Property | Land with buildings |
| Property Location | no. 26/24 Soi Wat Napralan, apart from the road around island, Maenum Sub-district, Koh Samui District, Surat Thani Province |
| Appraisal Company | Global Assets Valuer Co., Ltd. |
| Appraised value | 601,400,000 (Six Hundred and One Million and Four Hundred |

| | |
|------------------|--|
| | Thousand Baht) |
| Appraisal date | March 27, 2018 |
| Appraisal period | April 2, 2017 - March 26, 2018 |
| Appraisal method | Appraiser uses the Discounted Cash Flow Technique (DCF) by Property Level under general market condition income and expenditure excluding income under the Fund's condition (former land and building lease contract) and/or any income from the temporary lease contract including the Fund management expenditure. |

Details of investment in real property or lease hold from July 1, 2017 to June 30, 2018

In the past accounting year, there is no additional investment in real property.

Details of sale or transfer of lease hold from July 1, 2017 to June 30, 2018

In the past accounting year, there is no sale or transfer of lease hold.

Acquisition of benefits from the real properties

The Fund acquired benefits by leasing out the properties to Samui Buri Beach Resort Company Limited for 15 years; however, the lease agreement was terminated since April 4, 2015 due to default of the lessee.

On July 14, 2017 The Management Company held a Unitholders' Meeting No. 1/2560 to consider result of the purchaser selection for the Asset (per the resolution of Unitholders' Meeting No. 1/2559 on December 16, 2016). However, the consideration was removed due to Federal Service Co., Ltd. who proposed to buy the asset at the amount of 550 Million Baht had cancelled its proposal on July 13, 2016.

From the said meeting, the resolution of the Unitholders was to seek for the new Lessee. During the period of the seeking, Samui Buri Co., Ltd. is the Temporary Lessee for 12 months (August 1, 2017 – July 31, 2018) at the monthly rental of 600,000 Baht.

The Management Company announced the Bidding for the new Lessee and scheduled The Bid Offering on March 16, 2017. There was only 1 proposal to rent Samui Buri Beach Resort. However, the proposal was submitted with the incomplete document according to the Terms of Reference for Bidding, therefore Management Company could not consider such proposal.

Hence, the Management Company had negotiated on conditions for Temporary Lease with Samui Buri Co., Ltd., the current Lessee, for the 3-year temporary Lease term. The main conditions are as below:

| | Lease Condition | Remarks |
|----------------|--|---|
| Lease Period | 3 years (August 1, 2017 – July 31, 2018) | Present temporary period of Lease is 1 year (August 1, 2017 – July 31, 2018). Temporaty period of Lease increases from 1 year to 3 years. |
| Rental Fee | Year 1 - at 500,000 Baht/month or equivalent to 6,000,000 Baht/year. Year 2 - at 600,000 Baht/month or equivalent to 7,200,000 Baht/year Year 3 - at 700,000 Baht/month or equivalent to 8,400,000 Baht/year | Current monthly rental fee is 600,000 Baht. The 1 st year rental fee is 1,200,000 Baht totally decreased. The 2 nd year rental fee is the same amount as current monthly rental fee. The 3 rd year rental fee is 1,200,000 Baht higher than the current rental fee. Average rental fee during the 3-year-lease term is the same amont as the current monthly rental fee. |
| Investment for | Total amount is not less than | No property development investment |

| | | |
|---|---|--|
| Property Development | <p>3,000,000 Baht.</p> <p>If the Lessee would like to invest for property development less than 3,000,000 Baht, the Lessee must pay different amount to the Fund.</p> <p>The Fund shall consider and approve for the development plan, budget and check for the value and quality of the work.</p> | in the current temporary lease agreement. |
| Prematured Termination of Lease Agreement | <p>If the new Lessee or new purchaser is determined, the Fund can terminate the lease agreement by not less than 120-day notice in advance to the lessee. The lessee must transfer the property possession, hotel business and other licenses to the Fund or other person assigned by the Fund.</p> | |
| Property and Land Tax | <p>The Fund and the lessee are co-responsible. The lessee agreed to pay 30% while the Fund pays 70% of the government estimation fee.</p> | From the current temporary lease agreement, only the Fund is responsible to pay the fee. |

To renew the temporary period of lease agreement, the Fund considers the conditions and the fact that the present condition of the property needs development. Under the current

procedure of appeal on addition property and land tax requested from Samui Municipality Office, the Fund's financial situation to self develop the property is not possible. Moreover, the law clearly states that the hotel investment property fund must be operated under the master leasing structure not direct operating by appointing Hotel Operator.

Although the average temporary rental fee is the same amount as the current temporary monthly rental fee, the Fund will benefit from the investment for property development not less than 3,000,000 Baht. The condition of premature termination of the lease agreement will give opportunity to the Fund on new property lease and/or purchase offers at all time; and other options for the Fund to extend the temporary lease which will be useful to the Fund more than the current lease condition.

Hence, the Fund agrees to extend the temporary lease agreement with Samui Buri Co., Ltd. for 3 more years from August 1st, 2018 to July 31st, 2021 under the main conditions above. During this extension period of lease, if there is any new beneficial offering to lease and/or purchase, the Management Company will arrange the Unitholder's Meeting for further consideration.

Property and Land Tax Revaluation

Payment of Property and Land Tax by the Fund

On July 28, 2010, the Fund made a property purchase contract to buy 5 plots of land with the total area of 13 rai 27 sq.wah; buildings and facility system for Samui Beach Resort Hotel business (former name "Mercure Samui Buri Resort Hotel") from Samui Buri Beach Resort Co., Ltd., the owner of the first property value 828,000,000 Baht the Fund invested to benefit by lease.

On the same day at the Office of Land Department of Surat Thani Province, Koh Samui Branch, two property lease agreements between the Fund and Samui Buri Co., Ltd. (as "Lessee") were legally registered and signed: Land and Buildings Lease Agreement; and Facilities System, Furnitures and Fixture Lease Agreement. The terms of both Lease Agreements

are for the period of 15 years from July 28, 2010 to July 27, 2025. According to the conditions of the agreements, it is the responsibility of the Lessee to pay Property and Land Tax, Local Tax, Signboard Tax and other Taxes required by the Government. However, both Lease Agreements were cancelled with effective date on April 4, 2015.

Through the period of both lease agreements since July 28, 2010, Samui Buri Beach Resort Co., Ltd., as former Lessee, has continuously paid all Property Land Tax as per Koh Samui Municipality Office charge, details as shown below:

| Tax Year | Paid Property and Land Tax (Baht) | Remarks |
|----------|---|--|
| 2010 | 467,276 | Fully paid as evaluated and requested by Koh Samui Municipality Office. |
| 2011 | 522,148 | Fully paid as evaluated and requested by Koh Samui Municipality Office. |
| 2012 | 449,208 | Fully paid as evaluated and requested by Koh Samui Municipality Office. |
| 2013 | 428,270 | Fully paid as evaluated and requested by Koh Samui Municipality Office. |
| 2014 | 382,018 | Fully paid as evaluated and requested by Koh Samui Municipality Office. |
| 2015 | 360,580 | The Fund has terminated Lease Agreement with effective on April 4, 2015. |
| 2016 | 431,010 | The Fund has terminated Lease Agreement with effective on April 4, 2015. |

| | | |
|-------|-----------|--|
| Total | 3,040,510 | |
|-------|-----------|--|

5-Year Backdate Property and Land Tax Revaluation

Later, on April 24, 2017 the Notice of Property and Land Tax of the Year 2013 (Additional Charge) – 2017 from Koh Samui Municipality Office was sent to the Fund. The main content was that in the Tax Year of 2016 Koh Samui Municipality Office found the fact that The Fund and Samui Buri Beach Resort Co., Ltd. had made the 15-year lease agreement from July 28, 2010 to July 27, 2025 under the benefit of the Fund from the rental fee of 724,800,000 Baht which is from the 48,320,000 Baht annual rental fee. In such case, as property Leaseholder, the Fund is responsible to pay Property and Land Tax treated with the annual rental fee of lease agreement as annual valuation, according to Section 8 Sentence 3 of the Property and Land Tax Act 2475 B.E. Based on rental fee from the lease agreement dated July 28, 2010, Koh Samui Municipality Office then considered the annual property and land tax evaluation at the amount of 6,040,000 Baht per year. However, Samui Buri Beach Resort Co., Ltd., as property Lessee and on behalf of the Fund, had submitted the incorrect Property and Land Tax Report and Payment. From this mistake, and refer to Sector 24 of the Property and Land Tax Act 2475 B.E. Koh Samui Municipality Office shall have the full right to revaluation for the property and land tax not exceeding 5-year backdated; and the Fund must pay additional property and land tax as follows:

| Tax Year | Paid Property and Land Tax (Baht) | Additional Property and Land Tax (Baht) |
|----------|-----------------------------------|---|
| 2013 | 428,270 | 5,611,730 |
| 2014 | 382,018 | 5,657,982 |
| 2015 | 360,580 | 5,679,420 |
| 2016 | 431,010 | 5,608,990 |

| | | |
|-------|----------------|------------|
| 2017 | (Not yet paid) | 6,040,000 |
| Total | 3,040,510 | 28,598,122 |

Submission the Appeal to Reject the Revaluation of the Property and Land Tax

On May 8, 2017, the Fund has submitted the appeal to reject the revaluation of the property and land Tax to the Appeal Committee for cancellation of the Notice of Property and Land Tax Payment Year 2013 (Additional Payment) to Year 2017. Later, on July 26, 2017, the Appeal Committee has sent the letter of confirmation to the Fund to make payment per the additional property and land tax calculated by Koh Samui Municipality Office.

The Fund had paid the Property and Land Tax Year 2013 (Additional Payment) to Year 2017 plus the additional charged by law at the amount of 31,457,935 Baht to Koh Samui Municipality Office. The said amount was for 28,598,122 Baht as the Property and Land Tax Year 2013 (Additional Payment) to Year 2017; and 2,859,813 Baht as additional charged for maintain the right to appeal to the Central Tax Court for this revaluation of the Property and Land Tax Year 2013 (Additional Payment) to Year 2017.

Thus, The Management Company has assigned Siam City Law Office as the lawyer to file a lawsuit against Koh Samui Municipality Office to the Central Tax Court to revoke the revaluation of the Property and Land Tax Year 2013 (Additional Payment) to Year 2017 by Koh Samui Municipality Office; revoke the Consideration of the Appeal Committee; and to reclaim the amount of 31,026,925 Baht of the Property and Land Tax Year 2013 (Additional Payment) to Year 2017 overcharged by Koh Samui Municipality Office plus the interest of 7.5% per year from the end of the three-month period after the end of the lawsuit until the date Koh Samui Municipality Office returns the complete amount to the Fund. The Fund had filed the lawsuit at the Central Tax Court on September 8, 2017 as Black Case No. Por 182/2560 between Samui Buri Property Fund as the plaintiff and Koh Samui Municipality Office as defendant. Later, the

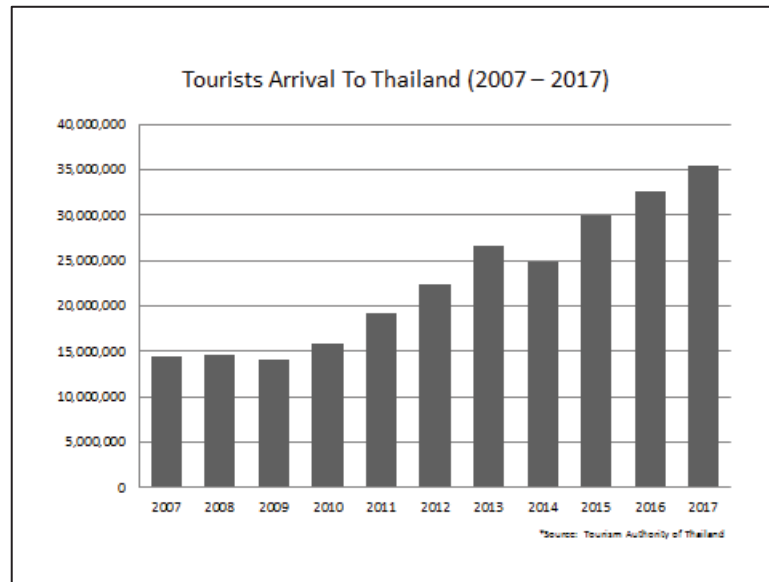
Central Tax Court has announced the judgement on May 23, 2018 as Red Case No. Por 77/2561. The summary of the Court Sentence is shown below:

“Samui Buri Beach Resort Co., Ltd. as being responsible to submit the Property and Land Tax Report and Payment never showed the copy of Lease Agreement dated July 28, 2010 as attachment to Koh Samui Municipality Office which caused the incorrect submission of the tax report that Koh Samui Municipality Office shall reevaluate for the backdate tax. Moreover, the Municipality Office has the full right to evaluate the annual charge base on the annual rental fee mentioned in the Lease Agreement dated July 28, 2010. Due to the property’s condition remained the same, the additional amount for annual charge is reasonable. Moreover, the rental fee as shown in the Lease Agreement date July 20, 2017 is made freely by the plaintiff which is not reasonable amount for lease, and the fact that the plaintiff has no right to request for Property and Land Tax reduction, the revaluation of the Property and Land Tax Year 2013 (Additional Payment) to Year 2017 by Koh Samui Municipality Office and the consideration of the Appeal Committee are supported by legal. Koh Samui Municipality Office needs not to return the paid tax year 2013 (additional) to year 2017 plus interest to the Fund. The Court Judgement is case dismissed.”

The Management Company is under the process of Appeal Submission to the Central Tax Court by applying for the extension period of the case Appeal. The Fund has received the approval from Central Tax Court for period extension to submit the Appeal to be within September 10, 2018.

Remark: The Fund had paid the Property and Land Tax Year 2013 (Additional Payment) to Year 2017 plus additional charge of 31,457,035 Baht to Koh Samui Municipality Office, but the Fund had also exercised the right to file a lawsuit to the Central Tax Court against Koh Samui Municipality Office to return the paid Property and Land Tax amount 31,026,925 Baht plus interest at 7.5% per year from the end of the three-month period after the end of the lawsuit until the date Koh Samui Municipality Office returns the complete amount to the Fund. The request amount is less than the paid amount because the Fund still has to pay the unpaid 431,010 Baht of Property and Land Tax year 2017 to the Municipality. The amount reclaim in the lawsuit is 31,026,925 Baht.

HOTEL BUSINESS INDUSTRY OVERVIEW 2017

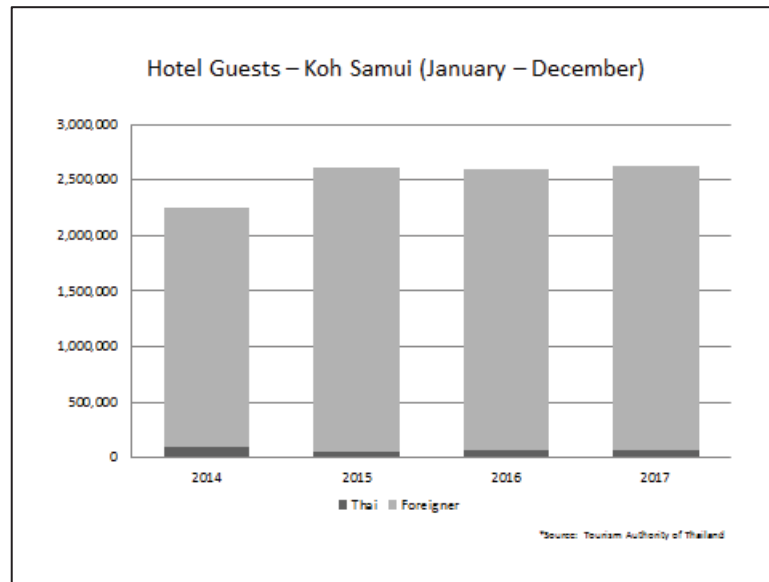


During 2007 – 2017 the number of foreign tourists in Thailand has been increased from 14.46 million persons in 2007 to 35.38 million in 2017, or equivalent to 9.77% per year increase, although there were many important situations in the country which directly impacted to the tourism.

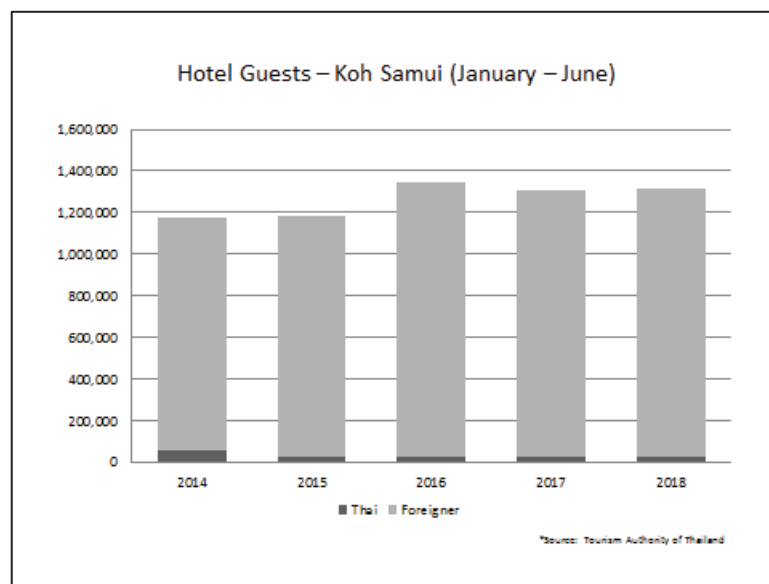


From 2014 to 2017, the number of hotel guests continuously increases from about 100 million trips to around 153 million trips. The said numbers are both Thai and foreign tourists. In

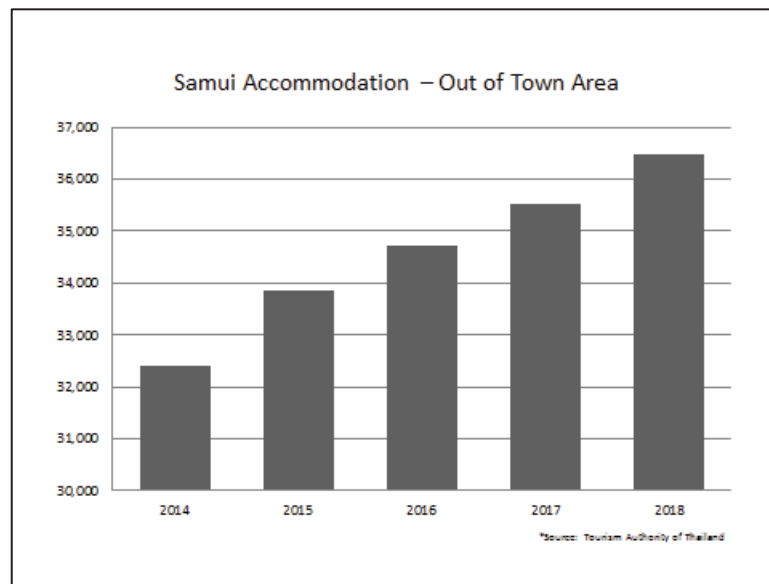
2017, Thai hotel guests are 87 million trips which increase from 60 million trips in 2014; while foreign hotel guests in 2017 increases to 66 million trips from 41 million trips in 2014.



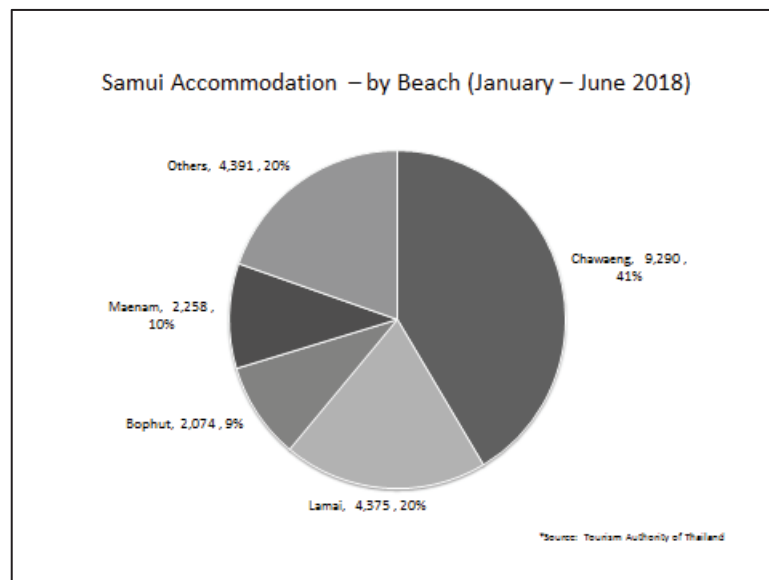
For tourism of Koh Samui, hotel guests during 2015 and 2016 is about 2.6 million persons per year which increase from about 2.3 million persons in 2014 and almost are foreign tourists.



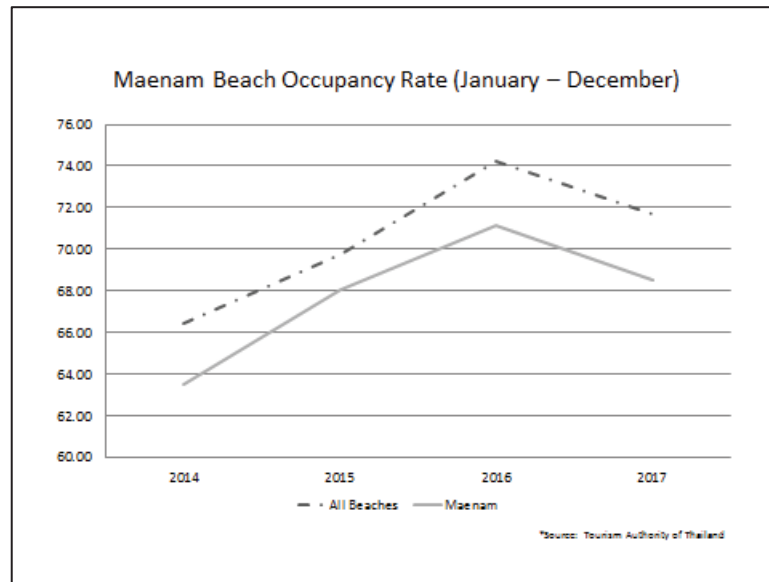
In the first six months of 2018 (January to June), tourists on Koh Samui are around 1.2 to 1.3 million in number. Half of the numbers is the all year hotel guest; and the ratio between Thais and foreigners is that almost all are foreign guests.



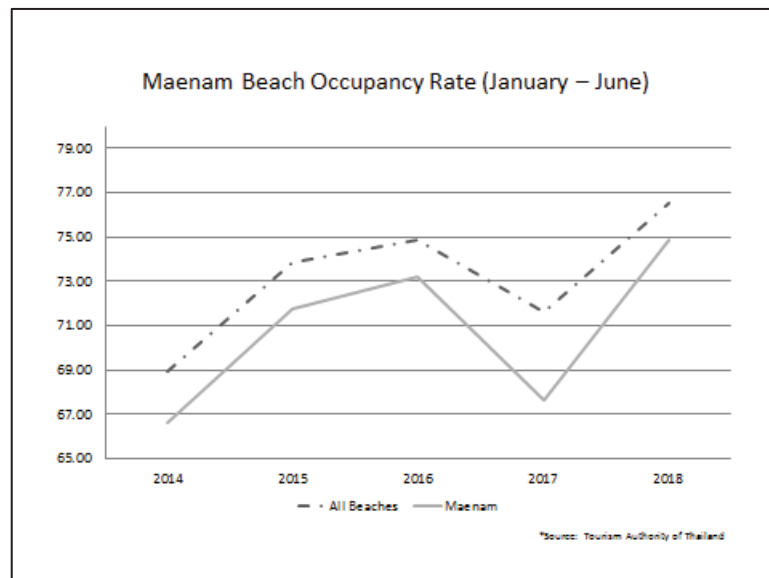
Hotel room outside the town area which is spread all over the beaches during the past 4 years continuously increase in numbers from 2015 to mid of 2017 at the average rate of 1,000 rooms per year.



Most of the hotel rooms about 40% or 9,290 rooms are at Chawaeng Beach; followed by 20% or 4,375 rooms at Lamai Beach; and 2,258 rooms or 10% at Maenum Beach.



The continuous increasing numbers of hotel rooms as mentioned causes the decrease on occupancy rate for outside the town area and Maenum Beach in 2017. In 2016, the total occupancy rate of the outside the town hotel is about 74%, and down to 72% in 2017. The occupancy rate of hotels on Maenum Beach is in the same direction: decreases to 68% in 2017 from 71% in 2016.



However, the overall occupancy rate of the outside the town hotel during the first six months of 2018 (January to June) shows the improvement by the higher number of 76% in 2017 from 72% of 2016; and for Maenum Beach hotel rate is from 68% to 75%.

The Office of the National Economics and Social Development Board (NESDB) has expected that the numbers of tourists tend to expand well. Key supporting factors are (1) favorable economic conditions of key tourist origins; (2) Thailand is regarded as one of the world's important tourism destination; (3) the ongoing government's measures to stimulate the tourism sector and stable domestic political condition; and (4) the expansion of international travel routes and increasing in short-haul international flights operated by low cost airlines.

RISK FACTORS

Risks associated to the invested property

1) Risks from the economic volatility of the country or other macro factors

The Project to be invested by the Fund contains some risk from the economic volatility of the country and outside the country, since the guests are both Thai tourists and foreign tourists. Furthermore, the hotel may be affected from the change in other macro factors such as the adverse change of the international economic, increase of Thai currency value, the view point of the foreigner on Thailand, effect of terrorism, war, insurrection, protestation, obstruction and spreading out of the 2009 flu, avian flu or other disease in the region including the effect of the political fluctuation of Thailand in the present or in the future, or the change of political policy of the government which may cause serious problem to the operation, financial status, operation result and the growth of the Fund.

2) Risks from Master Lease Approach Structure

As the Fund is managed under the master lease approach structure, therefore, the Fund is exposed to the risks that the Lessee does not pay rent to the Fund due to business conditions that deviated from business plan or even though as planned.

3) Risks from the Guarantee

Although the Fund has specified the Lessee to provide Bank Guarantee, however, in the case that the Fund enforces the guarantee, commercial bank may use the law as excuse not to pay. Consequently, the Fund may need to exercise legal right by filing lawsuit to enforce the issuer bank to pay as obliged per the Bank Guarantee.

4) Risks associated with Political Situation

The political situation on government stability and from the assembly to protest the government of some people may affect the economic and tourism condition of Thailand and the Stock Exchange of Thailand. This might be resulted in adversely affected on the operation of the Samui Buri Beach Resort Hotel, on the financial status and operation result of the Lessee's business which might also result to the operation of the Fund. The Management Company is incapable of guaranteeing that the political situation in Thailand, at the present and in the future, or change of the political policies of Thai Government will not have material adverse impacts on the operation of the Samui Buri Beach Resort Hotel, financial status and operation result of the Lessee's business and growth of the Fund.

5) Risks on operation of Hotel Business

The operation of the hotel business is the high risk real estate business if compares with other real estate businesses such as shopping mall business or lease of office space etc. because the operation of the hotel business depends on various external factors including the tourism industry of Thailand. Therefore, if the Fund lease the property of the Fund to the lessee to utilize such property in hotel business and if the Lessee under the Lease Agreement has adverse effect from the operation on hotel business and the Lessee is unable to pay the rent on time or the varied rent may not reach the estimation, it may impact on the operation result of the Fund.

6) Risks from Higher Competition

The operational result of the Fund may be affected by the market situation of the southern tourism, the increase of the hotel in Samui Island, the increase or decrease of the number of the hotel, and the increase of the number of the hotel or residential development which will cause the increase of supply in the market resulting in higher competition in seeking the guest.

7) Risks associated with Change in popularity of the Style of the Project

The Samui Buri Beach Resort Hotel which is invested by the Fund may be affected by the change in popularity of tourists because if the behavior of the customer emphasizes the access to nature which is different to the Project. It may affect the number of tourists using the service in the Project. If the Project will not be able to improve or change the style or images of the Project as soon as such change.

8) Risks from Natural Disaster such as earthquake or tsunami, accident and terrorism

Despite the facts that natural disasters such as earthquakes or tsunamis, accidents and terrorism do not often occur, if these incidents are to occur at the location of the property of the Fund, it will not only cause damages to the properties of the Fund, but it will also cause enormous damages to the lives and properties of the lessee and people using the service of the Project. Nonetheless, the Fund has procured insurance policies on properties of the Fund to cover damages from natural disasters such as earthquakes or tsunamis, accidents and terrorism for immovable property of the Fund.

Furthermore, any necessity of repairing to recover the immovable property may need high expense and need the long time including may cause the Fund to lose the income in significance in such period which may stop the operation of the Hotel. Therefore, the serious circumstance and/or damage on the immovable property may significantly affect the operation result and financial situation of the Fund.

However, the Fund has procured insurance policy on immovable property of the fund to protect and has insurance financial amount conform to the insurance standard of the immovable property which has usage conform with the usage of the immovable property of the Fund.

Risks from the operation of the Fund

1) Risks in relation to Change in Accounting Standards or Change in Relevant Law

The financial report of the Fund may be affected by the enactment of new accounting standards or revision of the same, which is not predictable by the Fund or amendment to regulations of the SEC Office or relevant agency in recording on accounting of the Immovable Property Fund. The Fund manager is not in the position to evaluate the impact caused by any of the above-mentioned changes, nor in the position to assure that such changes will not affect the presentation of the financial report or the operation result of the Fund. In addition, the accounting value of property of the Fund may change in the future if the opinion of the appraisal company has changed and may affect the accounting value of the property. Therefore, the Fund shall conduct to appraisal the value of the property and shall change the appraisal company as detail described in the Project.

2) Risks in relation to the Fund's ability to pay dividend

The dividend payment of the Fund will be considered from the operational result of the Fund which is subject to other factors, e.g. local and international economic situation, ability of the executive members to manage the immovable properties, the costs of the management of the immovable properties, the operation costs, the competition, the change of law and rules relating to the immovable properties. The dividend payment of the Fund shall be considered from the operation result of the Fund. Such rent depends on the ability of the Lessee on rent payment in accordance with the Lease Agreement and the ability of the Fund on guarantee enforcement under procedure and time abovementioned when the cause of termination occurs. Therefore, the fluctuation of the varied rent may result that the investor may have the risk on do not receive the dividend payment as being expected herein or the Fund may not be able to maintain the level of the dividend payment or increase the amount of dividend payment in the following years.

3) Risks from the compensation from the immovable property insurance do not cover the actual damage

Under the provisions of the Land and Building Lease Agreement, the Fund shall procure the All Risk Insurance Policy and the Lessee shall procure the Business Interruption Insurance Policy which the Lessee shall be responsible on all cost throughout the lease term and to specific that the Fund is the beneficial party of the insurance policies. Furthermore, the Fund shall make the Lessee to procure third party insurance policy to cover the damage of the third party from the defective invested properties.

Nevertheless, if the circumstance which is not under the protection of the insurance policy occurs or the damage exceeding the coverage in accordance with the insurance policy or the Fund not being able to recover the all that it is entitled to under the insurance policy, such case may adversely effect to the financial situation of the Fund and cause the immovable property income to be under estimation. In such case, the Fund may have the financial damage because the compensation from the insurance may not cover all damage.

Furthermore, The Fund may not be able to insure against certain types of risks that may occur. Even if the Fund can find insurance, the premium may not be worth the economic benefits that the Fund might receive or there might be incidents outside the cover the insurance policy or the damage exceeding the coverage in accordance with the insurance policy, or the Fund not being able to recover the all that it is entitled to under the insurance policy. This may have affected on the higher cost and may cause the income in the future to be under estimation.

4) Risks form the actual operation result and the property of the Fund may difference from the estimation

Any financial report appears in this Project Scheme which is not the real information in the past (Including any report on the objectives of the investment and other plan and objectives of the executive for the future proceeding or economic situation or assumption or relating forecast) is the estimation and unable to guarantee that it will happen as described such as the

forecast of income and cost of the Fund. It depends on several assumptions which are changeable. These assumptions are not in the control of the Fund such as the decrease of the tourist and the decrease of the rent rate etc. These factors may cause the effect to the operation of the Fund. Therefore, the actual circumstance and operation result may be significantly difference from the forecast herein.

Such Estimation is the forecast concerning to the business operation result, business expansion planning, change in law, rules and regulations of the authorities relating to the business operation of the Fund, the government's policies and other which are the forecast in the future and being the opinion of the Management Company in the present and unable to assure such operation result or such future circumstance and such estimation based on several assumptions which are uncertainly. It could happen or maybe not. And these factures are not in the control of the Fund. In the case of such assumption will not happen, some of the proceeding of the Fund might not be in accordance with the described estimation and may affect to the actual operation of the Fund or the investment and the operation result of the Fund may be significantly difference from the estimation herein.

5) Risks on taxes and changes in relevant laws in the future

In the sale and transfer or receipt of transfer of the leasehold right; or in the sale and transfer or receipt of the transfer of the real properties (in the case that the Fund makes investment in the real properties) in the future, there may be the incurrence of tax burden and fee arising out of the sale, purchase or transfer of the ownership in relation to the leasehold right or the real properties by which the Fund will be responsible for all or part of them. And such fee and tax rate that the Fund must pay may be different from the current rate or there may be the change in any regulation on income tax, other taxes of the Fund or tax relating to the dividend which the investment unit holder receive from the Fund or there may be the change in law, notification, rule, regulation, legal provision, policy and/or ordinance of the authority or the agency authorized by the law in the future which is unforeseen circumstance. If there is such

change, it may be adverse effect to the operation result and the value of the investment unit of the Fund and investor including the change in tax burden of the investment unit holder.

6) Risks arise when the building must be renovated

Normally, each hotel and residential building project in this characteristic must always be repaired and improved to modernize and conform to the style of demand of the customer to attract the customer to use the service continuously. Normally the yearly improvement, repairing or maintenance will not affect the operation of the Fund unless in the case of the big improvement and repairing. The improvement to change outside and inside image of the hotel and resting building which usually conducted every 5-7 years or the change of the importance system of the project which usually conducted every 20 years approximately, such improvement will conduct separately only in the area that need to be improved. Therefore, the effect to the income of the Fund will occur only in the improvement area or nearby area which is disturbed from the improvement.

Nevertheless, in each big improvement and repairing, the project management will plan to minimize impact on the customer and will always study the impact on the income and the benefit before conducting. Moreover, during each big improvement and repairing period, the Lessee shall pay the fixed rent to the Fund unless the big improvement and repairing cause by force majeure.

7) Risks relating to the license

In accordance with the law, the license to operate hotel business must be renewed every 5 years. If the license to operate hotel business of the Lessee has been revoked or has not been renewed or the Lessee fail to proceed in order to obtain the license to operate hotel business (partial or whole), it may cause adverse effect to the Lessee that is to say that the Lessee will be unable to operate the hotel business (partial or whole) in the future and may cause the Lessee to be unable to pay the rent to the Fund and/or may cause the income of the

Fund lower than estimation and may cause the Lessee to fail to comply with the conditions and duties under the Lease Agreement. However, the rules and regulations and the principle of consideration of the officials of the relevant authorities relating to the renewal of the license may be changed in the future which may delay the application for renewal or may be unable to renew the license. In such case, the Fund may consider the Lease Agreement terminating and may acquire the benefit from the hotel buildings and/or the villas in partial or whole in other types such as long-term lease resting building, or separately sell each hotel building or villa.

8) Risks from the Lessee's Failure to comply with the Lease Agreement

In the case that the Lessee fail to comply with the conditions and duties under the Lease Agreement, it will be the cause to terminate the Agreement and the Fund has the right to terminate the Lease Agreement so that the Fund may seeking the new lessee. If the Fund is unable to seek the new lessee in the reasonable time or unable to negotiate with the new party in the new lease agreement which contain the benefit condition to the Fund, the cash flow of the Fund may stop or reduce which affect aversely in significance to the operation result of the Fund.

9) Risks from the Lessee or the owner fail to comply with the Management Agreement

The lessee may have the risk from short of the cash flow or may be unable the procure the sufficient cash flow considered by the hotel executive officer as suitable for the hotel operation in accordance with the standard of the hotel executive officer and may cause the Lessee to default the Hotel Management Agreement.

The cancellation between the hotel executive officer and the Lessee may occur, if the hotel executive officer and/or the Lessee fail to comply with the conditions and duties under such agreement (or both parties may cancel the agreement by voluntariness) which cause the Lessee to seek the new hotel executive officer. Even if the management company believes that the Lessee will find the new hotel executive officer within the reasonable time because there are

a lot of the professional hotel executive officers in the world and there should be some of the hotel executive officers who want to become the executive officer in this hotel as the result of the quality and location of the Project. However, during the negotiation and contacting to the new hotel executive officer the cash flow of the Fund may stop or reduce which affect adversely in significance to the operation result of the Fund.

10) Risks as to net asset value of the Fund may not reflect actual value which the Fund will receive if there is the sale whole property or there is dissolution of the Fund

The Net Asset Value of the Fund specified herein is calculated by basing on the information obtained from the Appraisal Report and such Net Asset Value may not reflect actual value which the Fund will receive if all of the properties were sold or dissolution of the Fund.

11) Risks from the Lack of Liquidity

As the Fund is the closed-end fund registered with the SET, the liquidity in the trade of the Investment Units will be analyzed from the frequency and the volume of the Investment Unit being traded in the SET which is subject to the volume of the bid-offer. Such bid-offer is also subject to many factors which the Fund is unable to control such as the security exchange situation and the market demand. Accordingly, there is a risk that the Investment Unit will face the lack of liquidity in the secondary market. Furthermore, as the Fund is listed in the size that lowers than 2,000 million Baht, it may affect to the liquidity on trading the Investment Units and bid price-offer price of the Investment Unit of the Fund may be differently in significance from the Net Asset Value (NAV).

12) Risks relating to the Ability to Procure Benefit in the Leased Property by the Lessee that Affect the Benefit Procurement of the Fund

(1) Risks from the volatility of income

Since the Initial Investment Date, the Fund will take the Samui Buri Beach Resort Hotel to procure the benefit by lease whole project under the lease agreement which contains the substantial concerning to the rent which the Fund will receive as follow:

(a) The Fund will receive remuneration in form of the fixed rent as specified in the summary of the Property Lease Agreement of the Initial Investment Property and the varied rent from the Lessee under the formula as prescribed in such agreement.

(b) In the case of the Lessee show to the Fund that there is any circumstance which significantly affects to the tourism industry of the country such as avian flu or 2009 flu. If such circumstance occurs temporarily, the Fund will consider that the Lessee may pay the rent to the Fund at the lower rate than the fixed rate.

In addition, the rent that the Fund will not receive during such time shall be deemed as the Accrued Unpaid Amount and the Lessee will reimburse such rent to the Fund which the Fund will receive the rent respectively as follow:

- a. Rent as specified in the agreement
- b. Accrued Unpaid Amount
- c. Other rent as prescribed in the agreement (if any)

The Fund prescript that there shall be outstanding payment not more than 60 days and the Fund will charge the fine interest on the fine interest rate notified by the Bank of Thailand.

(2) Risks from higher competition which may affect that the guest of the Samui Buri Beach Resort Hotel will significantly decrease

The Lessee has the main income from providing the room service of the Samui Buri Beach Resort Hotel and other relevant service to the guests and the income which the Lessee receive from such services must affect directly to the rent which the Fund will receive under the Lease Agreement especially the varied rent which is calculated from the portion of the income of the Lessee.

If in the future, there is the higher competition in providing room service in Samui Island by other entrepreneurs that built the new hotel or has improved the current hotel to be better than the Samui Buri Beach Resort Hotel in nearby area of the Samui Buri Beach Resort Hotel. It may affect that the guest of the Samui Buri Beach Resort Hotel may be decrease and will affect to the operation result of the Lessee and finally to the operation result and financial situation of the Fund.

LEGAL DISPUTES

The Fund has no legal disputes in the past year except the Property and Land Tax as shown on page 10 “Property and Land Tax Revaluation”.

SECTION 2

MANAGEMENT AND CORPORATE GOVERNANCE

INFORMATION OF INVESTMENT UNITS, SECURITIES AND BONDS ISSUED BY THE FUND

Investment Unit

| | |
|----------------------------|------------------|
| Capital | 828,000,000 Baht |
| PAR | 10.00 Baht |
| Number of Investment Units | 82,800,000 Units |
| Type of Investment Units | Name Certificate |
| IPO Price | 10.00 Baht |
| Registered Cap | 828,000,000 Baht |

Securities Price

| | |
|---|---------------------|
| Closing Price as of June 30, 2018 | 2.96 Baht per Unit |
| Market Capital as of June 30, 2018 | 245,088,000 Baht |
| Volume as of June 30, 2018 | 36,890 Baht per Day |
| Net Asset Value (NAV) as of June 30, 2018 | 608,196,753 Baht |

Information of Unitholders

Unitholders as of June 23, 2017 Type of Book Closing: XM

Top 10 Major Unitholders

| No. | Major Unitholders | No. of Share (Share) | % |
|-----|--|-------------------------|-------|
| 1. | Government Saving Bank | 20,000,000 | 24.15 |
| 2. | Samui Buri Beach Resort Co., Ltd. | 6,285,500 | 7.59 |
| 3. | Ms. Pornpat Prapluetchop | 2,306,120 | 2.79 |
| 4. | Mr. Kornkrit Tanthuvanit | 1,700,000 | 2.05 |
| 5. | Ms. Varinda Jantarungsri | 1,218,500 | 1.47 |
| 6. | Mrs. Nongnard Penchome | 1,113,500 | 1.34 |
| 7. | Thailand Krungthai Panich Insurance Plc. | 1,000,000 | 1.21 |
| 8. | Ms. Varankhana Nakprasert | 893,500 | 1.08 |
| 9. | Ms. Varin Thitapiwatanaku | 705,400 | 0.85 |
| 10. | Mr. Thawee Poonsiriwit | 677,300 | 0.82 |

Major Unitholder (Holding 10% and above by the same group of investor)

| No. | Major Unitholder | No. of Share (Share) | % |
|-----|------------------------|----------------------|-------|
| 1. | Government Saving Bank | 20,000,000 | 24.15 |

Group of Major Unitholders with significant influence on management policy or Management Company

None

Capital Reduction

There was no capital reduction in this period.

Dividend Payment Record

| No. | Operation Period | Pay Out Date | Dividend Paid (Per Unit) | Dividend Paid (Percentage) |
|-----|-----------------------|--------------|-----------------------------|-------------------------------|
| 1 | 22 Jul 10 – 31 Dec 10 | 15 Mar 11 | 0.2902 | 2.902 |
| 2 | 1 Jan 11 – 30 Jun 11 | 20 Sep 11 | 0.3224 | 3.224 |
| 3 | 1 Jul 11 – 31 Dec 11 | 9 Mar 12 | 0.3375 | 3.375 |
| 4 | 1 Jan 12 – 30 Jul 12 | 24 Sep 12 | 0.3375 | 3.375 |
| 5 | 1 Jul 12 – 31 Dec 12 | 15 Mar 13 | 0.3500 | 3.500 |
| 6 | 1 Jan 13 – 30 Jun 13 | 23 Sep 13 | 0.3500 | 3.500 |
| 7 | 1 Jul 13 – 31 Dec 13 | 28 Mar 14 | 0.3500 | 3.500 |
| 8 | 1 Jan 14 – 30 Jun 14 | 26 Sep 14 | 0.0800 | 0.800 |
| | Total | | 2.4176 | |

Payment of Dividend Payment Policy

1) Rules, Policy, and Methods of Payment of Dividends to Unitholders

In case that the Fund has made profit as per criteria to pay out dividend, the Fund has Policy of Payment of Dividends to Unitholders not more than 2 times per year. Detail are as follows:

(1) In cases where the Fund has net profit in any accounting period, the Management Company shall pay out dividends to the Unitholders not less than 90% of the net profit not including the unrealized profits from the Appraisal or Review of Appraisal of the immovable properties or the right to lease out the immovable properties of that accounting period under guidance from the Securities and Exchange Commission to be in lined with the cash position of the Fund.

(2) In cases where the Fund has an accumulated profit in any accounting period, the Management Company may pay out dividends to the Unitholders from the said accumulated profit.

The payment of dividends must not cause increased cumulative loss to the Fund in the accounting period in which the dividend is paid out.

Payment of Dividend for the Accounting Period

The payment of dividends in accordance with (1) and (2), the Management Company shall notify the payment of dividend and the lists of person who is entitled to receive the dividend (Closing Date). The Management Company will pay out the said dividends to the Unitholders within 90 days from the end of the accounting period in which there is the pay out of the dividends.

Payment of Interim Dividend

The Management Company will notify the payment of dividend and the lists of person who is entitled to receive the dividend on closing date and will pay out the dividend within 30 days from the Closing Date. In case where the Management Company cannot pay out the dividends in the said period, the Management Company shall inform the Unitholders and the Office of the SEC in writing.

2) Condition and Methods for Payment of Dividends

(1) The Unitholders who are entitled to receive dividend payment must have their names in the register of Unitholders at the Closing Date in accordance with ratio of investment units held. In cases where the Management Company discovers that any person or person of the same group holds more than 1/3 of the total investment units of the Fund sold. The Management Company shall not pay out the dividends to that person or person of the same group for the part which exceeds 1/3 of the total Investment Units of the Fund sold as prescribed under 8 “Rules and Limitation on Holding of Investment units”.

(2) The Management Company shall notify the payment of dividend, closing date for the dividend payment and the rate of dividend payment via the Fund Report and Prospectus (MRAP) and publicly disclose at every office of Management Company, given that the Management Company may notify such dividend payment in the following manners:

(1) Submitting the written notice to the Unitholders who have their names in the register of Unitholders on the Closing Date and the Trustee; or

(2) Announcement in at least one newspaper.

(3) The Management Company will pay out the dividend to the Unitholders under 7.1, given that the Management Company will deduct the withholdings tax at the rate of 10% of the dividend payment for the individual or otherwise as prescribed under the relevant laws, unless such unitholders give the notification in writing to the Management Company to proceed otherwise within 3 days from the Closing Date.

(4) The Management Company will make dividend payments through bank transfers to bank accounts of the Unitholders or crossed account-payee-only cheques as per the names

and addresses in the register book of the Unitholders. In this regards, the Unitholders shall be responsible for the fee, expenses incurred from such money transfer and any risk associated with the exchange rate (if any), given that the Management Company will deduct such fees and expenses from the amount transferred to the Unitholders.

(5) In case the Unitholder does not invoke his right to certain dividend within the statute of limitation under the Civil and Commercial Code, the Management Company will not use such dividend in any way other than for the benefit of the Fund.

3) Additional conditions

In the consideration of the pay out of the dividends, if the dividend announced to be paid per each investment unit during the accounting year has a value lower than or equal to Baht 0.10, the Management Company reserves the right not to pay out the dividends at the said time and shall pay out at the end of the accounting year. Regarding the methods for the pay out of the dividends, the Management Company shall proceed in accordance with the stipulated details except in cases where the SEC, the Office of the SEC and/or other agencies with authority under the law has amended, changed, added, announced, ruled, ordered, approved, and/or decided otherwise, the Management Company shall proceed accordingly.

MANAGEMENT STRUCTURE

Management Company

CIMB-Principal Asset Management Company Limited

44 CIMB Thai Building, Floor 16, Langsuan Road, Lumpini Sub-district, Pathumwan District, Bangkok 10330

Tel. 0-2686-9500 Fax. 0-2657-3167

Website <http://www.cimb-principal.co.th>

CIMB-Principal Asset Management Company Limited is one of the companies within CIMB-Principal Asset Management Bernhard, Malaysia that provide full service in respect of Fund Management which comprises of mutual fund, private fund, provident fund and property fund.

CIMB-Principal Asset Management Bernhard holds 99.99% in CIMB-Principal Asset Management Thailand also being a shareholder in CIMB-Principal Asset Management in Singapore and Indonesia. CIMB-Principal Asset Management Bernhard Malaysia is a corporate of the 2 leading financial institutes in both regional and global level which are

Principal Financial Group holds 60%

CIMB Group, Malaysia holds 40%

Therefore, this made us be ready to provide asset management service with global standard under supporting from CIMB Group and Principal Financial Group.

Currently, CIMB-Principal Asset Management Thailand is the asset management company that ready to provide services that cover all sectors which are individual, SMEs, large scale business and corporate including government agencies under strong investment

networks that connect all regions in the world. This gives us advantage in investment information with unique investment management by stocks selection process including both qualitative and quantitative, fundamental analysis and strict investment discipline frameworks and modern technology that supporting development in investment innovation and product creation.

Under compliance and risks control and good governance under the concept of TRUST, we emphasize on how to ensure that the investors can reach their financial goal and creating good return in long-term with cautious investment under proper risks management.

Principal and concept



Think = positive think to find solution and commitment to solve problems



Respect = honestly respect the others



Unleash = continue to learn and develop



Show = courage, creative and quick response



Teamwork = work as a team for the best result

Name of Directors and Management of CIMB-Principal Asset Management Company Limited

Directors

- | | | |
|----|--|--------------------------------|
| 1. | Mr. Pedro Esteban Borda | Chairman of the Board |
| 2. | Mr. Alenjandro Elias Echegorri Rodriguez | Director |
| 3. | Mr. Effendy Shahul Hamid | Director |
| 4. | Mr. Adirsorn Sermchaiwong | Director |
| 5. | Mr. Jumpon Saimala | Director |
| 6. | Ms. Wilaiporn Liwagasemsan | Audit and Independent Director |
| 7. | Mr. Boonsak Chiempricha | Independent Director |

Management

- | | |
|---------------------------|------------------------------------|
| 1. Mr. Jumpon Saimala | Chief Executive Officer |
| 2. Ms. Brenda Choo | Chief Operation Officer |
| 3. Mr. Win Phromphate | Chief Investment Officer |
| 4. Mr. Tor Indhavivadhana | Chief Business Development Officer |

Property Fund Manager

1. Mr. Suttipan Kreemaha

Fund Managers – Fund Liquidity Management

1. Mr. Win Phromphate
2. Ms. Chanaikarn Sawatdiruerk
3. Mr. Wasuchon Saikaew

Rights, Duties and Responsibilities of the Management Company

Management Company has its rights, duties and responsibilities as follows:

1) The right to administer and manage the Fund in accordance with the objectives, investment criteria and restrictions of the Project as approved, as well as the commitments between the Unitholders of the Fund and the Management Company and various agreements which have been made.

2) The right to instruct the Investment Unit Registrar to reject the transfer the investment unit, in case that those transfers have been conflicted to the transfer conditions.

3) The right to resign as the Management Company as specified under the “Change of Management Company”.

4) The right to veto any act or decision of the Investment Committee or a resolution of Unitholders or the management procedures which is in contravention of the laws, regulations rules, and/or ethics and/or the Project or which may have an adverse effect on the reputation of or cause damage to the Management Company or the interest of the Fund.

5) The right to manage the Fund in the following cases:

- The right to terminate the Project and/or the Fund in case of the resignation of the Management Company with the conditions as mutually agree and the Fund cannot find new Management Company within 90 days (details as shown in the condition of “Change of the Management Company”).

- The right to proceed in accordance with the stipulations of the Project and/or as announced, prescribed, approved, permitted, relaxed, or instructed by the Office of the SEC Committee, the SEC and/or any other competent authority under law; and/or command.

- The right to amend, supplement, change the Project, in cases where it is otherwise changed, amended, supplemented, announced, prescribed, approved, permission, relaxed, and/or instructed by the Office of the SEC, the SEC Committee and/or any other competent authority under law.

- The right to sell/distribute/dispose/transfer properties wholly or partially of the Fund as deems appropriate in case of a lack of liquidity.

- The right to manage the Fund with a view to accomplishing the objectives of the Fund and maintaining the benefits of the Unitholders, given that the Securities Law and/or any other relevant laws are not contravened.

6) The right to appoint the trustee of the Fund, who has qualifications as prescribed in the Notification of the Office of the SEC regarding qualifications of trustees of property fund as well as to change the trustee of the Fund and appoint other trustee in replacement pursuant to the conditions for the change of the trustee specified in the fund scheme, given that such change shall be approved by the Office of the SEC.

7) Other right as specified by the Office of the SEC, the SEC Committee and/or any other competent authority under laws and regulations.

8) The Management Company shall arrange the commitment between Unitholders and the Management Company, other agreements on behalf of the Fund under the Securities Law and/or any other relevant laws.

9) The Management Company shall deliver, distribute and make available the up-to-date prospectus and the fund scheme in accordance with the following criteria and procedures:

(1) Prior to the offering of Investment Units to the public, the Management Company shall deliver the prospectus to the Office of the SEC at least one (1) business day prior to the date for the delivery or the distribution of the prospectus to the public. And the Management Company shall deliver such document via Mutual Fund Report and Prospectus (MRAP) of the Office of the SEC. Should there be any change to such details, the Management Company shall proceed to update such details without delay, given that such update shall be done via MRAP.

(2) In the offering of Investment Units, the Management Company shall sufficiently arrange the distribution of material details of Investment Units and the Fund to investors. Regarding to the details of the fund scheme, the Management Company shall make them ready for the examination and for the request by investors, given that such details shall be up-to-date.

(3) Upon the expiry date of the offering period, the Management Company shall make available the prospectus in the part of the Project details at every business place of the Management Company to be accessed by public; and the Management Company shall provide the copy of the same upon the request of the Unitholder. In the case that Investment Units of the Fund are the securities listed on the SET, and if there is any amendment to the fund scheme, the Management Company shall give notice of such amendment to the SET without delay after the date that the Office of the SEC approves the amendment to the fund scheme or the date of the rendering of the resolution to amend the fund scheme as the case may be, until the dissolution of the Fund.

10) The Management Company shall arrange the registration of pool of asset with the Office of the SEC within 15 days from the date of ending initial offering.

11) The Management Company shall arrange the listing of Investment Units of the Fund as listed securities on the SET within 30 days from the date of registration of the Fund.

12) The Management Company shall bring the money of the Fund to invest in the real properties or other properties as well as seeking benefit from the purchase, lease, distribution, transfer of the leasehold right, sale, order for the transfer and improvement of the real properties or other properties that the Fund has invested in accordance with the policy, objectives, criteria, conditions and procedures specified in the fund scheme and in accordance with the rules and criteria prescribed in the Notification of the SEC Committee and the Notification of the Office of the SEC.

13) In the case that the fact is known to the Management Company that any Person of the Same Group holds more than 1/3 of Investment Units of all sold Investment Units, the Management Company will proceed in accordance with the prescription in the Notification of the Office of the SEC.

14) The Management Company shall allocate the profit of the Fund to pay dividend to the unitholders in accordance with the criteria and procedures specified in the fund scheme and in accordance with the prescription of the Office of the SEC.

15) The Management Company shall procure the insurance policy for the Fund in accordance with the prescription and criteria in the Notification of the Office of the SEC.

16) The Management Company shall arrange the Appraisal of the properties in accordance with the prescription and criteria in the Notification of the Office of the SEC.

17) To appoint the trustee of the Fund, who has qualifications as prescribed in the Notification of the Office of the SEC regarding qualifications of trustees of property fund.

18) To separate the properties of the Fund from the properties of the Management Company and bring the Fund's properties to the possession of the trustee and/or Thai Securities Depository Co., Ltd.

19) To arrange for the investment of the Fund to gain revenue and benefits and bring such revenue and benefits to the possession of the trustee.

20) To appoint one or several individuals or juristic persons as advisors of the Fund. However, the advisors of the Fund shall not participate in making any decisions concerning investment or sell, or shall not participate in property management or lease of property. The Management Company shall prepare and submit the report for appointment or termination the

agreement within 15 days from the date of appointment or termination and shall submit the copy of such agreement to the Trustee within 5 days from the date of execution of agreement.

21) To appoint the Property Fund Manager responsible for making decision to invest or to distribute the real properties or the leasehold right, given that such person shall be approved by the Office of the SEC.

22) To appoint the Fund manager responsible for making decision to invest or distribute the properties in Clause for the liquidity management of the Fund, given that such person shall be approved by the Office of the SEC.

23) To appoint the Investment Units Registrar as well as to change the Investment Units Registrar of the Fund and appoint other Investment Units Registrar, who has qualifications as prescribed by the Office of the SEC, in replacement, and give notice of such appointment to the Office of the SEC.

24) To appoint the Appraisal Company, given that such Appraisal Company shall be those in the list approved by the Office of the SEC to appraise or review the Appraisal for the properties invested by the Fund. The Management Company shall deliver the copy of such Appraisal Report and supporting documents to the Trustee and to the Office of the SEC within 15 days from the date of receipt of such report.

25) To appoint the Property Manager (if any), given that the Property Manager shall have the qualifications and possess no prohibited characteristics prescribed in the Notification of the Office of the SEC.

26) To appoint the auditor of the Fund, given that the auditor must have qualifications and does not possess prohibited characteristics per the Notification of the Office of the SEC regarding rules for approval of auditors, as well as to change the auditor and appoint other auditor who have qualifications as prescribed by the Office of the SEC, in replacement and give notice of such appointment to the Office of the SEC.

27) In the case that the Management Company wishes to appoint the underwriter to distribute Investment Units, such underwriter shall not have the relationship of the Person of the Same Group with the owner, the lessor, the transferor of the leasehold right and the grantor of the right in the real properties to be invested by the Fund.

28) To appoint other persons to perform other duties related to the Fund, e.g. construction supervisor, expert, estimator, building inspector, cleaning service provider and construction contractor etc.

29) To deliver a summary of significant information concerning the investment or the disposal of ownership or leasehold rights in real properties of the Fund to the Unitholders and the Office of the SEC within fifteen (15) days from the date of such investment or disposal of ownership or leasehold rights in real properties, and to provide such significant information at an open place at the Management Company and the head office of the trustee within fifteen (15) days from the date of investment or disposal of ownership or leasehold rights in real properties. Such summary shall be substantially in accordance with the notification of the Office of the SEC.

30) To immediately deliver the following documents to the trustee upon the investment or the dispose of the real properties and the leasehold right:

(1) The document showing the ownership or the possession of the real properties and the agreement regarding the purchase, lease, receipt of the transfer of the leasehold right or the grant of the right in the real properties, as the case maybe.

(2) The agreement in writing showing the disposal of the real properties or the leasehold right of the real properties.

The Management Company will give the notice of the possession of the real properties to the trustee within five (5) business days from the possession date of such real properties together with disclose such information at the office of the Trustee within 15 days after the date of investment or disposition of the asset.

31) To provide the copy of the following agreements to the trustee:

(1) Agreement to appoint the Appraisal Company within five (5) days from the execution date or from the date of appointment of the trustee in the case that the appointment of the Appraisal Company prior to the appointment of the trustee, as the case may be.

(2) Agreement to appoint the Property Manager (if any) and the agreement to appoint the advisor (if any) within five (5) business days from the execution date thereof.

32) To collect, follow up, proceed and order every person with duties under the appointment agreements, e.g. Property Manager, advisor and construction supervisor etc. To prepare, deliver and complete every report and/or any proceeding as specified in the appointment agreements and/or as prescribed by the investment committee and/or as per the request of the Unitholders and/or the competent agency.

33) To sell, dispose of, distribute or transfer the properties whether in whole or in part of the Fund as proper.

34) To perform other duties prescribed by the Securities Law to be the duties of the Management Company.

35) If the Investment Units of the Fund have been approved to be listed securities on the Stock Exchange of Thailand, the Management Company shall deliver the summary of significant information under the preceding paragraph to the Stock Exchange of Thailand in lieu of taking action under the first paragraph within the next business day from the date of purchase, lease, disposal or transfer of leasehold rights in immovable properties of the Fund or within such other period as prescribed by the Stock Exchange of Thailand.

36) To calculate the value of the properties, Net Asset Value and the Value of Investment Units pursuant to the Notification of the Office of the SEC regarding the criteria, conditions and procedures for the establishment and the management of the Fund or any criteria and procedures prescribed by the Office of the SEC.

37) To give notice to the Unitholders in the case that any change or any situation occurs after the date of the calculation of the properties' value, the Net Asset Value and the Value of Investment Units, of which materially affects the properties of the Fund.

38) To prepare a financial statement of the Fund in accordance with the accounting standards specific to the investment business and accounting standards prescribed by the accountant council, and to prepare a report of the Fund which has the required by the Office of the SEC at the end of every financial year, and deliver such report to the Unitholders whose names appear in the register of Unitholders and the Office of the SEC within four (4) months from the end of the financial year.

39) The Management Company shall increase or decrease the capital of the Fund in accordance with criteria and procedures specified in the Fund Scheme.

40) To proceed the litigation, both civil and criminal procedures on behalf of the Fund including the appointment of representative to do such litigation.

41) To attend the meeting and voting on the properties, rights and other benefits for the benefit of the Fund's benefits.

42) The right to amend, supplement, change the Fund Scheme.

43) The Management Company shall dissolve the Fund as per the specification in the Fund Scheme.

44) Upon dissolution of the Fund, the Management Company shall appoint a liquidator approved by the Office of the SEC to dispose of the assets of the Fund, pay the debts of the Fund, collect and distribute money or assets to Unitholders in the proportion of their respective Unitholding per the register of Unitholders, as well as inform the Trustee thereof.

45) The Management Company shall receive and pay the fees and expenses and/or other compensation as specified in the Fund Scheme.

46) The Management Company shall conduct any proceeding to achieve the objectives of the Fund and maintain the benefit of unitholders in general in accordance with the scope, duties and responsibilities of the Management Company, given that such proceeding shall not violate Securities Law and/or any relevant laws.

Conditions for Replacement of the Management Company

The Fund may replace the Management Company upon the occurrence of the following events and/or upon the approval of the Office of the SEC:

(1) When the Unitholders of the Fund pass a resolution by a majority vote representing more than one-half of the total number of Investment Units sold to replace the Management Company, the Unitholders shall give a notice in writing to the Management Company of not less than ninety (90) days in advance. If such change of Management Company is not resulting from the mistake or gross-negligence of the Management Company and the term of being Management Company has not been 5 years from the date of establishment of the Fund, the Management Company shall be entitled to receive the compensation for the remaining years out of 5 years.

The Unitholders must notify Management Company in written form not less than 5 days in advanced, unless the Management Company agreed to shorten the said notification period.

(2) If there is a change and amendment in the management policy as specified in the Project according to a resolution of Unitholders' meeting or an amendment to the Securities and Exchange Act, notifications of the SEC, notifications of the Office of the SEC and/or other relevant laws, which causes the Management Company to be unable to comply with those notifications, instructions, regulations and rules because such change imposes more duty on the Management Company and the Management Company does not want to accept such duty, the Management Company reserves the right not to accept the duty to manage the Fund, given that the Management Company must give prior written notice to the Unitholders of its intention not to perform the duties. The Management Company shall propose a new Management Company who is fully qualified according to the Securities Law with approval of the Office of the SEC except in the case that the Unitholders wish to find a new Management Company on their owns. In this regard, the Unitholders shall complete the appointment of the new Management Company within 90 days from the date of receiving the notice from the Management Company.

(3) If there is a change in policy, management procedures, operations, administration of the Fund, or material change in structure of Unitholders (the change of the names of Unitholders or the change to the holding of Investment Units by the Unitholders or the Person of the Same Group which is equivalent to five percent (5%) of all Investment Units sold), or in any other case which causes the Management Company to be no longer desirous of performing its duties, the Management Company reserves the right not to accept the duty of managing the Fund, given that the Management Company must notify the Unitholders in writing of its intention not to continue performing the duties (resignation). The Management Company shall propose a new Management Company who is fully qualified according to the Securities Law with approval of the Office of the SEC except in the case that the Unitholders wish to find a new Management Company on their owns. In this regard, the Unitholders shall complete the appointment of the new Management Company within 90 days from the date of receiving the notice from the Management Company.

(4) In the case that the license for the operation of the securities business in the type of mutual fund management of the Management Company is revoked and the

Management Company is unable to continue performing its duties as the Management Company.

Replacement of Management Company, if it is the case that specified by law that approval from SEC is required; Management Company shall apply for such approval and remain functional until the new Management Company is appointed. However, if the Management Company notifies its resignation under (2) and (3) and the Fund and/or the Unitholders is unable to replace new management company within 90 days from the date of receiving the notice from the Management Company, the Management Company reserves the right to dissolve the Fund.

Trustee

CITI Bank N.A.

339 Sukhumvit Road, Interchange 21 Building, Klongton Nua Sub-district, Wattana District, Bangkok 10500

Tel. 02-788-2000

Rights, Duties and Responsibilities of the Trustee

The trustee has the rights, duties and responsibilities under this Project as follow:

1) To receive remuneration for being the trustee at the rate specified in the agreement to appoint the trustee has entered with the Management Company.

2) To supervise the Management Company to strictly comply with Section 125 of the Securities and Exchange Act B.E. 2535, Announcement, Notification of SEC, Office of SEC and Capital Market Advisory Board that issued as per the said Act both currently in effect and to be notified in the future. To notify the Management Company if the Management Company fails to comply the above laws.

3) If the Management Company does any act that causes damage to the Fund or fails to perform its duties under Section 125, the Securities Law and the terms of the approved Fund Management Project, the trustee shall make a detailed report thereon and submit it to the Office of the SEC within five (5) days from the date on which the trustee is aware of such circumstance.

4) To deposit the properties of the Fund by separating the properties of the Fund from the properties of the Trustee under the supervision of the trustee and monitor the expense of the Fund to be in accordance with the agreement between the Management Company and the Trustee.

5) To complete the inspection of real properties of the Fund per the timeframe as follows:

(1) Within thirty (30) days from the date of receiving a notice of possession of real property from the Management Company.

(2) Every year after the last inspection by the trustee.

6) To correctly, completely and truthfully record the condition of any real property from the inspection of such properties.

7) To notify the Management Company within five (5) business days from the date the trustee has found that any real property of the Fund has any material defect.

8) To notify the Management Company to conduct a new Appraisal immediately when the trustee is of the view that any circumstance or change has occurred which has a material effect on the value of the real properties of the Fund.

9) To verify that the investment or disposal of real properties or leasehold rights of the real properties of the Fund comply with the Project and the criteria prescribed by the Securities Law.

10) To approve the insurance against all losses which the Fund will be a beneficiary.

11) To give opinion on the operational result of the Fund in the report of the Fund.

12) For the assets invested in by the Fund which are real properties, the Management Company shall keep the documents of right in the real properties invested in by the Fund, namely land title deeds or certificates of utilization, agreements on sale of real property, lease agreements or agreements for the transfer of leasehold right in real property as

well as insurance policies, at the office of the Trustee of the Fund, except for assets which, by their nature, cannot be kept at the office of the Trustee or where the Management Company and the Trustee agree otherwise.

13) To take delivery or delivery the documents regarding investing or divesting of the asset by the Fund to be in accordance with the Fund Scheme and Notification of the Office of the SEC.

14) To certify that the calculation of the value of the properties, Net Asset Value and the Value of Investment Units is correct and in accordance with the criteria prescribed by the Office of the SEC.

15) To prepare and deliver the report as follows:

(1) Detail on incomes and expenses of from the bank account, depository at every of the last business day of SET and commercial banks.

(2) Report on the investment of the Fund specified the type and status of the fund at the end of Business Day.

(3) Report on the detail of securities purchase and sale (if any).

16) To proceed under the clause 14 and 15 above, the Trustee shall use the information obtained from the Management Company or any other relevant person.

17) Report certified by the Trustee under clause 14 and the report prepared by the Trustee under clause 15 is deemed to be approved from the Management Company if the Management Company fails to object within 180 days from the date of reporting.

18) To file the case enforcing the Management Company to perform its duty or to claim damages in compensation to the damages caused by the Management Company for the benefit of all Unitholders or upon the receipt of the order from the Office of the SEC.

19) In the case the Management Company appoints the liquidator, such liquidator shall proceed in accordance as follows:

(1) deliver the account and supporting documents of the Fund to the liquidator within 5 days from the date of dissolution of the Fund;

(2) deposit the properties of the Funds until the completion of the liquidation;

(3) monitor the liquidator to comply with the Section 130 of the Securities and Exchange Act B.E. 2535 (1992), as amended and shall inform the Office of the SEC upon the non-compliance by the liquidator;

(4) distribute the fund and other assets to the Unitholders per their Investment Units ratio in the register book of Investment Units.

20) Deposit and the properties of the Fund and receive the income from the operation of the Fund and deposit it in the account of the Fund.

21) Pay the expense of the Fund as instructed by the Management Company.

22) To have such other rights, duties and responsibilities as specified in the agreement to appoint the trustee.

23) To perform other duties as prescribed by the SEC committee or the Office of the SEC as duties of trustees.

24) To be responsible for the damages to the Management Company or any expenses incurred from the mistake or gross-negligence of the Trustee under the Securities and Exchange Act B.E. 2535 (1992), as amended. Such mistake results from the non-compliance and gross-negligence conduct committed by the Trustee or the Trustee's employee, representatives or agent. Such damages shall include the damages from the delay of the Trustee in approving the matters as specified as obligations of the Trustee under the agreement to appoint Trustee or the Fund Scheme.

25) To allow the representative of the Management Company or the auditor to inspect the properties of the Fund, documentations and accounts of the Fund which in possession of the Trustee at all time within the business hour of the Trustee and to facilitate the Management Company in proceeding the duty under the relevant agreement and the Fund Scheme and to deliver the documents as instructed by the Management Company to the Unitholders and other person who is eligible to request such documents.

26) To be responsible for the damages to the Fund due to the act, omission to act by fraudulent, gross-negligence which is inconsistent with the obligations under the relevant agreement entering with the Management Company.

Conditions for replacement of the Trustee

Management Company as representative of the Fund may replace Trustee upon occurrence of the following events and upon the approval of the Office of the SEC:

(1) When either the Management Company or the Trustee wishes to terminate the Trustee Appointment Agreement by giving written notice of such termination to the other party not less than ninety (90) days prior to the effective date of termination of the Trustee Appointment Agreement.

(2) The Management Company or the Trustee fails to perform the duties or responsibilities as prescribed in the Trustee Appointment Agreement. In such event, the Trustee or the Management Company may terminate such agreement by giving prior written notice of such termination to the other party with a period not less than thirty (30) days. In the case where the Trustee fails to perform the obligations under such agreement with or without intention, willful or gross-negligence, the Trustee shall compensate the Fund and the Management Company including other expenses incurred from changing the trustee. In the case where the Management Company fails to perform the obligations under such agreement, with or without intention, willful or gross-negligence, the Management Company shall be responsible for the expenses and compensation for the damages to the Trustee.

(3) There is a change in any condition of the Project or an amendment to the Securities Law or any other circumstance causes the Management Company and the Trustee to be unable to agree on the amendment of the Trustee Appointment Agreement to comply with such change or amendment because such change or amendment imposes more duties on the Trustee and the Trustee does not want to accept such duties. In such event, the Trustee shall have the right to terminate the Trustee Appointment Agreement by giving written notice thereof to the Management Company not less than ninety (90) days in advance.

(4) The Unitholders of the Fund pass a resolution by a majority vote representing more than half of the total number of Investment Units sold, requesting the replacement of the Trustee. Such request to the Management Company shall be made not less than 90 days.

(5) The Trustee lacks any qualification under the notifications of the Office of SEC regarding the qualifications of trustees of mutual funds and the amendments thereto (if any). In such

event, the Management Company shall notify the Trustee in writing to make a rectification within fifteen (15) days from the day following the date on which the Management Company is or should reasonably be aware of such disqualification or the date on which such disqualification is discovered from the inspection of the Office of SEC. The Management Company shall also notify such rectification to the Office of SEC within three (3) business days following the date the Trustee completes the rectification.

If the Trustee fails to make the rectification within such prescribed period, the Management Company shall seek permission to replace the Trustee from the Office of SEC within fifteen (15) days from the day following the expiry date of the rectification period. When permission is obtained from the Office of SEC, the Management Company shall appoint a new Trustee in place of the former Trustee immediately unless otherwise instructed by the Office of SEC.

(6) The Trustee unduly discloses information relating to the management of the Fund or any other information relating to the management of the Fund in a manner that causes or may cause damage to the Fund or the Management Company or obtains any benefit for the Trustee itself, or another person enjoys any benefit because of such undue disclosure. In such event, the Management Company may terminate the Trustee Appointment Agreement by giving written notice of not less than fifteen (15) days in advance to the Trustee. The Trustee must be responsible to the Management Company and/or the Fund for any expenses and/or damages including expenses incurred because the Management Company must contact and/or procure another person to perform duties as a new Trustee, or any other expenses which are or might be incurred in connection with the replacement of the Trustee.

(7) When any person proposes, or files a petition to the Court or any other relevant authority about the Trustee (a) for the dissolution of the Trustee's business or any other similar purpose; or (b) for the reorganization, composition or relaxation of debt payment, management of properties, liquidation or any other similar request under the current or future laws or under various regulations.

(8) When a government authority or agency believes, the Trustee has committed a mistake or gross negligence and gives a notice thereof to the Management Company or makes an announcement to the public.

In all cases, the replacement of the Trustee shall require prior permission of the Office of SEC. Since the Securities and Exchange Act B.E. 2535 provides that the Fund must have a trustee, if the Trustee is discharged from its duties under Clause 13.2 “Conditions for Replacement of Trustee”, the Trustee must fully perform the duties of a trustee until the completion of the transfer and delivery of all assets and documents and evidence of the Fund to the new Trustee or as instructed by the Management Company or the Office of SEC, including any other necessary arrangements for the proper and complete transfer and delivery of all assets and documents to the new Trustee within a reasonable time to ensure continuous performance of duties.

In the case of expiration of Trustee Appointment Agreement due to termination by the Trustee, if the Management Company is unable to find new trustee to replace the same Trustee within the expiration date of the Trustee Appointment Agreement, such Trustee shall remain their position as a Trustee until there is a replacement of trustee. If such Trustee will receive the fee in proportion including any other expenses incurred from the operation of Trustee duty until their duty as a Trustee is ceased.

For the cease of being Trustee, the Trustee shall collect and transfer all properties and documentation of the Fund to the new trustee or proceeds other duty as advised by the Management Company or the Office of the SEC within 15 business days from the day of cease to be a trustee.

Place of Custody of Assets of the Fund

CITI Bank N.A., Bangkok Branch

339 Sukhumvit Road, Interchange 21 Building, Klongton Nua Sub-district, Wattana District, Bangkok 10500

Tel. 02-788-2000

In the case of change of the Trustee, the Management Company shall keep the properties at the office of the Trustee where the Management Company establishes or the office new trustee.

However, for the assets invested in by the Fund which are real properties, the Management Company shall keep the documents of right in the real properties invested in by the Fund, namely land title deeds or certificates of utilization, agreements on sale of real property, lease agreements or agreements for the transfer of leasehold right in real property as well as insurance policies, at the office of the Trustee of the Fund, except for assets which, by their nature, cannot be kept at the office of the Trustee or where the Management Company and the Trustee agree otherwise.

Auditor

Mr. Sa-Nga Chokenitisawat Certified Auditor No. 11251
Price Waterhouse Cooper ABAS Company Limited
179/74-80, Bangkok Tower, Floor 15, South Sathorn Road
Tung Mahamek Sub-district, Sathorn District, Bangkok
Tel. 0-2344-100 and 0-2824-5000 Fax. 0-2286-5050

Registrar

CIMB-Principal Asset Management Company Limited
44 CIMB Thai Building, Floor 16, Langsuan Road, Lumpini Sub-district, Pathumwan
District, Bangkok 1033
Tel. 02-686-9500

Penalized and Fined Records

On February 19, 2013, The Office of Securities and Exchange Commission had a letter no. Kor Lor Tor For Khor 298/2556 regarding fining for not comply with the law. Such letter stated that Management Company has breach article 117 and 125 (1) of the Securities and Exchange Act 2535 B.E. as follows:

1. During February 27, 2012 to July 17, 2012 Management Company did not perform as per rules, conditions and procedure as specified in the notification of Capital Market Supervisory Board. Management Company did not have proper compliance on investment for the cautious investment management for the best interest of unitholder by not undertaking due diligence before entering into investment.

2. During May 17, 2012 to February 27, 2013 Management Company, as being the Management Company of the Mercure Samui Property Fund (Mercure Fund), did not properly manage the Fund as specified in the notification of the Capital Market Supervisory Board by not control about the Income Guarantee as the Fund was approved.

3. During February 27, 2012 to December 25, 2012 Management Company did not perform as per rules, conditions and procedure as specified in the notification of Capital Market Supervisory Board. Which are (1) did not control and checking on payment of the Fund (2) did not perform the asset annual inspection by preparing invested asset registration properly and correctly (3) did not arrange for Revenue Guarantee Agreement and did not follow and monitor the guarantors to comply with the agreement (4) did not properly disclose information in the Fund Project and Prospectus.

Management Company accepted the penalty and fine as per the Committee's resolution in the meeting No 1/2556 dated February 2013 Order No 12/2556.

CORPORATE GOVERNANCE AND COMPLIANCE

Corporate Governance Policy

The Management Company strictly complies with Securities Law, announcements, regulations, rules, order or circular notice as amended or enacted by S.E.C., Capital Market Supervisory Board, office of S.E.C. and the stock exchange.

The Management Company stipulated a variety of policies for Corporate Governance such as report on conflict of interests, policy for fund operation, code of conduct for fund operation.

Corporate Social Responsibility

The Management Company strictly complies with Securities Law, announcements, regulations, rules, order or circular notice as amended or enacted by S.E.C., Capital Market Supervisory Board, office of S.E.C. and the stock exchange.

Internal Control and Risk Management

The Management Company strictly complies with Securities Law, announcements, regulations, rules, order or circular notice as amended or enacted by S.E.C., Capital Market Supervisory Board, office of S.E.T. and the stock exchange. Apart from Real Estate Investment Committee, The Management Company also established Compliance and Risk Management Department which is separated from Real Estate Investment Committee and reports directly to the Board of Directors and CIMB Group.

Inter-connected Transactions

Transactions of the Fund with the Management Company and other connected party to the Management Company

No inter-connected person has any transaction with the Fund

Remark: The investors can directly verify the transaction with the Management Company or at website <http://www.cimb-principal.co.th>; and at the Securities and Exchange Commission (www.sec.or.th).

Soft Commission Report

There is no soft commission

Sales Commission from order to sell or purchase security

There is no Sales Commission from order to sell or purchase security

Voting guidelines and voting execution

Investors can examine voting guidelines and voting execution in the companies' Shareholders Meeting in the calendar year from website of the Management Company (www.cimb-principal.co.th).

SECTION 3

FINANCIAL STATUS AND PERFORMANCE

IMPORTANT FINANCIAL INFORMATION

Performance of Samui Buri Property Fund

For the period from July 1, 2017 to June 30, 2018

Summary of Net Asset Value and Value of Investment Unit as of June 30, 2018

| | | |
|------------------------|-------------|-------|
| Net Asset Value | 608,196,753 | Baht |
| No. of Investment Unit | 82,800,000 | Units |
| Value per unit | 7,3453 | Baht |

Information regarding borrowing of the Fund as of June 30, 2018

| | | Market Value (Baht) ^{*1} | % NAV |
|--------------------------------------|---|--------------------------------------|---------------|
| Domestic Securities or Assets | | | |
| | Bank Deposit | 10,095,174 | 1.66 |
| Investment in Real Estate | | | |
| | Land with Construction, Samui Buri Beach Resort Hotel | 601,400,000 | 98.88 |
| Others | | | |
| | Other Assets | 192,170 | 0.03 |
| | Other Debts | (3,490,591) | (0.57) |
| Net Asset Value | | 608,196,753 | 100.00 |

Remark: ^{*1} total market value including receivable interest

Summary of investment in Debt, Deposit or Semi Debt of the Fund

| Bonds | Market Value (Baht)* | % NAV |
|--|-------------------------|----------|
| (a) Thai and Foreign Government Bonds | | |
| - Thai Government Bonds | - None - | - None - |
| - Foreign Government Bond | - None - | - None - |
| (b) Bonds that Bank or Credit Fancier is issuer, payer, Aval, certified or guarantor | 10,095,174 | 1.66 |
| (c) Investment Grade Bonds | - None - | - None - |
| (d) Under Investment Grade Bonds | 601,400,000 | 98.88 |
| Remarks: *value based on market price including interest receivable | | |

Details of all Bonds and Rating in Port

| Insurer/ Guarantor Due Principal/ / Date Rating Face Value Market Value ^{*1} Certifier | | | | | | | |
|--|-------------|-------------------------|---|---|-----|-------------|-------------|
| 1 | Real Estate | Samui Buri Beach Resort | - | - | N/A | 828,000,000 | 601,400,000 |
| | Investment | Hotel | | | | | |
| 2 | Deposit | CITI Bank N.A. | - | - | N/A | 10,092,547 | 10,095,174 |

Remark: ^{*1} Market Value including Interest Receivable

*Fund Expenses**For the period of July 1, 2017 – June 30, 2018*

| Fund's Direct Expenses * | Unit '000 Baht | % of NAV |
|--------------------------------|-------------------|--------------|
| Fund Management Fee | 4,102.15 | 0.634 |
| Trustee Fee | 820.43 | 0.127 |
| Registrar Fee | 683.69 | 0.106 |
| Adverts, PR and Sale Promotion | | |
| - IPO | - | - |
| - After IPO | 360.92 | 0.056 |
| Legal Fee | 3,445.11 | 0.533 |
| Property Tax Fee** | 32,070.44 | 4.957 |
| Audit Fee | 432.00 | 0.067 |
| SET Registration Fee - Annual | 105.60 | 0.016 |
| Appraisal Fee | 126.72 | 0.020 |
| Insurance | 360.30 | 0.056 |
| Unitholder Meeting Expense | 178.13 | 0.028 |
| Journals and Publications Fee | 34.85 | 0.005 |
| Document Transaltion Fee | 36.00 | 0.006 |
| Bank Fee | 7.45 | 0.001 |
| Other Expense | 62.74 | 0.010 |
| Total Expenses *** | 42,826.53 | 6.622 |

Remarks * Fees and expenses already include VAT, Specific Business Tax and other Taxes and Duties (if any).

** Additional Revalue Property Tax 28,598,122 Baht, Fine 2,859,813 Baht and Property Tax during July 1, 2017 – June 30, 2018 of 612,500 Baht

*** Excluding securities agent and other fees related to stocks/securities trade and reversion of doubtful debt.

Appendix 1

Report of certified auditor, Audited Financial Statement

SAMUI BURI PROPERTY FUND

STATUTORY FINANCIAL STATEMENTS

30 JUNE 2018

Independent Auditor's Report

To the Unitholders of Samui Buri Property Fund

My opinion

In my opinion, the financial statements of Samui Buri Property Fund ("the Fund") present fairly, in all material respects, the financial position of the Fund as at 30 June 2018, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

What I have audited

The fund's financial statements comprise:

- the balance sheet as at 30 June 2018;
- the details of investments as at 30 June 2018;
- the statement of income for the year then ended;
- the statement of changes in net assets for the year then ended;
- the statement of cash flows for the year then ended;
- significant financial information for the year then ended; and
- a summary of significant accounting policies and other notes.

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 Fund in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are 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 matters

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

Key audit matter**How my audit addressed the key audit matter*****Valuation of investment in properties***

Refer to significant accounting policies no. 2.3 and notes to financial statements no. 7, the fair value of investment properties were carried at Baht 601.40 million as at 30 June 2018 with unrealized loss from investments of Baht 45.20 million.

The investment properties comprises of the lease of land, buildings (except sport club), public utilities, furniture and equipment for hotel business.

Valuations were carried out by independent appraiser.

There were significant judgements and estimates to be made in relation to the valuation of investment properties. The valuations is based on Income Approach.

The most significant judgements and estimates affecting all the valuations of investment properties include estimated rental income, discount rate, which was determined from business type, the location of project, ability to generate cash flow, competitive market and risk-free return rate. The appraiser applied discounted cash flow for valued asset based on yield rate of government bond plus market, operational, and liquidity risk.

The unrealised loss was incurred from lower estimated rental income, which was unfavourably reflected from lower demand of customers and fixed costs.

The significant estimation could result in material effect to investment in properties at fair value, which is why I have given specific audit focus and attention to this area.

All investment properties are appraised by an independent valuer, who hold a recognized relevant professional qualification and has recent experience in the segment of the investment properties valued.

I assessed the competence, independence and objectivity and verified their qualifications.

I obtained the valuation reports and agreed fair value in valuation report to accounting record. I discussed directly with external valuer and challenged on the appropriateness of the methodology and assumptions used. The property information in the valuation was tested by tracing a sample of data inputs underpinning the valuation for properties, including rental income and related cost/ expenses with lease agreement of Mercure Samui Buri Resort. I, therefore, held a discussion with the Fund's management to ensure the appropriateness, completeness and correctness of data input by the valuer.

In addition, I challenged the unfavourable movements in the valuation and obtained the explanations and related reference of supporting evidences from independent valuer.

From procedures mentioned above, I found that the management's significant judgements and estimates were appropriated in an acceptable range.

Other information

The Fund's management 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 the Fund's management.

Responsibilities of the Fund's management for the financial statements

The Fund's management is responsible for the preparation and fair presentation of the financial statements in accordance with TFRSs, and for such internal control as the Fund's management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Fund's management is responsible for overseeing the Fund'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 scepticism 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Fund's management.
- Conclude on the appropriateness of the Fund's management'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 Fund'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 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 Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with the Fund's management, 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.

PricewaterhouseCoopers ABAS Ltd.

A handwritten signature in blue ink, reading 'Sa-nga Chokenitisawat'.

Sa-nga Chokenitisawat
Certified Public Accountant (Thailand) No. 11251
Bangkok
22 August 2018

Samui Buri Property Fund
Balance Sheet
As at 30 June 2018

| | Notes | 2018 Baht | 2017 Baht |
|---|--------------|----------------------|----------------------|
| Assets | | | |
| Investment in properties at fair value (at cost Baht 828,000,000) | 7 | 601,400,000 | 646,600,000 |
| Cash and cash equivalents | 8 | 10,092,547 | 54,943,553 |
| Interest receivable | | 2,627 | 2,891 |
| Prepaid expenses | | 158,891 | 219,428 |
| Other assets | | 33,279 | 47,931 |
| Total assets | | 611,687,344 | 701,813,803 |
| Liabilities | | | |
| Accrued expenses | 11 | 3,490,591 | 12,692,712 |
| Total liabilities | | 3,490,591 | 12,692,712 |
| Net assets | | 608,196,753 | 689,121,091 |
| Net assets: | | | |
| Capital received from unitholders (82,800,000 units, Baht 10 each) | 9 | 828,000,000 | 828,000,000 |
| Deficits | 9 | (219,803,247) | (138,878,909) |
| Net assets | | 608,196,753 | 689,121,091 |
| Net assets value per unit (Baht) | | 7.3453 | 8.3227 |
| Number of units issued at the end of the year (units) | | 82,800,000 | 82,800,000 |

The notes to financial statements from pages 11 to 20 are an integral part of these financial statements.

Samui Buri Property Fund
Details of Investments
As at 30 June 2018

| Type of investment | Cost | | Fair value | | Percentage of investment | |
|--|--------------------|--------------------|--------------------|--------------------|--------------------------|------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | Baht | Baht | Baht | Baht | % | % |
| Investment in properties (Note 7) | | | | | | |
| Land and Buildings | | | | | | |
| which consisted of | | | | | | |
| 1) 5 plots of land, total area of 13-0-27 rai, | | | | | | |
| 2) buildings, total area approximately of 15,772.86 sqm. and | | | | | | |
| facilities, swimming pool, dining room, and parking area for | | | | | | |
| hotel business | 828,000,000 | 828,000,000 | 601,400,000 | 646,600,000 | 100 | 100 |
| Total investment in properties | <u>828,000,000</u> | <u>828,000,000</u> | <u>601,400,000</u> | <u>646,600,000</u> | <u>100</u> | <u>100</u> |

The notes to financial statements from pages 11 to 20 are an integral part of these financial statements.

Samui Buri Property Fund
Statement of Income
For the year ended 30 June 2018

| | Notes | 2018 Baht | 2017 Baht |
|--|--------------|----------------------|----------------------|
| Investment income | | | |
| Rental income | | 7,093,458 | 2,493,458 |
| Interest income | | 8,736 | 3,070 |
| Other income | | - | 399,900 |
| Total income | | 7,102,194 | 2,896,428 |
| Expenses | | | |
| Management fee | 10, 11 | 4,102,155 | 3,917,954 |
| Trustee fee | 10 | 820,431 | 734,287 |
| Registrar fee | 10, 11 | 683,692 | 646,620 |
| Professional fee | | 432,000 | 517,000 |
| Bad debts refund | 15.1 | - | (68,610,339) |
| Other expenses | 15.2 | 36,788,254 | 7,704,300 |
| Total expenses | | 42,826,532 | (55,090,178) |
| Net investment income (expenses) | | (35,724,338) | 57,986,606 |
| Net gain (loss) from investment | | | |
| Net unrealised gain (loss) from investment | 7 | (45,200,000) | 30,800,000 |
| Total net unrealised gain (loss) from investment | | (45,200,000) | 30,800,000 |
| Net increase (decrease) in net assets from operations | | (80,924,338) | 88,786,606 |

The notes to financial statements from pages 11 to 20 are an integral part of these financial statements.

Samui Buri Property Fund
Statement of Changes in Net Assets
For the year ended 30 June 2018

| | Note | 2018 Baht | 2017 Baht |
|--|-------------|---------------------------|---------------------------|
| Increase (decrease) in net assets from operations during the year | | | |
| Net investment income (expenses) | | (35,724,338) | 57,986,606 |
| Net unrealised gain (loss) from investment | 7 | <u>(45,200,000)</u> | <u>30,800,000</u> |
| Net increase (decrease) in net assets from operations | | <u>(80,924,338)</u> | <u>88,786,606</u> |
| Increase (decrease) in net assets during the year | | <u>(80,924,338)</u> | <u>88,786,606</u> |
| Net assets at the beginning of the year | | <u>689,121,091</u> | <u>600,334,485</u> |
| Net assets at the end of the year | | <u><u>608,196,753</u></u> | <u><u>689,121,091</u></u> |

The notes to financial statements from pages 11 to 20 are an integral part of these financial statements.

Samui Buri Property Fund
Statement of Cash Flows
For the year ended 30 June 2018

| | Note | 2018 Baht | 2017 Baht |
|---|-------------|----------------------|----------------------|
| Cash flows from operating activities | | | |
| Net increase (decrease) in net assets from operations | | (80,924,338) | 88,786,606 |
| Adjustments to reconcile net (decrease) increase in net assets from operations to net cash provided by operating activities | | | |
| Net unrealised (gain) loss from investment | 7 | 45,200,000 | (30,800,000) |
| Amortisation of prepaid expenses | | 465,900 | 501,537 |
| (Increase) decrease in interest receivable | | 264 | (2,882) |
| (Increase) in prepaid expenses | | (405,363) | (413,973) |
| (Increase) decrease in other assets | | 14,652 | (47,931) |
| (Decrease) in accrued expenses | | (9,202,121) | (3,080,728) |
| Net cash provided by (used in) operating activities | | (44,851,006) | 54,942,629 |
| Net increase (decrease) in cash and cash equivalents | | (44,851,006) | 54,942,629 |
| Cash and cash equivalents at the beginning of the year | | 54,943,553 | 924 |
| Cash and cash equivalents at the end of the year | | 10,092,547 | 54,943,553 |

The notes to financial statements from pages 11 to 20 are an integral part of these financial statements.

Samui Buri Property Fund
Significant Financial Information
For the year ended 30 June 2018

| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|--|------------------|----------------|------------------|-----------------|----------------|----------------|
| | Baht | Baht | Baht | Baht | Baht | Baht |
| Operating performance (per unit) | | | | | | |
| Net assets value at the beginning of the years | 8.3227 | 7.2504 | 9.9193 | 10.2682 | 10.5003 | 10.5850 |
| Income (expenses) from investment activities: | | | | | | |
| Net investment income (expenses) | (0.4315) | 0.7003 | (0.1705) | (0.1888) | 0.4884 | 0.7130 |
| Realised and unrealised gain (loss) | | | | | | |
| from investment | (0.5459) | 0.3720 | (2.4984) | (0.0801) | (0.0205) | (0.1102) |
| Total income (expenses) from investment activities | (0.9774) | 1.0723 | (2.6689) | (0.2689) | 0.4679 | 0.6028 |
| <u>Less</u> Dividend paid | - | - | - | (0.0800) | (0.7000) | (0.6875) |
| Net assets value at the end of the years | 7.3453 | 8.3227 | 7.2504 | 9.9193 | 10.2682 | 10.5003 |
| Ratio of net (loss) profit to average net assets value during the years (%) | (12.5082) | 14.4116 | (27.6721) | (2.5730) | 4.4670 | 5.7198 |
| Significant financial ratios and additional information | | | | | | |
| Net assets value at the end of the years (Baht) | 608,196,753 | 689,121,091 | 600,334,485 | 821,318,438 | 850,206,955 | 869,427,393 |
| Ratio of total expenses to average net assets value during the years (%) | 6.6196 | (8.9421) | 1.7674 | 7.9341 | 3.0115 | 0.8577 |
| Ratio of investment income to average net assets value during the years (%) | 1.0978 | 0.4701 | - | 6.1273 | 7.6745 | 7.6226 |
| Ratio of weighted average investment purchases and sales during the years to average net assets value during the years (%) | - | - | - | - | - | 0.1100 |
| Average net assets value during the years (Baht) | 646,968,367 | 616,075,821 | 798,578,989 | 865,310,598 | 867,235,057 | 872,643,357 |

The notes to financial statements from pages 11 to 20 are an integral part of these financial statements.

1 General information

Samui Buri Property Fund ("the Fund") was registered on 22 July 2010 with indefinite expiration date. The purpose of the Fund is to raise funds from the investors to invest in properties which consist of land, building (except sport club), public utilities, furniture and equipment for hotel business.

As at 30 June 2018, the major unitholder is Government Savings Bank, holding 24.15% of total outstanding units.

On 26 November 2013, the Fund registered with Securities and Exchange Commission to change its name from "Mercure Samui Property Fund" to Samui Buri Property Fund".

CIMB-Principal Asset Management Company Limited is the Fund's Management Company. Citibank N.A. has been appointed as the Fund's Trustee.

These financial statements were authorised for issue by the Fund's management on 22 August 2018.

Financial position

As at 30 June 2018, the Fund has a deficits of Baht 219.80 million and experienced an operating loss for the year ended 30 June 2018 of Baht 80.92 million. However, CIMB-Principal Asset Management Company Limited, the Fund's Management Company, has been paying in advance for the Fund's operating expenses. This is to support the Fund to continue operating. The advance prepayments will be repaid back to the Management Company upon availability of liquidity in the Fund. At the present, the fund is fully repaid from the ex-lessee. Accordingly, these financial statements have been prepared on a going concern basis.

2 Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

2.1 Basis of preparation

The financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Financial Reporting Standards issued under the Accounting Professions Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission. In addition, the financial statements have been prepared under the basis and format as required by the Thai Accounting Standard No. 106 "Accounting for Investment Companies". The primary financial statements (i.e. balance sheet, the details of investments, statement of income, statement of changes in net assets, statement of cash flows and significant financial information) are prepared in the full format as required by the Securities and Exchange Commission.

The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

2 Accounting policies (Cont'd)

2.1 Basis of preparation (Cont'd)

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5 to the financial statements.

An English language version of the financial statements has been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

2.2 Revised accounting standards, revised financial reporting standards, and related interpretations

2.2.1 Revised financial reporting standard is effective for annual periods beginning on or after 1 January 2018 which have significant changes and is relevant to the Fund.

TAS 7 (revised 2017) Statement of cash flows

TAS 7 (revised 2017), the amendments require additional disclosure of changes in liabilities arising from financing activities. This includes changes arising from cash and non-cash.

The Fund's management has assessed and considered that the above revised standards have no a material impact on the Fund except for disclosure.

2.2.2 New financial reporting standard is effective for annual periods beginning on or after 1 January 2019 which have significant changes and is not relevant to the Fund.

TFRS 15 Revenue from contracts with customers

The Fund's management has assessed and considered that the above revised standards will not have a material impact on the Fund.

2.3 Investment in properties

Investment in properties is stated at fair value. The Management Company measured its fair value as at first balance sheet date at the acquisition cost of the properties. At the subsequent balance sheet dates, it is presented at fair value which is based on appraisal value by independent valuers approved by the Securities and Exchange Commission. The Management Company will conduct appraisal of properties every two years from the date of the appraisal for purchase or lease of the properties and will conduct a review of appraisal every year after the date of the latest appraisal. The Management Company will not appoint any appraiser to appraise the properties or leased properties for more than 2 consecutive times.

Unrealised gain or loss from changing in fair value of investment in properties will be recognised in the statement of income in that period.

2 Accounting policies (Cont'd)

2.4 Cash and cash equivalents

Cash and cash equivalents include savings account deposits with banks and other short-term highly liquid investment with maturity of three months or less from the date of acquisition.

2.5 Rental receivable

Rental receivable is carried at the original invoice amount and subsequently measured at the remaining amount less any allowance for doubtful accounts based on a review of all outstanding amounts at the year end. The amount of the allowance is the difference between the carrying amount of the rental receivable and the amount expected to be collectible. Bad debt are written-off during the year in which they are identified and recognised in statement of income as the Fund's expenses.

2.6 Revenues and expenses recognition

Rental income under operating leases is recognised in the statement of income on the straight-line basis over the lease term.

Interest income is recognised on an accrual basis based on the effective interest rate.

Expenses are recognised on an accrual basis.

2.7 Income taxes

The Fund is exempted from Thailand corporate income tax. No provision for corporate income tax has been made in the accompanying financial statements.

3 Fair value measurement

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities.
 Level 2 : Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
 Level 3 : Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the financial assets that are measured and recognised at fair value.

| | 30 June 2018 Level 3 Baht | 30 June 2017 Level 3 Baht |
|--------------------------|--|--|
| Investment in properties | 601,400,000 | 646,600,000 |
| Total | <u>601,400,000</u> | <u>646,600,000</u> |

3 Fair value measurement (Cont'd)

The Fund uses discounted cash flow analysis to determine fair value for the remaining financial instruments.

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

4 Dividend payment policy

Regulations, policy and criteria for paying dividends to unitholders are as follows:

- 1) If the Fund has net profit in each year, the Management Company shall pay dividend to unitholders at the rate of no less than 90 percent of the adjusted net profit. The adjusted net profit means the net profit that deducts unrealised gain from appraisal or review appraisal of real estate or leasehold rights to real estate including other adjustments to align with cash status of the Fund according to the guideline of Securities and Exchange Commission.
- 2) If the Fund has accumulated profits, the Management Company may pay dividend to unitholders out of the accumulated profits provided that dividend payment under (1) must not cause increase in its deficit in the period which dividend is paid.

In considering the payment of dividends, if the value of interim dividend per unit to be paid is lower than or equal to Baht 0.10, the Management Company reserves the right not to pay dividend at that time and to bring such dividend forward for payment together with the year end dividend payment.

5 Critical accounting estimates, assumptions and judgments

The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

a) Fair value of investment in properties

The fair value of investment in properties that are not traded in an active market is determined by using discounted expected future cash flows received from investment in properties by the appropriate discount rate which reflect related risks. The Fund engages independence appraiser to assess the fair value of properties.

b) Allowance for doubtful accounts

The Management Company considers an allowance for doubtful accounts to reflect impairment of account receivable relating to estimated losses resulting from the inability of customers to make required payments. The allowance for doubtful accounts is significantly impacted by the Management Company's assessment of future cash flows, such assessment being based on consideration of historical collection experience, known and identified instances of default and consideration of market trends.

6 Capital risk management

The Fund's objectives when managing capital are to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Fund may adjust the amount of dividends paid to unitholders, return capital to unitholders, issue new shares or sell assets to reduce debt.

7 Investment in properties at fair value

Investment in properties at fair value as at 30 June 2018 and 2017 comprise the following:

| | 2018 Baht | 2017 Baht |
|---|----------------------|----------------------|
| Investment in properties at the beginning of the year | 646,600,000 | 615,800,000 |
| Net unrealised gain (loss) from the revaluation of investment during the year | <u>(45,200,000)</u> | <u>30,800,000</u> |
| Investment in properties at the end of the year | <u>601,400,000</u> | <u>646,600,000</u> |

On 28 July 2010, the Fund invested in properties, the Mercure Samui Buri Resort sized of 88 rooms, consisted of 1) 5 plots of land, total area is approximately 13-0-27 rai, 2) buildings, total area is approximately 15,772.86 sqm. close to the river with beach width of 6.5 metre and facilities swimming pool, dining room and parking area, totally amount of Baht 828 million. The land and building are located at 26/24, Soi Wat Nha Pra Lan, Tambon Mae Nam, Amphur Koh Samui, Surat Thani.

For the year ended 30 June 2017, the Fund hired an independent appraiser, Edmund Tie & Company (Thailand) Co., Ltd., to appraise its investment in properties by using the Income Approach derived from cumulative of present value of net income based on the period of 6 years and its present value of such assets at the end of year 6th with no income in current year under the default of rental payment from the Lessee on report dated 28 April 2016. The valuation technique used significant unobservable inputs such that the Fund classified the fair value measurement as Level 3 of fair value hierarchy according to TFRS13 Fair value measurement.

As at 30 June 2017, the Fund adjusted investment in properties to fair value of Baht 646.60 million and recognised net unrealised gain from investment in the statement of income for the year at Baht 30.80 million.

As at 30 June 2017, the Fund has lease agreement for a term of 6 months with Samui Buri Resort Co., Ltd. (Beginning on 1 February 2017 and ending on 31 July 2017) which involved in Commercial Real Estate that consists of land, building (excluding sport club), infrastructure, furniture and equipment for hotel operation.

For the year ended 30 June 2018, the Fund hired an independent appraiser, Global Asset Valuer Co., Ltd., to appraise its investment in properties by using the Income Approach derived from cumulative of present value of net income based on the period of 6 years and its present value of such assets at the end of year 6th with no income in current year under the default of rental payment from the Lessee on report dated 27 March 2018. The valuation technique used significant unobservable inputs such that the Fund classified the fair value measurement as Level 3 of fair value hierarchy according to TFRS13 Fair value measurement.

As at 30 June 2018, the Fund adjusted investment in properties to fair value of Baht 601.40 million and recognised net unrealised loss from investment in the statement of income for the year at Baht 45.20 million.

7 Investment in properties at fair value (Cont'd)

As at 30 June 2018, the Fund has lease agreement for a term of 12 months with Samui Buri Resort Co., Ltd. (Beginning on 1 August 2017 and ending on 31 July 2018) which involved in Commercial Real Estate that consists of land, building (excluding sport club), infrastructure, furniture and equipment for hotel operation.

Valuation processes

The Management Company arranges the valuation of investment in properties by independent professionally qualified valuer ("independent valuer") who hold a recognised relevant professional qualification and has recent experience in the segment of the investment properties valued. The independent valuer reports directly to the Management Company. For financial reporting purpose, the Management Company reviews the valuation performed by the independent valuer. Review of valuation process and result is held between the Fund Management and the Trustee which will evaluate in each accounting period, in line with the Fund's reporting dates.

The main information that the appraiser used for fair value assessment Level 3 such as discount rate was determined from business type, the location of project, generated cash flow, competitive market and risk-free return rate. The appraiser applied 12% of discounted cash flow for valued asset based on yield rate of government bond plus market risk, operational risk, and liquidity risk.

Changes in fair value are analysed at each reporting date by the Fund Management and the Trustee. As part of this review, the Fund Management presents valuation assumption of the independent valuer to explain the reasons for changes in fair value.

There were no changes to the valuation techniques during the year.

Sensitivity analysis for each significant assumptions

| | Impact on fair value increase/ (decrease) 2018 Million Baht |
|---|--|
| Discount rate | |
| Discount rate, decrease of 0.50 percent | 11.81 |
| Discount rate, increase of 0.50 percent | (11.52) |
| Capitalisation rate | |
| Capitalisation rate, decrease of 0.50 percent | 24.18 |
| Capitalisation rate, increase of 0.50 percent | (21.64) |
| Rental growth rate | |
| Rental growth rate, decrease of 0.50 percent | (14.06) |
| Rental growth rate, increase of 0.50 percent | 14.31 |

8 Cash and cash equivalents

As at 30 June 2018 and 2017, the Fund has the details of cash and cash equivalents as follows:

| | Principal | | Interest rate per annum | |
|--|-------------------|-------------------|--------------------------------|-------------|
| | 2018 | 2017 | 2018 | 2017 |
| | Baht | Baht | % | % |
| Deposits in bank saving account - Citibank N.A. | 10,092,547 | 54,943,553 | 0.05 | 0.05 |
| Total cash and cash equivalents | <u>10,092,547</u> | <u>54,943,553</u> | | |

9 Unitholders' equity

As of 30 June 2018 and 2017, there are 82,800,000 authorised units of Baht 10 par value registered, issued and paid-up.

Movements in capital account are as follows:

| | 2018 | | 2017 | |
|--------------------------------------|------------------------|--------------------|------------------------|--------------------|
| | Number of units | Baht | Number of units | Baht |
| Units registered, issued and paid-up | <u>82,000,000</u> | <u>828,000,000</u> | <u>82,800,000</u> | <u>828,000,000</u> |
| Beginning balance | 82,800,000 | 828,000,000 | 82,800,000 | 828,000,000 |
| Issue of units | - | - | - | - |
| Ending balance | <u>82,800,000</u> | <u>828,000,000</u> | <u>82,800,000</u> | <u>828,000,000</u> |

Movements in deficits are as follows:

| | 2018 | 2017 |
|--|----------------------|----------------------|
| | Baht | Baht |
| Beginning balance | (138,878,909) | (227,665,515) |
| Add Net increase (decrease) in net assets from operations during the years | <u>(80,924,338)</u> | <u>88,786,606</u> |
| Ending balance | <u>(219,803,247)</u> | <u>(138,878,909)</u> |

10 Fees

The management fee, trustee fee, and registrar fee are calculated as follows:

Management fee

The Management Company is entitled to receive a monthly management fee from the Fund at a rate not exceeding 1.00% per annum (exclusive of value added tax, specific business tax or any other similar tax) of the net assets value of the Fund as calculated by the Management Company and verified by the Trustee.

10 Fees (Cont'd)

Trustee fee

The Trustee is entitled to receive a monthly remuneration at a rate not exceeding 0.50% per annum (exclusive of value added tax, specific business tax or any other similar tax) of the net assets value of the Fund as calculated by the Management Company and verified by the Trustee. The foregoing does not include other expenses as actually incurred such as the expenses for the inspection of assets of the Fund.

Registrar fee

The registrar fee shall be at a rate not exceeding 0.10% per annum (exclusive of value added tax, specific business tax or any other similar tax) of the net assets value of the Fund as calculated by the Management Company and verified by the Trustee.

11 Related party transactions

Enterprises and individuals that, directly or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Fund, including holding entities, subsidiaries and fellow subsidiaries are related parties of the Fund. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Fund that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Fund and close members of the family of these individuals and entities associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Types of relationship of related company are as follows:

| Name of companies | Type of relationship |
|---|---|
| CIMB-Principal Asset Management Co., Ltd. | The Fund's Management Company and Registrar |

The following significant transactions were carried out with related party:

Significant income and expenses for the years then ended 30 June 2018 and 2017 were as follows:

| | 2018 Baht | 2017 Baht |
|--|----------------------|----------------------|
| <u>CIMB - Principal Asset Management Co., Ltd.</u> | | |
| Management fee | 4,102,155 | 3,917,954 |
| Registrar fee | 683,692 | 646,620 |

Balances as at 30 June 2018 and 2017 with related party were as follows:

| | 2018 Baht | 2017 Baht |
|--|----------------------|----------------------|
| <u>CIMB - Principal Asset Management Co., Ltd.</u> | | |
| Accrued management fee | 653,733 | 2,660,095 |
| Accrued registrar fee | 108,955 | 930,424 |
| Accrued other expenses | - | 7,622,608 |

12 Financial risk management

12.1 Financial risk factors

As at 30 June 2018, the principal financial risks faced by the Fund are interest rate risk, credit risk, and liquidity risk.

Interest rate risk

Interest rate risk is the risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial instruments. The financial asset that potentially subjects the Fund to the interest rate risk is deposit with banks.

Credit risk

Credit risk is the risk that counterparties might not discharge their obligation causing the Fund to incur a financial loss. Credit risk arises from risk in the collectability of lease rental from counterparties. The Fund may have a concentration of credit risk with respect to an account receivable as it has only one customer. The carrying amount of financial assets as recorded in balance sheet represents the Fund's maximum exposure to credit risk.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of funding from the unitholders which is sufficient for the activities of the Fund.

12.2 Fair value estimation

The carrying amounts of the Fund's financial assets and liabilities as at 30 June 2018 as presented in the financial statements approximate their fair value since they are predominantly subject to market interest rate and will be due in a short period.

13 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as that makes strategic decisions.

The Fund operates in business which is the investment in properties and the business is only operated in Thailand. Income and expenses from this segment are the same amount with the statement of income. Therefore, the presentation of segment information is not necessary.

14 Commitments

The Fund is committed to pay a management fee, trustee fee, and registrar fee under the terms and conditions specified in the agreements or memorandum.

15 Lawsuit and others

15.1 Defaulting the rental payment

Samui Buri Beach Resort Co., Ltd. ("Lessee"), which is the only one lessee of the Fund, did not comply with conditions under the Lease Agreement by defaulting the rental payment from 1 January 2014 to 4 April 2015. For the year ended 30 June 2015, the Fund had recognised the full amount of bad and doubtful debts expenses with lawsuit against the lessee. The Fund received the payment according to the settlement agreement as of 30 January 2017 and had the revenue recognition from bad debt which have been written-off in the amount of THB 68,610,339 for the year ended 30 June 2017.

15.2 Property tax

On 24 April 2017, the Fund received the notice from the Koh Samui City Municipality to pay additional property tax for 5 years (tax year 2013 – 2017), thereafter the Fund appealed to the Koh Samui City Municipality for the property tax re-assessment on 8 May 2017 and also informed this matter to unitholders in the Unitholders' Meeting no. 1/2017.

On 10 August 2017, the Fund received the final consideration from the Koh Samui City Municipality to pay the additional taxes in the total amount of Baht 31,457,935. Therefore, the Fund had paid such taxes to the Koh Samui City Municipality on 31 August 2017 and recognised to statement of income for the year ended 30 June 2018.

On 18 August 2017, the Fund had appointed Siam City Law Offices Limited to launch the civil lawsuit against the Koh Samui City Municipality with the Central Tax Court as a Black Case No. Por 182/2017 on 8 September 2017 for claiming of the revocation of the property tax re-assessment including refund the taxes' payment from the Koh Samui Citi Municipality.

On 23 May 2018, the Central Tax Court dismissed the case that the Fund claimed the revocation of the property tax re-assessment including refund the taxes' payment from the Koh Samui Citi Municipality as a Black Case No. Por. 182/2017 and a Red Case No. Por. 77/2018. At present, the Fund is preparing to appeal this case to the Central Tax Court.

16 Events after the reporting period

During the period of seeking the new lessee, on 26 July 2018 the Fund and current lessee had agreed to extend the lease agreement temporarily for 3 years starting from 1 August 2018 to 31 July 2021.

Appendix 2

Trustee's Opinion on the Fund's performance in the past year

Mutual Fund Supervisor Report

To: Unit holders of the Samui Buri Property Fund

Whereas Citibank, N.A. Bangkok, the Mutual Fund Supervisor of the Samui Buri Property Fund which was managed by CIMB-Principal Asset Management Company Limited has performed duties as the Mutual Fund Supervisor for the period beginning 1 July 2017 to 30 June 2018.

We have prepared this report based on given sources of information as of the date hereof and believed by us to be reliable, but we does not warrant the accuracy or completeness of the same and expressly disclaims liability for any error or omission (including any third party liability). There can be no assurance that future event or results will be consistent with any such report. Neither us nor any of its directors, employees or agents guarantees the repayment of capital, the performance or the distribution of the funds and be liable for any loss as a result of any action or omission made in reliance of this report.

In our opinion, CIMB-Principal Asset Management Company Limited has performed its duties in managing the Fund correctly and appropriately according to the objectives specified in the Fund management project, which was approved by the Office of the Securities and Exchange Commission and under the Securities Exchange Act B.E. 2535.

Citibank, N.A. - Bangkok



(Kris Antakon Joedjun Sunantapongsak)

Mutual Fund Supervisor