

Annual Report  
2016

TRINITY FREEHOLD AND LEASEHOLD PROPERTY FUND

For the period of January 1, 2016 to December 31, 2016

### Message from the Management Company

Dear All Unitholders,

CIMB-Principal Asset Mangment Company would like to present the 2016 Annual Raport of Trinity Freehold and Leasehold Propoerty fund for the period of January 1, 2016 to December 31, 2016 to the Unitholdres.

For last year performance, as of December 31, 2016, Net Asset Value of the Fund is increased from 736.733 in 20915 to 949.114 Million Baht; which means Net Asset Value per unit at 6.4815 Baht from 5.0311 Baht of 2015.

During January 1, 2016 to December 31, 2016, The Fund had no income due to the legal disputes and lawsuits against the former Lessee since 2015. The interest and other receivings of 109,595.21 Baht; and the total expense 15.728 Million Baht turned the Net loss of the Fund's investment to 15.618 Million Baht. However, the Fund's unrealized profit from the value of the real property or the increase/decrease from net appraisal value of the real property of 228.0 Million Baht turned net asset value of the Fund as of December 31, 2016 to be 949.114 Million Baht. This was reduced from 736.733 Million Baht due to the decrease of the appraisal value of the real property which was the accounting profit not the income in amount for the dividend payment to unitholders.

The Macroeconomic Strategy and Planning Office of the NESDB has summarized Thai Economic Performance that in the Quarter 4 of 2016 the Thai economy expanded by 3.0% continuing from 3.2% in the previous quarter. On the expenditure side, export of goods, government expenditure and total investment accelerated. Household consumption continued to grow well while export of service slowed down. On Production side, the agricultural, manufacturing and wholesale and retail trade sectors grew at faster pace while hotel and restaurant sector experienced slow down.

The Thai economy in 2016 grew by 3.2%, improving from 2.9% in 2015. Private consumption, public and private investment expanded by 3.1%, 9.9% and 0.4% respectively. Export value was null, while the inflation rate was 0.2% and the current account registered as surplus of 11.4% to GDP.

The average 12-month deposit rates of Thai Commercial Banks and SFIs were dropped within the range of 0.02 - 0.55%; in accordance with the average lending rates which were lowered by the range of 0.10 and 0.25%. So, the real deposit and lending rates declined 2.00% and 2.23% respectively. Headline inflation was 0.2%, compared with -0.9% in 2015. Core inflation was 0.7%, decelerating from 1.1% in 2015.

In the same period, Thai Baht fluctuated within a range of 34.56 – 36.32 Baht per US dollar. On average in 2016, Thai Baht stood at 35.29 Baht per US dollar, depreciated by 2.9% compared to the previous year.

The manufacturing sector, in 2016, increased by 1.4%. Manufacturing Production Index grew by 0.4%, and capacity utilization rate averaged at 65.64%.

By supporting factors included the improvement of export, the growth of farm income, the government measures, and a tax measure for stimulating domestic tourism at the end of 2016, wholesale and retail trade sector expanded by 5.0%. Retail trade sector grew up for almost all sectors due to the growth income from department stores and general shops. It is expected to expand by 2.8% in 2017, continuing from 3.1% in 2016; and unemployment rate remained low at 1.0% with the total number of 3.8 hundred thousand.

The Outlook for 2017, the Thai economy is projected to grow by 3.0 - 4.0%, supported by (1) an expansion of the export sector which will further support the recovery of the manufacturing production and private investment, (2) an acceleration of the agricultural production and farm income which will support the expansion of household consumption, (3) an acceleration of public investment, (4) the 190-billion-baht supplementary budget in the fiscal year 2017, and (5) the favorable expansion of tourism receipts. It is expected that value of export of goods will grow by 2.9%, private consumption and total investment will grow by 2.8% and 5.3% respectively. The headline inflation rate will be in the range of 1.2 – 2.2% and the current account will record a surplus of 9.4% to GDP. Nevertheless, the improvement of the Thai

Economy still faces with the downside risks from the volatility of the global recovery and the capital movement that can be occurred under circumstances of the US policy direction, the EU's political conditions, the negotiation outcome and trade relations between the UK and the EU, the Chinese economic stability, the progress of Greece resolution, as well as the financial sector weaknesses in the EU.

The report from Toursim Market Research Center of Tourism Authority of Thailand (TAT) said that in 2016 the international tourist numbers was 32,588,303. This was 8.91% increased from 29,923,185 of 2015; and generated income about 2.52 Trillion Baht and was increased by 11% of 2015.

In 2016, total numbers of tourists in Bangkok was 33,687,254 which decreased by 3.81%. Among those, 11,699,078 were Thai while 21,988,176 were foreigners.

Toursim Authority of Thailand forecast that in 2017 the international tourist tends to continuous growth; and will push the target of 10% increasing income as expected. The tourism situation in 2017 also keep raising and will generate domestic income to 10% as target.

Finally, CIMB-Principal Asset Management Company Limited wishes to thank all Unitholders for their trust in investing in Trinity Freehold and Leasehold Property Fund. Our management team of the Fund will continue in good governance proceeding for the most profitable and complacence for all Unitholders.

CIMB-Principal Asset Management Company Limited.

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## SECTION 1

### MANAGEMENT OF TRINITY FREEHOLD AND LEASEHOLD PROPERTY FUND

## TRINITY FREEHOLD AND LEASEHOLD PROPERTY FUND FACT SHEET

Name of the Fund (Thai)	กองทุนรวมอสังหาริมทรัพย์และสิทธิการเช่าตริไนตี้
Name of the Fund (English)	Trinity Freehold and Leasehold Property Fund
Abbreviation	TNPF
Project Type	Listed non-redemption Freehold and Leasehold Property Fund
Investment Type	Freehold and Leasehold Property
Project Life	Not specified
Listing Date	March 8, 2011
Investment Capital	1,449,696,600 Baht
Management Company	CIMB Principal Asset Management Company Limited
Trustee	TMB Bank Public Company Limited
Registrar	Thailand Securities Depository Co., Ltd. (TSD)

### *Objectives of the Investment*

The objective of the Fund is to raise funds from general investors, both local and foreign individual and juristic person. The Fund will use such funds to purchase, lease and/or sub-lease immovable property whereby the Fund will accept the transfer of freehold right and/or leasehold rights and or sub-leasehold rights of property and to seek benefits from such property by leasing, sub-leasing, transferring and/or selling the property which the Fund had invested in or possesses, including but not limiting to leasing or subleasing the property to an operator to operate as a

serviced apartment, hotel and shopping center. The Fund may renovate, change including construction and/or develop property by accepting the transfer of construction permit and/or to seek or accept the transfer of other permits such as hotel license (in case where the law permit) and/or to do any other acts which are related and necessary for the benefits of property and to generate income and returns to the Fund and the Unitholders of the Fund, including making investment in other assets and/or other securities, and/or to seek other benefits by other means as prescribed by relevant securities law and/or any related laws.



## POLICY, BUSINESS OUTLOOK AND BENEFITS MANAGEMENT

### *The Initial Investment*

On February 24, 2011, the Fund acquired the full rights of many assets by purchasing of

- Land, Glow Trinity Silom Building and Glow Trinity Silom Arcade, including public utilities system, furniture and all related equipment from Trinity Asset Company Limited;
- Condominium Units of the Plaza, including public utilities system and all related equipment from Trinity Assets Company Limited.

#### Details of Property from the Initial Investment

- 1) Two plots of Land with the total area of 2 Ngan 94<sup>6/10</sup> Square Wah which is the location of Glow Trinity Silom Building purchased from Trinity Assets Co., Ltd. as details below:

Title Deed No.	Land No.	Survey No.	Area (Rai)	Location
3147	73 (68)	531	0-1-96 <sup>4/10</sup>	Silom Sub-district (Sathorn) Bangrak District, Bangkok
43104	544 (59)	5333	0-0-98 <sup>2/10</sup>	Silom Sub-district (Sathorn) Bangrak District, Bangkok

- 2) Buildings:

2.1) Name: Glow Trinity Silom Building

Location: 150 Soi Pipat 2, Silom Road, Bangrak District, Bangkok

General Information: Glow Trinity Silom Building is located on a 1 Ngan 96<sup>4/10</sup> Square Wah land. It is a 6-storey and 1 basement floor building with a total of 78 rooms (including connecting room) details as shown below:

Area	Number of rooms	Area (Square Meter)	% of total area
1. Room area	78	3,170	57.50
- Superior	19	418	7.60
- Deluxe	29	928	16.80
- Connecting room (splited to make 26 rooms)	26	1,664	30.20
- Junior Suite	2	70	1.30
- Exclusive Suite	2	90	1.60
2. Restaurant area		270	4.90
3. Car parking area		939	17.00
4. Common area		1,139	20.60
<b>Total</b>		<b>5,518</b>	<b>100.00</b>

Glow Trinity Silom Building is a hotel property for businessmen, tourists both Thai and International. Granted the hotel license on December 7, 2013 from Ministry of Interior per the Hotel Act 2004. Located in Soi Silom 5 as famous known as 'Soi LalaiSub', which is the Central Business District of Bangkok, with convenience in access through 3 main roads: Naradhiwas Rajanagarindra – 150 meters in the East; Sathorn – 250 meters in the North via Sathorn Soi 8 (Soi Pipat); and Silom – 180 meters in the South. These 3 roads are the prime location of business buildings, such as Q. House Sathorn, Sathorn City Tower, Empire Tower, State Tower; and Head Office of many banks, for example, Bangkok Bank, UOB and Standard Chartered Bank (Thailand). It is also the area of Shopping Center, Silom Complex, and locations of many Embassies: Belgium, Singapore, Australia, France. More convenience with BTS

Chongnonsee Station only 150-meter far and MRT Silom Station just the nearest at only 1.01 Km. away. On June 18, 2009, Invision Hospitality Co., Ltd. was assigned as project management. Early in 2009, the building has been renovated and modernized for better service and operation. Currently, there are totally 83 rooms (104 keys).

2.2) Name: Glow Trinity Silom Arcade

Location: Certain Area on Building Number 150 Soi Pipat 2, Silom Road, Bangrak District, Bangkok

General Information: Certain Area on the 1<sup>st</sup> floor of Glow Trinity Silom Building with net lettable area of 372.05 Square Meters. Currently, approximately 128.00 Square Meters of the area is leased to 2 shops; and the amount of 244.05 Square Meters is to restaurants.

2.3) Name: Plaza Building

Location: 425 Soi Sirijulsawake (Silom 5), Silom Road, Bangrak District, Bangkok

General Information: Comprised of the Plaza Building, public utilities system, fixtures and equipment related to the Plaza Building which are at the unit Numbers 425/128 (Basement) and 425/129 (1<sup>st</sup> Floor) of Trinity Complex Condominium Project situated on the Land Deed No. 530 Plot No. 455 Survey No. 413 of Silom Sub-district (Sathorn), Bangrak District, Bangkok; including public utilities system installed and in-use in the building, fixtures and equipment related to the business operation of the Plaza under Trinity Assets Company Limited.

To generate income, it is considered to improve the current Condominium Units of the Plaza and leased to retail commercial tenants. Management Company of the Fund proposed for the opinions from legal advisor and independent engineer to connect the Condominium wall with Tritip 2

Building. The plan has been confirmed not breaching any construction law and granted the construction permission already.

### *The First Additional Investment*

On August 29, 2013, the Fund has made additional investment in more assets for ownership and rental rights of

- Land, Tritip 2 Building including public utilities system, fixtures and equipment related to the Building from Mrs. Vina Cherdboonyachart;
- The 30-year Lease right of 5 Condominium units (Mall 3 area) in Trinity Complex Building, including public utilities system, fixtures and equipment related to the Building from Trinity Assets Company Limited and Tritip Complex Company Limited.

### Details of the Property from the 1<sup>st</sup> Additional Investment

- 1) Two plots of land with the total area of 2 Ngan 1 Square Wah which is the location of Tritip 2 Building from Mrs. Vina Cherdboonyachart, details as follows:

Title Deed No.	Land No.	Survey No.	Area (Rai)	Location
12746	527	2389	0-1-0	Silom Sub-district (Sathorn), Bangrak District, Bangkok
12747	528	2390	0-1-1	Silom Sub-district (Sathorn), Bangrak District, Bangkok

### 2) Buildings

- 2.1) Name: Tritip 2 Building อาคารตริทิพย์ 2

Location: 22-24 Soi Pipat, Silom Road, Silom Sub-district, Bangrak District, Bangkok

General information: Tritip 2 Building is a 7-storey and 1-basement building located on a plot of land area of 2 Ngan 1 Square Wah with the total of 72 rooms (31-38 Sq. Meter Studio room type) details as below:

Area	Number of rooms	Area (Square Meter)	% of total area
1. Room area	72	2,608.30	56.70
2. Shops area	70	844.89	18.40
3. Common area	-	1,144.81	24.90
<b>รวม</b>		<b>4,598.00</b>	<b>100.00</b>

Tritip 2 Building is in Soi Silom 5 area known as 'Soi LaLaiSub'. It is a serviced apartment on the 2<sup>nd</sup> to the 7<sup>th</sup> floors for businessmen and tourists, Thai and International; while on the basement and partial of the 1<sup>st</sup> floor served as commercial purpose with total of 70 shops of which Villa is a Supermarket among other 69 individual tenants. Due to the building is in great potential to generate more income as for the Unitholder's benefit, the Management Company of the Fund considers acquiring for the permission to operate this building as a hotel in the future.

2.2) Name: The Mall Area 3

Location: 425, 425/1-4 Soi Sirijulsawake (Silom 5), Silom Road, Bangrak District, Bangkok

General Information: Comprised of 5 Condominium units on the 1<sup>st</sup> floor of Trinity Complex Condominium with the total area of approximately 979.86 Square Meter served as the commercial purpose, details as below:

Details	Area (Square Meter)	% of Total Area
Commercial Area/ Leased Area	638.26	65.14
Common Area	341.60	34.86
<b>Total</b>	<b>979.86</b>	<b>100.00</b>

The Mall 3 Area is on the 1<sup>st</sup> floor of Trinity Complex Condominium of the Land Plot Title Deeds Number 530, Silom Sub-district (Sathorn), Bangrak District, Bangkok. Currently the area is for commercial operation.

*Assets Value of the Fund (As of December 31, 2016)*

Asset Details	Initial Investment		The First Additiona Investment	
	Glow Trinity Silom Building	Plaza Building	Tritip 2 Building	Trinity Complex Condominium
Type	6-storey Building (Hotel and Leased Area under the names 'Glow Trinity Silom' and 'Glow Trinity Silom Arcade')	2 Condominium Units (Leased Area for business under the name 'Mall 1')	7-storey Building (Serviced Apartment and commercial area under the name 'Tritip2 Building')	5 Condominium Units of Trinity Complex Condominium (Leased Area for commercial under the name 'Mall 3')
Location	150 Soi Pipat 2, Silom Road, Bangrak District, Bangkok	425 Soi Sirijulsawake (Silom 5), Silom Road, Bangrak District, Bangkok	22-24 Soi Pipat, Silom Road, Silom Sub-district, Bangrak District, Bangkok	Condominium Unit no. 425, 425/1-4 of Trinity Complex Condominium, Soi Sirijulsawake, Silom Road, Silom Sub-district, Bangrak District, Bangkok
Appraiser	S.L. Standard Appraisal Co., Ltd.		C.I.T. Appraisal Co., Ltd.	
Appraised Value from the Valuation report	642,000,000 Baht		531,500,000 Baht	
Date of Appraisal	August 26, 2016		March 1, 2016	
Duration of Appraisal	No time limit due to the Fund invests in ownership			28-year period

Asset Details	Initial Investment		The First Additiona Investment	
	Glow Trinity Silom Building	Plaza Building	Tritip 2 Building	Trinity Complex Condominium
Appraisal Method	Income Approach			



*Details of Investments in Assets or Assets Leasehold Right for the period of January 1, 2016 to December 31, 2016*

There is no additional investment in any property

*Details of the Selling or Transferring the Leasehold Rights of Property for the period of January 1, 2016 to December 31, 2016*

There is no selling or transferring the leasehold rights of property

*Results of the operations of properties*

*Assets from the Initial Investment*

Glow Trinity Silom Building

The Fund agreed to lease Trinity Glow Silom Building, including public utilities system, fixture and equipment related, to Trinity at Silom Co., Ltd. for 3 years under the condition of renewal for maximum of another 3 years by consideration from the Fund.

However, this lease agreement has been terminated as details shown in the Sector 'Legal Disputes'.

The Plaza and Commercial Area (Glow Trinity Silom Arcade)

The Fund agreed to lease the Plaza Building, including public utilities system, fixture, equipment related; and commercial area of Glow Trinity Silom Arcade including public utilities system, fixture and equipment related, to Silom All Co., Ltd. for 3 years by consideration from the Fund, under the condition of renewal for maximum of another 3 years with not less than 5% increase of Lease fee from the current fee; and not more than 2% increase of Lease fee from the latest every 2 year.

However, at present this agreement has been terminated as details shown in the Sector 'Legal Disputes'.

***Income Guarantee from the Initial Investment of the Property***

Trinity Assets Co., Ltd. has agreed and assured that the Fund would benefit by leasing the property to tenants of Glow Trinity Silom Building, the plaza and commercial areas with the minimum income guarantee for the Fund as follows:

The 1<sup>st</sup> year: not less than 65,700,000 Baht in total;

The 2<sup>nd</sup> year: not less than 66,700,000 Baht in total;

The 3<sup>rd</sup> year: not less than 67,100,000 Baht in total; and

The 4<sup>th</sup> year: not less than 67,100,000 Baht in total (if the Fund agrees to renew the lease agreement with the former tenants after the first agreement meets the first 3-year period).

Trinity Assets Co., Ltd. would guarantee the mentioned income if the tenants of the buildings were only Trinity at Silom Co., Ltd., and Silom All Co., Ltd. or either the Affiliates. Conditions of agreements and income guarantee are assured by warranties issued by Thai commercial bank.

However, both lease agreements have been terminated, details as shown in “Legal Disputes”.

***Assets from the First Additional Investment******Tritip 2 Building***

The Fund agreed to lease Tritip 2 Building, including public utilities system, fixture and equipment related (not include commercial area on the basement and partly area on the 1<sup>st</sup> floor), to Trinity at Silom Co., Ltd. for a period of 3 years under the condition of renewal for maximum of another 3 years by consideration from the Fund.

However, the Fund has terminated this lease agreement as details shown in the Sector ‘Legal Disputes’

***Trinity Complex Condominium (The Mall 3 Area)***

The Fund agreed to lease the Mall 3 area, the basement and partly of the 1<sup>st</sup> floor of Tritip 2 Building which are for commercial use, including connecting area and public utilities system, to Silom All Co., Ltd. for the period of 3 years; under the condition of renewal for maximum of another 3 years by consideration from the Fund.

Currently, these agreements have been terminated as details shown in the Sector 'Legal Disputes'.

*Income Guarantee from the First Additional Investment*

Trinity Assets Co., Ltd. has agreed and assured that the Fund would benefit by leasing the property purchased from the First Additional Investment to tenants of Tritip 2 Building and the Mall 3 Area, with the minimum income guarantee for the Fund as follows:

The 1<sup>st</sup> year: not less than 63,200,000 Baht in total (for the 1<sup>st</sup> to the 12<sup>th</sup> month);

The 2<sup>nd</sup> year: not less than 65,200,000 Baht in total (for the 13<sup>th</sup> to the 24<sup>th</sup> month);

The 3<sup>rd</sup> year: not less than 66,600,000 Baht in total (for the 25<sup>th</sup> to the 36<sup>th</sup> month);

The 4<sup>th</sup> year: not less than 69,930,000 Baht in total (for the 37<sup>th</sup> to the 48<sup>th</sup> month if the Fund agrees to renew the lease agreement with the former tenants after the first agreement meets the first 36-month period).

This income guarantee by Trinity Assets Co., Ltd. would be assured if the tenants of the buildings were only Trinity at Silom Co., Ltd., and Silom All Co., Ltd. or either the Affiliates. Conditions of agreements and income guarantee are assured by warranties issued by Thai commercial bank.

However, both Lease Agreement have been terminated. Details as shown in “Legal Disputes”.

Presently, no income gained from the Lease Agreement due to the former Lessee still hold the both the Initial Asset and the first Additional Assets. Details are shown in “Legal Disputes”.

*Names and addresses of the tenants of the Property*

None

*Names and addresses of the Income Guarantors to the Fund*

None

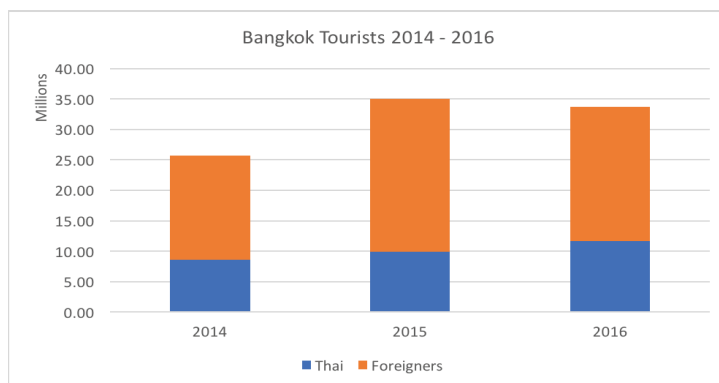
## HOTEL MARKET OVERVIEW IN 2016

## Hotel Market in Bangkok

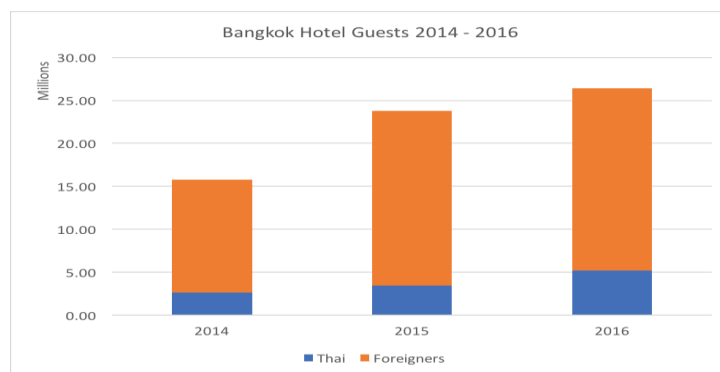
The Toursim Market Research of the Toursim Authority of Thailand (TAT) reported that in 2016 there were 32,588,303 international tourists, which was increased by 8.91% of the numbers 29,923,185 in 2015. Total income from trousim was 2.52 Miliion Baht, 11% increased from 2015.



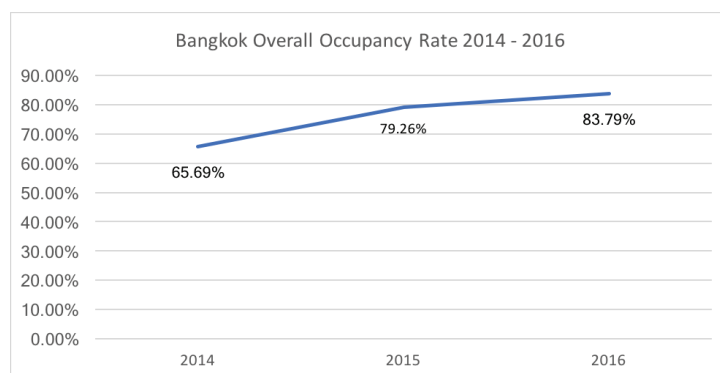
During the past 15 years, the international tourist annual growth rate was 8.69%.



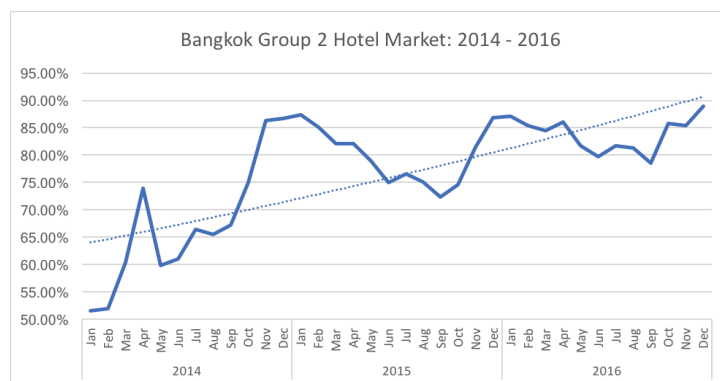
In 2016, the total tourists in Bangkok was 33,687,254, and was 3.81% decreased. 11,699,078 were domestic and 21,988,176 were international.



Although numbers of tourist in Bangkok was slightly decreased, numbers of hotel guest, on the other hand, increased from 23,767,902 of 2015 to 26,383,554 in 2016, or by 11% increased. So, the hotel guest rate grew up from 79.26 to 83.79%.



Consideration the hotels in category 2 (TAT definition for the hotel room rate per night at 1,500-2,499 Baht), the hotel guest rate improved and tended to grow up in the future.



TAT forecasted that the international tourists in 2017 continues to climb up and will create the tourism income to meet the target of 10% increase.

### Serviced Apartment Market in Bangkok

The Property Market Research by CBRE, a leading property consultant, reported that Q4 2016 the supply of serviced apartments increased 0.8% Year-on-Year to 16,024 units with new serviced apartment opening in the Sukhumvit area.

Average occupancy remained strong at 83.7%. The number of expatriates in Bangkok slightly increased 2.9% Year-on-Year. Total tourists hit 32 Million which boosted the daily rate market and overall occupancy.

CBRE's Asia Pacific Real Estate Market Outlook said that the end of zero dollar tours will not hurt the daily rate market for serviced apartment as room rates are above the level of this segment. Daily rates will move in tandem with hotel rates where the combination of new supply and slower arrival growth will mean less chance of rate increases.

The long-term market will be affected by slower growth in expatriate numbers and the change in the composition of nationalities of foreign residents.

CBRE Research believes occupancy will be relatively stable, but there will be little chance of increasing room rates over the course of 2015.

#### **Retail Business Market Overview**

In Q4 2016, CBRE Property Research reported that the total Bangkok retail supply was 7.3 million sq.m., increasing by 1.8% Quarter-on-Quarter or 3.2% Year-on-Year with an additional 130,882 sq.m. of net lettable area in 9 retail centres. The largest new development completed was the Show DC with a net lettable area of 74,000 sq.m.

The overall occupancy rate was 93.8%, increasing by 0.7 percentage points Quarter-on-Quarter and 0.6 percentage points Year-on-Year. High occupancy rates are found in well-managed retail centres with anchor tenants, especially retail centres developed by Central Group, The Mall Group, and Siam Future which have occupancy rates above 95%.



## RISK FACTORS

### *Direct Risks on the Fund or Unitholders*

#### **1. General Risks**

Fluctuations in the Thai economy, political, social and business in general including inflation, interest rate, exchange rates, consumer price, property prices and monetary and fiscal policies of the government, Bank of Thailand and other government agencies Influencing finances and investments performance of the Fund. General economic downturn and the decline in consumer demand may negatively impact significantly on results of operations and financial position of the Fund or tenants of Trithip 2 and Mall 3, which will affect on the income of the Fund.

#### **2. Risks from Natural Disaster, Accident and Terrorism**

If the assets that the Fund invested facing natural disasters such as earthquakes or floods or other disasters on the asset that the Fund will be investing and cause damages of property that need to repair to rectify such damages on a a costly and timely manner as well as the Fund may lose significant amount of money in such period of time, which makes the operation of the Fund in the event of serious disruption. Therefore, caused to the property of the Fund that will be investing having a significant impact on the business, performance and the financial condition of the Fund.

However, the Fund has procured insurance on the property of the Fund including further investment which are all risks insurance (excluding terrorism), business interruption including public liability insurance. Also, to prevent some serious incidents such as fire fire drill and testing the alarm system and the evacuation and so on be arranged regulary.

#### **3. Risk from the entering into investment of the Fund**

Before investing in the real estate, the fund manager has made a detailed study of the property by checking the relevant documents (Due Diligence) such as detail study on the report of the appraiser and reports that detailed engineering of the property, including the appointment of legal counsel. Studies to determine the license documents related to real estate, however, such

actions do not guarantee that such property does not damage or deteriorate that may require costly improvements or repairs. The report of the appraiser and engineering reports on the real estate that the fund managers use as basis to evaluate and monitor the property may be defective, incorrect due to certain defect of the real estate may be difficult to detect or can not be found due to limitations in the audit including the techniques used in the investigation or other factors that limit the examination of both appraisers and engineers.

In addition, in the process of Due Diligence, the Fund Manager has appointed legal counsel for review of building permits, rules and regulations related to Real Estate. The detailed study and examination of relevant documents (Due Diligence), the fund manager may not be able to cover all aspects. This may result that there might be costs or obligations with respect to the Fund to correct it.

**4. *Risk from changes in accounting standard or relevant laws and regulations***

Performance of the Fund may be affected by the effect of the new accounting standards or improvement of accounting standards. This is a factor that the Fund cannot control or predict. For any amendment of legal regulatory provisions, regulations, policies and / or orders from government agencies or agencies authorized by law including laws relating to the business of the Fund. Taxes and fees for the purchase or sale or transfer of ownership of real estate or leasehold are the events that cannot be predicted, therefore unable to assess the impact of such changes. And also cannot guarantee that such changes will not affect the performance of the Fund or the ability to pay dividends of the Fund.

**5. *Risk on the Investment Unit i.e. (a) price of the investment unit may change after initial offer (b) lack of liquidity in investment unit trading in the Stock Exchange of Thailand (c) declining in the net asset value if the offer price of the additional issuance lower than the net asset value per unit in the period of pre and during IPO***

After the registration of additional investment units offered in the first capital increase of the Fund on the Stock Exchange of Thailand. Unitholders may experience any of the following events:

(a) the trading price of the units may decline after the registration of investment units on the Stock Exchange of Thailand and may not correspond to the net asset value per unit of the Fund. The trading price of the units depending on several factors such as the performance of the Fund. The volatility of the Stock Exchange of Thailand and the volume of investment. The impact of external factors, many of which are factors that the Fund has no control such movements or changes in foreign exchange, domestic and foreign interest rates, exchange rate or policy measures either directly or indirectly affect the import or export of foreign currency. Economic conditions of the country and international. Risk factors for performance and business in general. Political factors, volatility of the consumer product market. Regulatory, taxes and other government policies including impact of changes in macroeconomic factors such as urban planning. The affected by natural disasters, disease outbreaks, as well as cases of unrest in the country.

Then, the investor may not be able to sell the units at a price offering of investment units. Or the net asset value per unit of the Fund, including no guarantee mechanism that the changes in external factors will not have significant impact on the trading price of the units of the Fund.

(b) Units of the Fund may not be illiquid in the secondary market, depending on the frequency and volume of investment in the Stock Exchange of Thailand and the needs of buyers - sellers (bid-offer), which the amount needed of the buyer - seller (bid-offer) may be caused by several factors, of which the Fund has no control, such as the demand of the market and size of the Fund.

(c) The Fund may proceed to the issuance of additional investment units. The offering price of the Units may be less than the net asset value per unit of the Fund at that time. Resulting in the net asset value per unit of the Fund's value dropped after the issuance of such additional units.

**6. *Risk from the net asset value (NAV) of the Fund may not be the real value that the Fund will receive if all the asset were sold out or dissolvent of the Fund***

Net Asset Value (NAV) of the Fund, that referred to in this report have been calculated based on information from the valuation of the investment. And such value may not be the real value of the Fund would receive if it sold the property or the dissolvant of the Fund.

**7. *Risk of Property Fund compare to other types of mutual fund***

The Fund has to invest in real estate more than 75 percent of the net asset value of the Fund that make investments concentrated in real estate. While the other types of mutual fund's policy are more diversified investments in various financial instruments.

**8. *The Fund will invest in leasehold property for Mall 3 that the value of leasehold rights may decrease during the remaing period and resulting in declining of the value of the investment unit of the Fund accordingly***

The Fund will invest in leasehold property for Mall 3 which the value of leasehold rights may decrease during the lease remaining period due to the valuation of leasehold, changes in the occupancy rate and / or rental rates and / or utility services in three areas, malls or any other reason beyond the control of the Fund. The change in value of leasehold may impact significantly on the net asset value of the Fund, value of the investment unit and / or dividends of the Fund at the end.

***Risks that impact on the ability to procure benefit of the Fund from leasing the asset***

**1. *Risk on the Income of the Fund resulting from factors that impact on the ability to pay rent of the lessee***

Income from the assets of the Fund, which the Fund invests, by the assets leased out for a period of time from the date on which the Fund invests.

However, the performance of the Lessee may be reduced due to various reasons such as improving the image of the assets that the Fund invested to satisfy the clients. Quality of service provided and maintenance of the assets of the Fund in good condition. Or if there are any events which signifcantly affect the economy and tourism industry of the country, resulting in significant negative impact on the results of operations and financial condition of tenants, which could subsequently affect the ability to pay rent to the fund.

**2. *Risk from significantly decline of the number of the tenants of the property that the Fund invest additionally due to higher competition***

In the future, there could be new construction of serviced apartments, hotel and / or mall or renovation of existing serviced apartments, hotel and / or mall by other enteupranures within the proximity to the location of the property that the fund to invest additionally, which results in higher competition of the rooms and / or shopping centers in the area and may result in decreasing in the use of the property that the fund to invest additionally. If this occurred, it may cause lessee of Trithip 2 (excluding commercial space located on the partly ground floor and basement of Trithip 2 building) that having revenue from the rooms services and rent from Mall 3 and commercial space located on the ground floor part, and the basement of the Trithip 2 building to be affected, which affects their ability to pay the rent that may be declined and may subsequently affect their ability to pay rent to the fund.

**3. *Risk on having new contractual party(ies)***

In the event of termination of the lease agreement of the property that the Fund invested additionally, and cannot continue to lease the property of the fund additional investment for the period of three years from the date of the investment or during the lease period, In the case of a lease renewal with the lease terms as well as conditions set in the agreement between the Fund and the lessee or the expiry of the lease agreements. The Fund may enter new lease agreements with a third party instead of the original two lessees. In such cases, New lease conditions may be less favorable than under the original lease agreement such as the terms that the Fund may receive the less rental amount.

**4. *Risk due to ability to pay rent of the lessees during the income guarantee period of the lessees***

The Fund will receive rent from tenants under the lease agreement is the major source of income of the Fund. The Fund may be at risk from the financial status and ability to pay the rent of the lessee that do not pay rent or terminate the lease prior to the expiry of the agreement and the Fund cannot find a replacement, which may affect income of the Fund.

**5. *Risk on the income of the Fund after the Income Guarantee Period***

At the end of the guaranteed income period provided by Trinity Asset Co., Ltd. to the Fund. The Fund may be directly affected by the ability of tenants to pay rent and might affect the payment of dividends to the unitholders.

**6. *Risk associated with major maintenance of the asset that the Fund invest additionally***

For serviced apartments, hotel, commercial space and shopping, it is imperative that need to be repaired and / or improve the property to look fresh, modern and in line with customer satisfaction at all times. As a result, the service receiver and the customer continue interesting in and utilizing the services in the property that fund to invest additionally.

In the normal cases, improvements or maintenance, or annual inspection and minor maintenance are not causing a negative impact on the operating results of the Fund's assets. If the inspection or maintenance, which is a major repair in the case that there are damages in the Trithip 2 building and Mall 3 or structural improvement or renovation of the Trithip 2 building and Mall 3 including changing the major utilities systems of the Trithip 2 building and Mall 3, this could impact significantly on the business, operating results and financial position of the Fund.

However, major maintenance or structural improvement or renovation of the property that fund invested additionally will provide good result in the business of the property that fund invested in the long term, the Fund will procure to provide budget for relevant cost, planning, timeframe in advanced. Study on impact on income and expected return from the major maintenance or structural improvement or renovation including improve or changing of the major utilities systems of Trithip 2 building and Mall 3. In order to shorten the time to take action and reduce the impact that might have on the operation of the property that the Fund invests additionally and the customers. Repairment of the Trithip 2 building and Mall 3 are to be carried out only in the improvement area, the Fund will be affected only in the area under repairment.

However, the Trithip 2 building was recently renovated and repaired during the year 2011 - 2012, so the impact of major repairs of the Trithip 2 building may not be reflected in the near-term.

**7. *Risk associated to Expropriated of the entire or part of the property under the Expropriation Act and the Fund cannot utilize as per investment objective and impact on the Fund's performance***

If the asset that the Fund invested was expropriated in whole or in part that is material. The Fund has the right to take any actions in order to receive the compensation amount as per rules and procedures set out in the Expropriation Act 2530 (as amended) as well as other relevant laws) ("the Law on Expropriation").

In the case mentioned above, the Fund may receive compensation that that less than business loss which is expected from investing in the property. This will significantly impact on the business, performance and financial position of the Fund. Resulting that the Fund may not be able to utilize the property as per the Fund investment objective and expected revenue will be changed significantly.

**8. *Risk associated to Insurance***

Some of the risks that might exposed to the property or business in the property that the Fund invest additionally, the Fund may not be insured against such risks, even though the Fund can procure such insurance, the premium may not worth to do so compare to economic benefit of the Fund. Or events that are not covered under the insurance policy, such as terrorism or expropriation. The damages may exceed the amount covered by the policy or the Fund cannot claim in full amount as per the policy. This could negatively impact on the business, financial status, performance and status of the Fund significantly.

However, under the lease agreement. The Fund agreed to provide fire and casualty insurance and other necessary and appropriate under the regulations specified by the agencies to cover any damages that may occur to the property that the Fund invest including all risks insurance, (Not including any of the risks posed by flooding or damages resulting directly or indirectly from or due to the uprising, terrorism, revolution, etc.), business interruption insurance and third party liabilities insurance, the details are as defined in Article 7.

**9. Risk on ability to pay dividend**

The operation of the fund will affect the ability of the Fund to pay dividends. The implementation is based on several factors, including economic conditions domestically and abroad. The ability of management to manage the property. The cost of property management, other expenses, competitiveness, changes in laws and regulations related to property, natural disasters, political situation etc. Therefore, there is a risk that investors will not receive the dividend as forecasted in the year that the incident occurred or the Fund cannot maintain its level of dividend payment or increasing such payment in the following years. The ability to pay dividend of the Fund is also subject to ability to pay rent of the lessee of Trithip 2 building and Mall 3 in order to keep up with the rent as per relevant agreements. And also the ability of Trinity Asset Co., Ltd. to pay the rent for and on behalf of the lessees. The ability of the Fund to enforce collateral or force to perform according to the undertaking agreements and / or lease agreement (as the case may be) as per steps and within reasonable time when the case of agreement termination occurred is also another factor that may affect the ability to pay dividends of the Fund with the risks associated with the ability to pay dividends of the Fund, resulting in investor risk not to receive dividends as estimated or the Fund will not be able to maintain its level of dividend or increase the dividend in the following years.

Also in any fiscal year that the fund occurred the actual cost of improving the image (Renovation) and / or the cost of procurement of furniture, materials and equipment (FF & E) for the assets of the Fund, the dividend payment of the Fund in those fiscal years will be reduced significantly compared to the dividend of the fund in the fiscal year of the Fund that do not have such expenses.

**10. Risk from Breach of the Main Lease Agreement**

As the Fund invests in Mall 3 which is the investment in leasehold property and to sublease to Silom All Co., Ltd. to procure benefits. Although the property of the Fund been registered for a period of 30 years lease at the Office of Land Department, The Fund is also exposed to the risk that may arise from the breach of contract that the Trinity Asset Co., Ltd. and Trithip Complex Co., Ltd, who are the ultimate owners of Mall 3 breach the terms and conditions of the lease agreement as registered and no corrective action taken and compliance with the contract within a specified time



(i.e. if the owner of Mall 3 construct or build upon any part of the Mall 3 that impede or obstruct the Fund to sublease the space or if the owner of the Mall 3 modify or construct on the leased property without compliance with the laws or regulations, and later there was the fact that there was an order from the government to demolish to comply with the law). Such cases will inevitably result in a lease area of Mall 3 between the Fund and the Trinity Asset Co., Ltd. and Trithip Complex Co., Ltd. terminated. The termination of the lease agreements will result that the Fund is not entitled to sublease the Mall 3, which makes the fund lost income from subleasing out to the sublessee and will affect the income of the Fund as well as payment of dividends to the unitholders in the end.

However, to prevent such risks that may arise, The Fund has specified the conditions in the lease agreement of Mall 3 with Trinity Asset Co., Ltd. and Trithip Complex Co., Ltd., who are the owners of Mall 3 that in case that the landlord breached the lease agreement of Mall 3 and no corrective action taken and compliance with the agreement within the stipulated time. As a result, the Fund cannot utilize Mall 3, then, the Fund has the right to terminate the lease agreement. The Fund is entitled to demand compensation from damages per the law from the landlord. Including the beneficial loss of the Fund that is unable to use the leased property as per the remaining lease period as defined in the lease agreement of Mall 3. Details of the conditions as per the lease agreement of Mall 3.

***Additional Risks that impact on beneficial procurement of the Fund in utilizing the leased asset***

***1. Risk from changing in popularity in tourism and services of Trithip 2 building and Mall 3***

Since the Fund invests in real estate for tourism and services sector, therefore, if the popularity of tourists in tourism and services have been changed, it may affect the number of tourists who come to the project. If the project cannot change the form or image of the project accordingly, it could affect the revenues and earnings of the tenants and the results of operations and financial position of the Fund at the end.

***2. Risk from the Fund cannot utilize the private road of Trinity Complex Condominium as per the Allowance to Utilize the Road and Walkway with Trinity Complex Condominium Juristic Office and risk on ability to perform as per certification to buy back the asset***

Currently, Trithip 2 building and Mall 3 having access to and from Trithip 2 building and Mall 3 via public way at the side of the Trithip 2 building and a private road, which is part of the Trinity Complex Condominium.

In current conditions, the service receiver, visitor in Trithip 2 building or retail customers are mostly used the private road of the Trinity Complex Condominium as the main access to Soi Narathiwat 3. Co-usage of the road or way with the co-owners of the Trinity Complex Condominium must receive the written consent from the Trinity Complex Condominium Juristic Entity. If in the event that cannot access via such private road, Trithip 2 building will be only accessible via the public way on the side of the building, which is the only accessibility. And the visitors in Trithip 2 building or retail customers may not be convenient. This could affect revenues and earnings of the Tenants of the Trithip 2 building and the impact on the operations and financial position of the Fund at the end.

Therefore, for the Fund to utilize the private road continuously, the Fund has entered into an allowance of usage of road agreement with Trinity Complex Condominium with monthly expenses of 20,000 Baht, the agreement does not define term of the contract. (the Fund already have such allowance agreement with the Trinity Complex Condominium Juristic Office for the asset in the first investment)

In addition, Trinity Asset Co., Ltd. agreed to the Fund that for the entire period that the Fund is the owner of the land, Trithip 2 building and Mall 3 and furniture, material and equipment, if the Trinity Complex Condominium breach the allowance of usage of road agreement or the case hat such agreement ended by any reasons Trinity Asset Co., Ltd. agreed to take any necessary action so that the service receiver and visitor of Trithip 2 building can utilize the accessibility in order to make the service receiver, visitor in building Trithip 2 building or customers of retailers can access via Soi Narathiwat 3. However, if the company cannot continue to allow guests or visitors cannot utilize accessibility after Trinity Asset Co., Ltd. has taken any necessary action to provide the service receiver, visitor in Trithip 2 building the accessibility. If the Fund continue to see that the

Trithip 2 building cannot be used as good as previous or Trinity Asset Co., Ltd. did not procure for service receiver or visitor to use the accessibility within the period specified by the agreement, Trinity Asset Co., Ltd. agreed to buy back the Trithip 2 building and furniture, material and equipment from the Fund with price not less than the appraised value of such property. The management company will arrange for a valuation after the decision to sell the asset has been made and the valuation report shall be for a period not exceeding six months from the date of disposition of the property.

Hence, the repurchase of the property, as mentioned above, set up for the event that the Fund continue to see the Trithip 2 building cannot be utilized as good as the original, so the fund will sell the Trithip 2 building and furniture, material and equipment back to Trinity Asset Co., Ltd. does not constitute a sale of assets by the Fund in accordance with the rules and procedures defined in applicable securities laws.

However, if the assets in other cases, the sale of such property shall be in accordance with the rules and procedures defined in applicable securities laws.

In performing its duties under the certification of Trinity Asset Co., Ltd. to purchase the property from the Fund may expose to the risk of ability to perform their duties, since it needs to have money to buy back on the price that determined by the Fund.

**3. *Risk from the Fund cannot use the link between the condominium units and Trithip 2 building and risk on ability to perform as per certification to buy back the asset***

Currently, service users and visitor in the commercial space of Trithip 2 building (first floor and basement) can access via the link between the condominium units of the shopping center. (Suite No. 425/128 and 425/129), which the physical aspect of the connected area is common area of the Trinity Complex Condominium which Mrs. Vina Cherdboonyachart has leased the area to use as a commercial space and as link to access to the Trinity Complex Condominium as per Lease Agreement which was made between Trinity Complex Condominium and Mrs. Vina Cherdboonyachart. if the Fund invested in land and Trithip 2 building, Mrs. Veena agreed and certify to provide rights to utilize the link to access to the condominium units and Trithip 2 building fro the benefit of beneficial procurement including being used as accessibility to and from the condominium

units and Trithip 2 building as long as the Fund is the owner of right in the land, Trithip 2 building without demanding and additional expenses from the Fund.

Although Mrs. Vina Cherdboonyachart agreed and certify the Fund to use the link above without any limitation period. The right to use the link above is to be in accordance with the lease agreement between the Trinity Complex Condominium Juristic Office and Mrs. Vina Cherdboonyachart, which is for a period of only three years, and conditions to renew from time to time with a term of three years, albeit at a meeting of the co-owners of the Trinity Complex Condominium has approved the lease, and gave Mrs. Vina Cherdboonyachart to renew the lease every three years, but the Fund's risk in the event that the lease agreement between the Trinity Complex Condominium Juristic Office with Mrs. Vina Cherdboonyachart may be terminated with with any reasons, which will result in termination of the right to use the link of the Fund and causing the service receiver and visitor in Trithip 2 building inconvenient to commute between the condominium units and Trithip 2 building which may affect the number of service receiver and the number of retailers that rent retail outlets and will affect the earnings of the Fund at the end.

In this part of Trinity Asset Co., Ltd. has entered into an Undertaking Agreement to assure the Fund that if a problem occurs in such cases, which resulted in the right to use the link terminated, Trinity Asset Co., Ltd. will take any neccessary action to provide the service receiver and visitor in Trithip 2 building can utilize other space and accessibility that having similar condition and usage close to the original space and link. The Company shall be solely responsible for the costs. If funds continue to see that the Trithip 2 building cannot operate as good as it was, or that the Company does not undertake to provide the space and link for the service receiver and visitor in Trithip 2 building within a period determined by the Fund. The Company agreed to buy back the building and furniture, material and equipment of the Trithip 2 building from the Fund at a price not less than the appraised value of such property. This certification reduces the risk that may occur but there is still a risk on ability to perform their duties, since it needs to have money to buy back on the price that determined by the Fund.

***Additional Risk that affect beneficial procurement of the Fund in relation to ability of the Lessee to beneficial procurement of the leased asset***

**1. *Risk from the proximity constructed building***

Currently, condominium unit which is the shopping center having a form beneficial procurement by open for retail tenants to rent space to trading and open the wall of Trithip 2 building that been constructed close to the shopping center building for mutual benefit through commercial nature of such construction. Legal and independent engineering consultant of the opinion that it was implemented as per the relevant rules or laws and been permitted to constructed as per the the construction permit. However, it may in the future for any reason such buildings are required to put up solid wall. This may affect the pattern of benefits provided in the leased property and the rental income of the Fund.

However, if the Fund is required to build up a solid wall, the Fund can implement quickly and will not having much impact on the structure and financing of the building because the building is a shopping center in which the Fund invests having entrance and exit in the front of the building next to the road within the project. Tenants or customers who contacted the shopping center remains convenient.

## LEGAL DISPUTES

The Fund has legal disputes and lawsuits against Trinity at Silom Co., Ltd. and Silom All Co., Ltd. lessees of the property fund ("The Lessees"), including Trinity Asset Co., Ltd. who is the income guarantor due to the Lessees failed to pay rent and the income guarantor as well as the bank who issued the bank guarantees have refused to pay the debt to the Fund both regarding the initial investment and the first capital increament. The Fund has already terminated the lease agreement of the first investment and the first capital increament with both lessees on August 5, 2015, October 21, 2015 and on November 13, 2015 respectively, such termination are leagly effective so that the Fund can beneficially utilizing the assets and also filed lawsuits in court. Besides, the group of ex-lessees also filed lawsuits against the Fund as well. The details of the 2015 period are as follows:

1. The Civil Case, Black Case No. Por.93/2559. On January 15, 2016, Mrs. Vina Cherdboonyachart and Trinity Assets Co., Ltd. as the Fund's unitholders (collectively referred as "Petitioners"), had filed a lawsuit against the Fund to the Southern Bangkok Civil Court, requesting a petition to revoke the resolutions of the Unitholders' Meeting 1/2558 held on December 17, 2015. The Fund ("Respondent") had submitted an objection on May 13, 2018. The Court made an appointment to take evidence on July 13, 2016. On August 26, 2016, the Court issued the order to dismiss the request of the Petitioners.

Later, on November 25, 2016, the Petitioners filed the appeal against the Court of First Instance's judgment to the Court but the Petitioners did not pay the Appeal Fee. So, on November 29, 2016, the Court issued the order to refuse the Petitioners' appeal; and on December 28, 2016 the certificate of final judgment has been issued.

2. The Civil Case, Black Case No. Por.341/2559. On February 19, 2016, Trinity Assets Co., Ltd., Trinity at Silom Co., Ltd. and Silom All Co., Ltd. ("Plaintiff") as the Contractual Parties, the Hotel Lesees (Tritip 2 Building) and the Lessee of Commercial Area, respectively, had file a lawsuit against the Fund ("Defendant") to the Southern Bangkok Civil Court, asking the Court to order the Fund not to exercise the rights in claiming under the

Bank's Letter of Guarantee; and to pay money with the interest for expenses the Plaintiff had paid in advance for the Fund's benefit. The said expense was totally 891,584.32 Baht comprising of the expense for installation of electricity meter of Tritip Building 2; hiring of contractor to improve the air-conditioning system of the expanded Commercial space of the Mall 3; replacement the door safety equipment of Tritip 2 Building; and replacement of the damage automatic door of the Commercial space of the Mall 3. The Court of First Instance made an appointment for taking witnesses hearing of both case parties on October 19, 20 and 21, 2016.

Later, on November 28, 2016, the Court of First Instance passed the judgment to dismiss the Plaintiff's petition. However, the plaintiff filed the Request to extend the period of time for filing the appeal against the judgment of the Court of First Instance up to February 26, 2017. The Court approved such request.

3. The Civil Case, Black Case No. Por.625/2559. On March 25, 2016, the Fund as the Plaintiff of being the Lessor of Tritip 2 Building and the Commercial Area; and as the person with the right of claim according to the Bank's letter of guarantee, has filed the Lawsuit to the Southothern Bangkok Civil Court against Trinity at Silom Co., Ltd.; Silom All Co., Ltd.; Trinity Assets Co., Ltd.; and Krungthai Bank Public Co., Ltd. ("Defendants") as the Lessees of Tritip 2 Building and the Commercial Area; the guarantor of minimum revenue from the rental which the Fund will receive from the Lessees; and as the Bank who issued the letter of guarantee, respectively. The issue was to request the Court's order the defender to evict from Tritip 2 Building and the Commercial Area; and to pay the unpaid rental, damages, penalty, and the guaranteed minimum revenue, as well as to pay money according to the Bank's letter of guarantee including the interest in the total amount of 164,967,883 Baht. The First Court of Instance made appointment to take the evidence of both parties of the case on October 25 and 26, 2016, respectively.

The First Court of Instance had first fixed the date of judgment on December 20, 2016; but on that day, the date was postponed to January 20, 2017.

Later, on 20 January 2017, the Court of First Instance passed the judgement that Trinity at Silom Co., Ltd. and Silomall Co., Ltd., as the lessees, to evict from the properties in dispute and to pay the unpaid rental, penalty, damages and the interest, and Trinity Assets Co., Ltd. and Krungthai Bank PCL shall jointly or severally be liable to pay the guaranteed minimum revenue including the interest to the Fund. However, with regard to this case, the Defendants is entitled to the appeal against the Court of First Instance's judgement. The Defendants has filed an extension of appeal period and the the Court of First Instance has granted up to 19 May 2017, therefore, the case has not yet been finalized.

4. Black Case No. Por.1806/2558; Black Case No. Por.2091/2558; Black Case No. Por.121/2559; and Black Case No. Por.217/2559, (combined hearing) at the Southern Bangkok Civil Court, details as below:

4.1 Black Case No. Por.1806/2558. On August 6, 2015, Trinity Assets Co., Ltd.; Trinity at Silom Co., Ltd.; and Silom All Co., Ltd. as the contractual party, the Lessees of Glow Trinity Silom Arcade, the Lessees of the Condominium Units and commercial area, respectively ("Plaintiff") had file the Lawsuit against the Fund ("Defendant") to the Southern Bangkok Civil Court asking the Court's order the Fund not to exercise the right to enforce the collateral as per the Bank's Letter of Guarantee. They also asked the Court to order the Fund to make payment with the interest of the expenses both Lessees and their affiliates claimed they had paid in advance for the Fund. Such expenses which was at the amount of 48,888,618 Baht were paid for obtaining the Hotel Business License; expense of developing car parking area for 12 cars; expense on the installation of Wireless Router; and expense on landscape improvement in front of Mall 1 Building.

4.2 Black Case No. Por.2091/2558. On September 4, 2015, The Fund ("Plaintiff") as the person with full right of claim according to the Bank's letter of guarantee had filed the Lawsuit against Krungthai Bank Public Company Limited ("Defendant"), as the issuer of the letter of guarantee to secure the debt payment, to the Southern Bangkok Civil Court, asking the Court's order to the Defendant to pay



money according to the Bank's letter of guarantee including the interest in the total amount of 52,467,809 Baht to the Fund.

4.3 Black Case No. Por.121/2559. On January 20, 2018, the Fund (Plaintiff) as the Lessor of Glow Trinity Silom Arcade and the Commercial Area, had filed the Lawsuit to the Southern Bangkok Civil Court against Trinity at Silom Co., Ltd. and Trinity Assets Co., Ltd. ("Defendants") as the Lessees and the guarantor of minimum revenue from the rental which the Fund will receive from the Lessees, respectively. The plaintiff request for the Court's order the Defendant to evict from Glow Trinity Silom Arcade and the Commercial Area; and to deliver the Hotel Business License of Glow Trinity Silom Arcade; to pay the unpaid rental, to pay the damages, to pay the penalty; and to pay the guaranteed minimum revenue including the interest at the total amount of 122,837,315 Baht to the Fund.

4.4 Black Case No. Por.217/2559. On February 3, 2016, the Fund ("Plaintiff") as the Lessor of the Condominium Units and the Commercial Area had filed the Lawsuit to the Southern Bangkok Civil Court against Silom All Co., Ltd. ("Defendant") as the Lessee of the Condominium Units and the Commercial Area. The Fund asked for the Court's order to the Defendant to evict from the Condominium Units and the Commercial Area; and to pay the unpaid rental; to pay the damages; to pay the penalty including the interest at the total amount of 20,374,175 Baht to the Fund.

On June 15, 2016, the above-mentioned 4 lawsuits were combined and the Court of First Instance made appointment to take evidence of both parties of the cases on November 24, 25, 29 and 30, 2016, respectively.

The Court of First Instance had announced for the judgement on January 20, 2017.

Then, on 20 January 2017, the Court of First Instance passed the judgement to dismiss the plaint, undecided case No. Por 1806/2558. With regard to the cases,

undecided case No. Por 2091/2558, Por 121/2559 and Por 217/2559, the Court passed the judgement that Trinity at Silom Co., Ltd. and Silomall Co., Ltd., being lessees, to evict from the properties in dispute and to deliver the hotel license of Glow Trinity Silom Arcade and to pay the unpaid rental, the penalty and damages including the interest to the Fund. The Court also ordered Krungthai Bank PCL to pay money according to the Bank's letter of guarantee. The Court dismissed the Fund's plaint in connection with Trinity Assets Co., Ltd. which is the guarantor of minimum revenue. However, with regard to the above-mentioned four lawsuits, Trinity Assets Co., Ltd., Trinity at Silom Co.,Ltd. and Silomall Co., Ltd. and Krungthai Bank PCL still have the right to file the appeal against the Court of First Instance's judgement. The Defendants has filed an extension of appeal period and the the Court of First Instance has granted up to 19 May 2017, therefore, the case has not yet been finalized.

## OTHER IMPORTANT INFORMATIONS

### Proposal for Legal Disputes Settlement

On September 19, 2016, the ex-lessees proposed for all legal disputes settlement to the Fund. However, after consulting with the Trustee of the Fund, it was found that the proposals should result in severe disadvantage and might cause negative impact to the Fund and the unitholders' benefit. At present, the Management Company is on the process of negotiation with the ex-lessees for the most benefit of the Fund and the Unitholders conclusion. Then the finalized solution will be submitted for the unitholders' consideration.

### Change of Major Unitholders

Significant Change of investment units holding proportion of the Major Unitholders in 2016 is as below:

Base on Closing Date of Unitholders' Registra as of June 30, 2016

Unitholders	No. of Investment units (Units)	%
1. Mrs. Vina Cherdboonyachart	31,897,737	21.78
2. Trinity Assets Co., Ltd.	14,300,000	9.77
3. Miss Amornrat Thayikakul	5,516,000	3.77

Base on the Closing Date of Unitholders' Registra as of December 30, 2016

Unitholders	No. of Investment Units (Units)	%
1. Ton Terng Solar Company Limited	45,500,000	31.07
2. Mr. Dechpong Kamchanaluck	4,718,000	3.22
3. Miss Janpen Cheeranon	3,260,870	2.23

#### New Major Unitholder requests for Unitholders Meeting

In November 2016, the new major unitholder holding 45,500,000 units or representing 31.07% of the Fund's total investment units has written to the Management Company requesting the Management Company for a Unitholders Meeting. The purpose of the meeting is for the Unitholders' consideration on all legal disputes settlement proposed by the ex-lessees. The Management Company is now on process of finding all facts of the said Unitholder's shareholding; and checking for the rights, including relevent laws, issues and restrictions regarding the request to hold the meeting, for consideration on further and appropriated action.

## SECTION 2

### MANAGEMENT AND CORPORATE GOVERNANCE

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


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*Investment Unit*

Capital	1,449,696,600 Baht
PAR	9.90 Baht
Numbers of Investment units	146,434,000 Units
Type of Investment units	Name Certified
IPO Price	10.00 Baht
1 <sup>st</sup> Additional IPO Price	9.20 Baht
Registered Cap	1,449,696,600 Baht

*Securities Price*

Closing Price as of December 30, 2016	3.26 Baht per unit
Market Capital as of December 30, 2016	477,374,840 Baht
Volume as of December 30, 2016	15,060 Baht/day
Value of Investment as of December 31, 2016	8.0238 Baht/ unit
Net Asset Value (NAV) as of December 31, 2016	1,174,967,214.78 Baht

*Information of Unitholders*

Unitholders as of December 30, 2016

**Top 10 Major Unitholders**

No.	Major Unitholders	No. of Shares (Share)	%
1.	Ton Terng Solar Company Limited	45,500,000	31.07
2.	Mr. Dechpong Karnchalanuck	4,718,000	3.22
3.	Ms. Janpen Cheeranon	3,260,870	2.23
4.	Pra Boromthartjedi Karchchanapisek Foundation	3,043,500	2.08
5.	Mr. Narongsak Maitreepoj	2,453,600	1.68
6.	Mr. Yanyong Juanuwattanakul	2,174,000	1.48
7.	Industry Umnuaoychai Co., Ltd.,	2,174,000	1.48
8.	Ubolratana Foundation	2,000,000	1.37
9.	Mrs. Pranee Pha-oernchoke	1,974,200	1.35
10.	Dr. Vina Cherdboonyachart	1,784,737	1.22

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

No.	Major Unitholder	No. of Shares (Share)	%
1.	Ton Terng Solar Company Limited	45,500,000	31.07

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

No.	Major Unitholder	No. of Shares (Share)	%
	None		

*Capital Reduction*

No.	Book Closing Date	Distribution Pay Out	Registered Cap before Reduction		Decvalued		Registered Cap after Reduction	
			Registered Cap (Baht)	Share Value (Baht)	Registered Cap (Baht)	Share Value (Baht)	Registered Cap (Baht)	Share Value (Baht)
1	7 Dec 12	21 Dec 12	710,000,000	10.00	7,100,000	0.10	702,900,000	9.90

*Dividend Payment Record*

Operation Period	Closing Date	Dividend Payment Date	Dividend Paid (Baht/unit)
24 Feb – 30 Jun 2011	31 Aug 2011	15 Sep 2011	0.2650
1 Jul – 30 Sep 2011	30 Nov 2011	16 Dec 2011	0.1890
1 Oct – 31 Dec 2011	29 Feb 2012	15 Mar 2012	0.1890
1 Jan – 31 Mar 2012	31 May 2012	15 Jun 2012	0.1870
1 Apr – 30 Jun 2012	3 Sep 2012	14 Sep 2012	0.1890
1 Jul – 30 Sep 2012	7 Dec 2012	21 Dec 2012	0.0895
1 Oct – 31 Dec 2012	15 Mar 2013	29 Mar 2013	0.1900
1 Jan – 31 Mar 2013	29 May 2013	12 Jun 2013	0.1900
1 Apr – 30 Jun 2013	8 Aug 2013	22 Aug 2013	0.1903
1 Jul – 30 Sep 2013	28 Nov 2013	12 Dec 2013	0.1900
1 Oct – 31 Dec 2013	14 Mar 2014	28 Mar 2014	0.1910



1 Jan – 31 Mar 2014	29 May 2014	12 Jun 2014	0.1885
1 Apr – 30 Jun 2014	10 Sep 2014	24 Sep 2014	0.1875
1 Jul – 30 Sep 2014	27 Jan 2015	10 Feb 2015	0.1350

### *Payment of Dividend Policy*

In case where the Fund is profitable as per criteria to pay out dividend, the Fund has Policy of Dividend payment to Unitholders at least once a year with details as follows:

(1) In case where the Fund has net profit in any accounting period, the Management Company shall pay out dividends to 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, including other adjustments from the lists below:

1.1 The difference between acknowledged lease income of straight-line profit and loss statement and the actual lease income per the lease agreement;

1.2 The difference between acknowledged lease expense of straight-line profit and loss statement and the actual lease expense per the lease agreement;

1.3 Other additional details announced by the Securities and Exchange Commission of Thailand (SEC).

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

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

### *Payment of Dividend for the Accounting Period*

The Management Company shall notify the payment of dividends and the name lists of the Unitholders who are entitled to receive the dividend on the closing date; and will pay the said dividend to the Unitholders within 90 days from either the end of the annual accounting period or the end of the accounting period of which the dividend payment, depending to the case.

If the Management Company cannot pay the dividend by the mentioned periods of time, the Management Company shall inform in writing to the SEC and all the Unitholders. In case the delay of dividend payment is from the mistake of the Management Company, it is the responsibility of the Management Company to pay not less than 7.5% of interest rate from the announced date of payment until the actual payment date to the Unitholders.

***Payment of Interim Dividend***

The Management Company shall notify the payment of dividend and the name lists of Unitholders who are entitled to receive the dividend on the closing date; and will pay the dividend within 30 days from the Closing Date of the dividend payment.

***Additional Conditions***

For the payment of the interim dividend, the rate of dividend is subject to the consideration of the Management Company. If the value of the interim dividend announced to be paid is lower or equal to 0.10 Baht, the Management Company reserves the right not to pay that interim dividend and shall accumulate for the next payment of dividend.

The Management Company shall conduct this dividend payment policy, except when the SEC, SET and/or any agencies authorized by law has made amendment, change, add, order, approval and/or leniency to this policy, the Management Company shall proceed accordingly.

## MANAGEMENT STRUCTURE

### *The Management Company*

CIMB-Principal Asset Management Company Limited

44 CIMB THAI Building, 16<sup>th</sup> Floor, 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 company 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 hold 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

CIMB Group, Malaysia holds 60%

Principal Financial Group, 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. Effendy Shahul Hamid	Chairman of the Board
2.	Mr. Pedro Esteban Borda	Director
3.	Mr. Rex Pak Kuen Auyeung	Director
4.	Mr. Alenjandro Elias Echegorri Rodriguez	Director
5.	Mr. Adirsorn Sermchaiwong	Director
6.	Mr. Jumpon Saimala	Director
7.	Ms. Wilaiporn Liwgasemsan	Audit and Independent Director
8.	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 |

**Fund Managers**

1. Mr. Suttipan Kreemaha
2. Mr. Win Phromphate

***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 in the specific time.
  - 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.
  - 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 Liquidity 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 (can be the Management Company itself) 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 mutual 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, 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 benefit.

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 based on the last month Net Asset Value. This compensation shall be waived only upon the acceptance of both The Management Company and the Fund.

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***

TMB Bank Public Company Limited

3000 Phaholyothin Road, Chompol Sub-district, Chatuchak District, Bangkok 10900

Tel. 0-2299-1111 Fax: 0-2299-1278

Website: [www.tmbbank.com](http://www.tmbbank.com)

### ***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, within 30 days since the beginning date of the inspection.

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<sup>1</sup>.

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 appropriate 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 following reports to the Management Company:

(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 proceed 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***

TMB Bank Public Company Limited

3000 Phaholyothin Road, Chompol Sub-district, Chatuchak District, Bangkok 10900

Tel. 0-2299-1111 Fax: 0-2299-1278

Website: [www.tmbbank.com](http://www.tmbbank.com)

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. Anusorn Kietkungwanklai                      Certified Auditor No. 2109  
ASV & Associates Limited  
47 Soi 53, Rama III Road, Bang Phong Phang  
Yannawa, Bangkok 10120  
Tel: 0-2294-8504 Fax: 0-2294-2345

***Registrar***

Thailand Securities Depositories Co., Ltd.  
62 The Stock Exchange of Thailand Building, Ratchadapisek Road, Klongtoey Sub-district,  
Klongtoey District, Bangkok 10110  
Tel: 0-229-2800 Fax: 0-2359-1259

***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

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.

## PREVENTION ON CONFLICT OF INTEREST

### *Inter-connected Transactions*

#### *Transactions of the Fund with the Management Company and other connected party to the Management Company during the period of January 1, 2016 to December 31, 2016*

No.	Name of Connected Party	Relationship with the Fund	Details of Transaction
1	CIMB-Principal Asset Management Co., Ltd.	The Management Company of the Fund	Receiving the management fee from the Fund

The investors can directly verify the transaction with the Management Company. Some parts of public information are shown in the attached Financial Statement of the Fund. Name lists of Management of the Management Company and the Fund can be found at website <http://www.cimb-principal.co.th>

#### *Transactions of the Fund with Trustee and other connected party to the Trustee during the period of January 1, 2016 to December 31, 2016*

No.	Name of Connected Party	Relationship with the Fund	Details of Transaction
1	TMB Bank Public Company Limited	Trustee	Receiving the trustee fee from the Fund

### *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.com](http://www.cimb-principal.com)

## SECTION 3

### FINANCIAL STATUS AND PERFORMANCE

## IMPORTANT FINANCIAL INFORMATION

### *Summary of Trinity Freehold and Leasehold Property Fund*

*During the Period of January 1, 2016 to December 31, 2016*

### *Summary of Net Asset Value and Value of Investment Unit as of December 31, 2016*

Net Asset Value	1,174,967,214.78 Baht
No. of Investment Unit	146,434,000 Units
Value per unit	8.0238 Baht

### *Information regarding borrowing of the Fund as of December 31, 2016*

Detail	Market Value (Baht) <sup>*1</sup>	% NAV
<b>Domestic Securities or Assets</b>		
Investment Unit		
Trinity Freehold and Leasehold Property Fund	1,173,500,000.00	99.87
Bank Deposit	7,155,721.81	0.61
<b>Others</b>		
Other Assets	144,607,312.99	12.31
Other Debts	(150,295,820.02)	(12.79)
<b>Net Asset Value</b>	<b>1,174,967,214.78</b>	<b>100.00</b>
Remarks: <sup>*1</sup> 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 Bonds	- None -	- None -
(b) Bonds that Bank or Credit Fancier is issuer, payer, Aval, certified or guarantor	7,155,721.81	0.61
(c) Investment Grade Bonds (investment grade)	- None -	- None -
(d) Under Investment Grade Bonds	1,173,500,000.00	99.87
Upper Limit that Management Company invest in group (d) 15% NAV		
Remarks: *value based on market price including interest receivable		

*Details of all Bonds and Rating in Port*

Item	Issuer	Insurer/ Guarantor/ Certifier	Due Date	Rating	Principal/ Face Value	Market Value <sup>*1</sup>
Investment Unit	Trinity Freehold and Leasehold Property Fund	-	-	N/A	1,173,500,000.00	1,173,500,000.00
Bank Deposit	TMB Bank Public Co., Ltd.	-	-	N/A	7,148,139.35	7,155,721.81
Remark : <sup>*1</sup> Market Value including Interest Receivable						

*Fund Expense**For the period of January 1, 2016 to December 31, 2016*

Fund's Direct Expenses *	Amount Unit : ,000 Baht	% of NAV
Fund Management Fee	2,079.09	0.22
Trustee Fee	200.88	0.02
Registrar Fee	589.44	0.06
Consultant Fee	320.99	0.03
Legall Fee	10,495.63	1.12
Audit Fee	624.10	0.07
SET Registration Fee – Annual	107.00	0.01
Appraisal Fee	128.40	0.01
Unitholder Meeting Fee	39.11	0.01
Insurance	405.16	0.04
Common Area Charge	480.00	0.05
Printing/Report Postal to Unitholders	23.39	0.00
Other expenses	35.18	0.01
<b>Total Fee and Expenses **</b>	<b>15,528.37</b>	<b>1.65</b>

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

\*\*Excluding securities agent and other fees related to stocks/securities trade

## Appendix 1

Report of certified auditor, Audited Financial Statement

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**TRINITY FREEHOLD AND LEASEHOLD PROPERTY FUND**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

## **INDEPENDENT AUDITOR'S REPORT**

### **THE UNITHOLDERS OF TRINITY FREEHOLD AND LEASEHOLD PROPERTY FUND**

#### **Disclaimer of opinion**

We was engaged to audit the financial statements of Trinity Freehold and Leasehold Property Fund (the Fund), which comprise the balance sheet and the details of investments as of 31 December 2016, and the statement of income, statement of changes in net assets, statement of cash flows and significant financial information for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the financial statements because of the significance of the matters described in the Basis for Disclaimer of opinion paragraph we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

#### **Basis for Disclaimer of opinion**

We are not able to obtain appropriate and sufficient audit evidence of investment in properties amounting to Baht 948 million and Baht 720 million shown in the balance sheet as of 31 December 2016 and 2015, respectively, and unrealized gain on revaluation of investments of Baht 228 million shown in statement of income for the year ended 31 December 2016. Due to the litigation cases between the Fund and the former lessees, the former lessees did not deliver the leased property to the Fund. In this connection, we were not allowed to inspect certain projects. During the year 2016, the former lessees refused the Fund to allow an independent appraiser to enter into the properties to assess the investment value in accordance with the regulation of the Office of Securities and Exchange Commission. As a result, the Fund's Manager had appraised the value of the above investments under the scope limitation as discussed in Note 4 to the financial statements. We were not able to obtain appropriate and sufficient audit evidence of appropriateness of assumptions used to calculate the said assessment values and the change of the assumptions to be used during the year 2016. In addition we were unable to satisfy ourselves by alternative means concerning the above investments. As a result, we were unable to determine whether any adjustments might have been found necessary in respect of these investments as of 31 December 2016 and 2015 as well as unrealized gain on valuation of investment for the year ended 31 December 2016.

#### **Uncertainty to continue as a going concern**

We draw attention to Notes 1.2, 9, and 15 to the financial statements, which describes (1) default of the rental payment from former lessees whereby the Fund terminated the Lease Agreements and has stopped accruing rental income and other income associated to the Lease Agreements, (2) Krungthai Bank PCL has not paid the guarantee obligation, and (3) the finalization of the litigation cases in court. These factors have indicated substantial doubt regarding the ability of the Fund to continue as a going concern. My disclaimer of opinion does not relate to this matter.



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## **Other matters**

The financial statements of financial position financial statements of Trinity Freehold and Leasehold Property Fund for the year ended 31 December 2015 were audited by other auditor who expressed a disclaimer of audit opinion on those financial statements in his report dated 29 April 2016 because he was unable to obtain appropriate and sufficient audit evidence of investments in properties as of 31 December 2015 because the lessees did not deliver the leased property to the Fund and the Fund was not able to hire the independent appraiser to assess the investments. Therefore, the Fund's Manager had appraised the value of the above investments under the scope limitation as discussed in Note 4 to the financial statements.

## **Key Audit Matters**

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

### **Litigation**

As discussed in note to financial statement no. 4 and 15, the Fund had the following litigations:-

1. During the year 2015, the Fund filed lawsuits against the former lessees, income guarantors, and the bank issuing bank guarantees for the outstanding rental, damages and interest in the amount of Baht 360.65 million, because the former lessees failed to make rental payments and the Fund terminated all rental contracts but the former lessees did not deliver the leased property back to the Fund. The Court of First Instance ruled in favor of the Fund and ordered former lessees to leave the disputed properties, and pay outstanding rental, penalty, damages, and interests to the Fund as well as order the Bank to pay according to the letter of Bank Guarantee. However, both parties may appeal the court cases. As of the date of this report the Court may extend the appealing period, therefore, the case has not yet been finalized.
2. During the year 2015, the former lessees and the guarantor filed the lawsuit against the Fund to claim for damages of parking renovation and the hotel license in the amount of Baht 49.78 million, which the Court of First Instance passed the judgment to dismiss the plaint. However, the former lessees may appeal to the court. As of the date of this report the Court may extend the appealing period, therefore, the case has not yet been finalized.

We considered the above issue a key audit matter because the uncertainty of the cases in (1) could affect Fund that it may collect outstanding overdue rental, interest and penalty due to the Fund as well as allow the Fund to seek commercial benefits and find new tenants which would affect the Fund's financial performance and the uncertainty of the cases in (2) could result in material contingent liabilities.



Our audit included the follow up of the abovementioned court cases, review of confirmation of the Fund legal advisor, review the correspondence between the Fund and former lessees to resolve the disputes. We also consider appropriateness of the Fund's Management judgment in connection with the discontinuance of revenue recognition during 2016 and making full provision of accounts receivable due from former lessees as a result of development of court cases in (1). We also review the Fund's Management judgment that it did not accrue the contingent liabilities in the balance sheet as of 31 December 2016 as a result of case in (2).

We also reviewed the adequacy of the disclosures of the note to the financial statements.

### **Responsibilities of Fund's Management for the Financial Statements**

The Fund's management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as 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 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 preparation process.

### **Auditor's Responsibilities for the Audit of the Financial Statements.**

We responsibility is to conduct an audit of the Fund's financial statements in accordance with Thai Standards on Auditing (TSAs) and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are 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 our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements

The engagement partner responsible for the audit resulting in this independent auditor's report is Mr. Anusorn Kiatgungwalgri.



Mr. Anusorn Kiatgungwalgri

Certified Public Accountant No. 2109

ASV & ASSOCIATES LIMITED

Bangkok

21 April 2017

**TRINITY FREEHOLD AND LEASEHOLD PROPERTY FUND**

**BALANCE SHEETS**

**AS OF 31 DECEMBER 2016**

		<b>UNIT : BAHT</b>	
<b>ASSETS</b>	<b>NOTES</b>	<b>2016</b>	<b>2015</b>
Investments at fair value			
(at cost 31 December 2016 : Baht 1,384,378,885.25)			
(at cost 31 December 2015 : Baht 1,384,378,885.25)	4, 9, 15	948,000,000.00	720,000,000.00
Deposits at banks	6	7,148,139.35	18,376,958.25
Interest receivables		7,582.46	12,446.05
Rental receivables	7	-	-
Other assets		359,924.91	363,623.11
<b>TOTAL ASSETS</b>		<b>955,515,646.72</b>	<b>738,753,027.41</b>
<b>LIABILITIES</b>			
Accrued expenses	9	5,610,036.92	2,019,553.87
Other liabilities		141,530.51	882.00
<b>TOTAL LIABILITIES</b>		<b>5,751,567.43</b>	<b>2,020,435.87</b>
<b>NET ASSETS</b>		<b>949,764,079.29</b>	<b>736,732,591.54</b>
<b>NET ASSETS :</b>			
Capital received from unitholders		1,396,892,800.00	1,396,892,800.00
Deficits	5	(447,128,720.71)	(660,160,208.46)
<b>NET ASSETS</b>		<b>949,764,079.29</b>	<b>736,732,591.54</b>
Net assets per unit		6.4859	5.0311
Total outstanding investment units at the end of year (units)		146,434,000.0000	146,434,000.0000

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



**TRINITY FREEHOLD AND LEASEHOLD PROPERTY FUND**

**DETAILS OF INVESTMENTS**

**AS OF 31 DECEMBER 2016**

Details of investment are classified by type of investments.

**UNIT : BAHT**

Type of Investments	2016			2015		
	Cost/Principal	Fair Value	Percentage of	Cost/Principal	Fair Value	Percentage of
	(Baht)	(Baht)	(Per cent)	(Baht)	(Baht)	(Per cent)
<b>Investments in properties</b>						
Land included building and commercial area with public utility system, furniture, fixtures, and equipment of Glow Trinity Silom Building located at Soi Pipat 2, Silom Road, Bang Rak, Bangkok						
Commercial units with public utility system, furniture, fixtures, and equipment of Trinity Mall 1 at Trinity Complex located at Soi Silom 5, Silom Road, Bang Rak, Bangkok	690,386,085.25	483,000,000.00	50.95	690,386,085.25	300,000,000.00	41.67
Land included building and commercial area with public utility system, furniture, fixtures, and equipment of Tritip 2 Building located at Soi Pipat 2, Silom Road, Bang Rak, Bangkok						
Leasehold right of five condominium units with public utility system, furniture, fixtures, and equipment of Trinity Mall 3 at Trinity Complex located at Soi Silom 5, Silom Road, Bang Rak, Bangkok	693,992,800.00	465,000,000.00	49.05	693,992,800.00	420,000,000.00	58.33
<b>Total investments in properties</b>	<b>1,384,378,885.25</b>	<b>948,000,000.00</b>	<b>99.99</b>	<b>1,384,378,885.25</b>	<b>720,000,000.00</b>	<b>100.00</b>
<b>Total Investments</b>	<b>1,384,378,885.25</b>	<b>948,000,000.00</b>	<b>100.00</b>	<b>1,384,378,885.25</b>	<b>720,000,000.00</b>	<b>100.00</b>

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

**TRINITY FREEHOLD AND LEASEHOLD PROPERTY FUND**  
**STATEMENTS OF INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

		<b>UNIT : BAHT</b>	
	<b>NOTES</b>	<b>2016</b>	<b>2015</b>
<b>INVESTMENT INCOME</b>			
Rental income	8	-	88,889,324.15
Guarantee income	8	-	1,966,292.53
Interest income		17,318.21	55,325.50
Other income		542,557.15	5,046,960.88
<b>TOTAL INCOME</b>		<b>559,875.36</b>	<b>95,957,903.06</b>
<b>EXPENSES</b>			
Management fee	8, 9	2,079,093.71	3,124,763.89
Trustee fee	8	200,878.63	301,909.55
Registrar fee	8	589,446.64	586,170.65
Professional fee		624,100.00	500,963.72
Central service expenses		480,000.00	520,000.00
Legal expenses		10,495,630.58	949,624.15
Doubtful debts		-	144,226,640.53
Other operating expenses	9	1,059,238.05	1,150,294.51
<b>TOTAL EXPENSES</b>		<b>15,528,387.61</b>	<b>151,360,367.00</b>
<b>NET INVESTMENT INCOME (LOSS)</b>		<b>(14,968,512.25)</b>	<b>(55,402,463.94)</b>
<b>NET GAIN (LOSS) ON INVESTMENTS</b>			
Net realized gain on investments		-	766.48
Net unrealized gain (loss) on investments	4, 14	228,000,000.00	(663,000,000.00)
<b>TOTAL NET GAIN (LOSS) ON INVESTMENTS</b>		<b>228,000,000.00</b>	<b>(662,999,233.52)</b>
<b>INCREASE (DECREASE) IN NET ASSET FROM OPERATIONS</b>		<b>213,031,487.75</b>	<b>(718,401,697.46)</b>

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

**TRINITY FREEHOLD AND LEASEHOLD PROPERTY FUND**  
**STATEMENTS OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

		<b>UNIT : BAHT</b>	
	<b>NOTE</b>	<b>2016</b>	<b>2015</b>
<b>Increase (Decrease) in net assets from operations during the year</b>			
Net investment income		(14,968,512.25)	(55,402,463.94)
Net realized gain on investments		-	766.48
Net unrealized gain (loss) on investments		228,000,000.00	(663,000,000.00)
<b>Net increase (decrease) in net assets from operations</b>		<b>213,031,487.75</b>	<b>(718,401,697.46)</b>
 <b>Distribution of dividend to unitholders</b>	 <i>10</i>	 -	 <b>(19,768,590.00)</b>
 <b>Increase (decrease) in net assets during the year</b>		 <b>213,031,487.75</b>	 <b>(738,170,287.46)</b>
Net assets at the beginning of the year		736,732,591.54	1,474,902,879.00
<b>Net assets at the end of the year</b>		<b>949,764,079.29</b>	<b>736,732,591.54</b>
		<b>Unit : Unit</b>	
<b>Changes of investment units (Baht 10 per unit)</b>			
Investment units at the beginning of the year		146,434,000.0000	146,434,000.0000
<b>Investment units at the end of the year</b>		<b>146,434,000.0000</b>	<b>146,434,000.0000</b>

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

**TRINITY FREEHOLD AND LEASEHOLD PROPERTY FUND**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

	<b>UNIT : BAHT</b>	
	<b>2016</b>	<b>2015</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Increase (decrease) in net assets from operations</b>	<b>213,031,487.75</b>	<b>(718,401,697.46)</b>
Adjustments reconcile the increase (decrease) in net assets from operations to net cash provided by (used in) operating activities :	-	-
Doubtful debts	-	144,226,640.53
Sales of investments	-	15,978,014.56
Amortization of discount on debt instruments	-	(30,074.96)
Decrease in interest receivable	4,863.59	42,820.52
Increase in rental receivables	-	(62,470,994.80)
Increase in receivables from guarantees income	-	(1,966,292.53)
(Increase) decrease in other assets	3,698.20	(5,286,725.10)
Decrease in accrued expenses	3,590,483.05	1,615,233.18
Increase (decrease) in other liabilities	140,648.51	(7,313.93)
Net realized gain on investments	-	(766.48)
Net unrealized (gain) loss on investments	(228,000,000.00)	663,000,000.00
<b>Net cash provided by (used in) operating activities</b>	<b>(11,228,818.90)</b>	<b>36,698,843.53</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Distribution of dividend to unitholders	-	(19,768,590.00)
<b>Net cash used in financing activities</b>	<b>-</b>	<b>(19,768,590.00)</b>
<b>Net Increase (decrease) in deposits at banks</b>	<b>(11,228,818.90)</b>	<b>16,930,253.53</b>
Deposits at banks at the beginning of the year	18,376,958.25	1,446,704.72
<b>Deposits at banks at the end of the year</b>	<b>7,148,139.35</b>	<b>18,376,958.25</b>

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



**TRINITY FREEHOLD AND LEASEHOLD PROPERTY FUND**

**SIGNIFICANT FINANCIAL INFORMATION**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

**UNIT : BAHT**

	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011 ***</b>
<b>Information on result from operations (per unit)</b>						
Units initially offered	-	-	-	-	-	10.0000
Net asset value at the beginning of the year	5.0311	10.0721	9.7646	10.1043	11.4062	-
Income from investing activities *						
Net investment income						
Net realized gain (loss) on investments	(0.1023)	(0.3783)	0.8676	0.7775	0.7881	0.6569
Net unrealized gain (loss) on investments	1.5571	(4.5277)	0.0069	(0.3569)	(1.3355)	1.2033
<b>Total income from investing activities</b>	<b>1.4548</b>	<b>(4.9060)</b>	<b>0.8745</b>	<b>0.4206</b>	<b>(0.5474)</b>	<b>1.8602</b>
Less decreasing of the Fund's registered capital	-	-	-	-	(0.1000)	-
Less distribution of dividend to unitholders	-	(0.1350)	(0.5670)	(0.7603)	(0.6545)	(0.4540)
<b>Net asset value at the end of the year/period</b>	<b>6.4859</b>	<b>5.0311</b>	<b>10.0721</b>	<b>9.7646</b>	<b>10.1043</b>	<b>11.4062</b>
Ratio of net profit (loss) to average net asset value during the year/period (%)	23.17	(52.89)	8.84	8.54	(4.98)	13.33
<b>Significant financial ratios and additional information</b>						
Net asset value at the end of the year/period (Thousand Baht)	949,114	736,733	1,474,903	1,429,877	717,410	809,843
Ratio of total expenses to average net asset value during the year/period (%)	1.69	11.14	0.45	1.01	1.42	1.29
Ratio of investment income to average net asset value during the year/period (%)	0.06	7.06	9.22	8.87	8.59	7.52
Ratio of weighted average investment turnover to average net asset value during the year/period (%) **	-	-	0.07	67.08	22.21	90.77
Average net assets value during the year/period (Thousand Baht)	919,587	1,399,989	1,448,859	1,016,109	780,204	748,952

**Supplementary information**

\* Based on average investment units outstanding throughout each year.

\*\* Investment trading transactions are computed based on the weighted average value of investments in each category outstanding at the end of year/period, excluding cash at b investment in promissory notes. Purchases and sales of investments

\*\*\* Significant financial information for the period 2011 was not comparable with other years due to the accounting period was shorter than one year.

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





**TRINITY FREEHOLD AND LEASEHOLD PROPERTY FUND**  
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**1. DESCRIPTION OF TRINITY FREEHOLD AND LEASEHOLD PROPERTY FUND**

**1.1 General information**

Trinity Freehold and Leasehold Property Fund (“the Fund”) is a close-ended property fund with no maturity date. The Fund was approved by the Office of the Securities and Exchange Commission (“SEC”) on 23 February 2011. At present, the registered value of investment units is Baht 1,396.89 million (divided into 71 million investment units at Baht 9.90 each and 75.43 million investment units at Baht 9.20 each).

The Fund has objective to mobilize fund from sale of investment units to purchase or lease immovable property and make beneficially from such property.

CIMB Principal Asset Management Company Limited (“the Management Company”) served as the Fund’s Manager (Formerly Finansia Asset Management Limited serves as the Fund’s Manager until August 31, 2015) and Thailand Securities Depository Company Limited serves as the Investment Unit Registrar. TMB Bank Public Company Limited serves as the Fund’s Trustee (Formerly: CIMB Thai Bank Public Company Limited serves as the Fund’s Trustee until January 21, 2015).

The Fund has a policy to pay dividend with the procedures as specified in the prospectus

As of 31 December 2016 and 2015, the Fund’s major is Ton Teng Solar Company Limited and Mrs. Weena Cherdboonchart which represented total shareholding of 31.07 per cent and 21.86 per cent of the Fund, respectively.

**1.2 Continuous operation**

As mentioned in Note 9, and 15 to the financial statements, which describes (1) default of the rental payment from lessees whereby the Fund terminated the Lease Agreements and has stopped accruing rental income and other income associated as from the termination of the Lease Agreements, (2) Krungthai Bank PCL has not paid the guarantee obligation, and (3) the finalization of the litigation cases in court.

In addition, the statements of income for the year ended 31 December 2016 and 2015 show net loss from investments of Baht 14.97 million and Baht 55.40 million, respectively, and accumulated deficits as of 31 December 2016 and 2015 of Baht 447.13 million and Baht 660.16 million, respectively.

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These factors indicate significant doubt for the Fund's ability to continue as a going concern.

The Fund's Management is confident that the assumptions of the going concern used are appropriate because the Fund has been supported financially by the Management Company to continue as a going concern.

At present, the Management Company is further negotiating with the former lessees for the proposal which will benefit to the Fund and the unitholders. Then, the proposal will be proposed for the unitholders' consideration.

The financial statements are prepared under TFRS on a going concern basis whereby they do not disclose assets at realizable values nor liabilities at agreed settlement amounts that might be necessary should the Fund not continue as a going concern.

**2. BASIS OF FINANCIAL STATEMENTS PRESENTATION**

**2.1** The financial statements are prepared in accordance with Thai Accounting Standards ("TAS") and Thai Financial Reporting Standards ("TFRS") including related interpretations and guidelines promulgated by the Federation of Accounting Professions ("FAP") and the presentation of the financial statements has been made in compliance with the stipulations of the Notification of the Department of Business Development under the Accounting Act B.E. 2543, including those Thai Accounting Standards issued under the Accounting Professions Act B.E. 2547, applicable rules and regulation issued in 106 Accounting For Investment Companies and with announcement of the Securities and Exchange Commission (SEC) and the Association of Investment Management Companies.

**2.2** The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

**2.3** The financial statements in Thai language are the official statutory financial statements of the Fund. The financial statements in English language have been translated from Thai language financial statements.

**2.4** Use of accounting estimates

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate are revised and in any future periods affected.



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**2.5 New financial reporting standards**

Below is a summary of financial reporting standards that became effective in the current accounting year and those that will become effective in the future.

- **Application of new financial reporting standards**

The FAP issued the following financial reporting standards that are effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards do not have any significant impact on the financial statements.

- **New accounting standards issued and not yet effective**

In addition to financial reporting standards issued and revised as mentioned the FAP has also issued and revised the other number of financial reporting standards which will become effective for annual financial periods beginning on or after 1 January 2017. The Fund does not plan to adopt these TFRS early. The Fund's management has assessed the effect of the financial reporting standards and believes that these standards will not have significant impact on the financial statements for the year in which they are effective.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Revenues and expenses Recognition**

- Rental and service income is recognized as revenue in the income statement on a straight-line basis over the lease term. The recognized revenue which is not yet due per the operating lease agreements has been presented under the caption of "Rental receivables".
- Guarantee income is recognized on the accrual basis.
- Premiums or discounts on debt instruments is amortized evenly throughout the remaining term of the debt instruments, and included as part of interest income.
- Interest is recognized as income on a time proportion basis.
- Expense is recognized on the accrual basis.
- Gain or loss on trading of securities is recorded as revenue or expense on the disposal date.



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**3.2 Investment measurement**

Investment is recognized as assets at the cost of investments on the date of which the Fund has the right on investments. The cost of investments includes the purchase price and all direct expenses paid to acquire those investments.

- Investment in property is stated at fair value and is not depreciated. The valuation is made by an independent appraiser every 2 years and the valuation will also be reviewed within one year after the last valuation date, except for the period before the initial appraisal, which had been stated at the purchasing price according to the SEC's Notification.
- Debt instrument is presented at fair value, using the selling price or the yield rate from the Thai Bond Market Association on the date of investment measurement.

Net unrealized gains or losses arising from the revaluation of investments at fair value is reflected in the statement of income on the measurement date.

The weighted average method is used to determine the cost of each security at the date of disposal.

**3.3 Rental receivable and allowance for doubtful accounts**

Rental receivable is stated at the net realizable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is based on analysis of debtor aging and the current status of receivables outstanding at the statements of financial position.

**3.4 Deferred expenses**

Deferred expenses represent expenses from the issuance of investment units and are amortized on the straight-line basis over the period of 3 years.

**3.5 Distributions of income**

The Fund's retained earnings is reduced on the date on which the cash dividend payment is announced.

**3.6 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date.

The Fund apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Fund measure fair value using valuation technique that are appropriate in the circumstances and maximizes the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

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All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy into three levels based on categorize of input to be used in fair value measurement as follows:

- Level 1 Use of quoted market prices in an observable active market for such assets or liabilities.
- Level 2 Use of other observable inputs for such assets or liabilities, whether directly or indirectly.
- Level 3 Use of unobservable inputs such as estimates of future cash flows.

At the end of each reporting period, the Fund determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

**4. INVESTMENTS IN PROPERTIES**

Investment in property represents investments in land and building including leasehold in flats as follows:-

**4.1** In the year 2013, the Fund entered into sale and purchase agreement of land and building of Tritip 2 Building and leasehold right of condominium of Trinity Mall 3 included furniture, fixtures, and equipment, utility system and other assets in the amount of Baht 694.00 million as follows:-

- The Fund purchased land included building and other assets from Mrs.Vina Churdboonchart in the amount of Baht 441.00 million with details as follows:-
  - Land included building of Tritip 2 (Glow studio) with public utility system, furniture, related fixtures and equipment in the amount of Baht 422.50 million.
  - Furniture, related fixtures and equipment of Tritip 2 Building in the amount of Baht 18.50 million.
- The Fund entered into the lease agreement for condominium in the Trinity Mall 3 for the period of 30 years in the amount of Baht 251.30 million with details as follows:-
  - Condominium unit of room no. 425 in the Trinity Complex Building from Trinity Assets Company Limited in the amount of Baht 63.48 million.
  - Condominium 4 units of room no. 425/1, 425/2, 425/3 and 425/4, in the Trinity Complex Building from Tritip Complex Company Limited in the amount of Baht 187.82 million.



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- The Fund purchased furniture, fixtures, equipment systems and other assets of condominium units of Trinity Mall 3 in the amount of Baht 1.70 million as follows:-
  - Purchased from Trinity Assets Company Limited in the amount of Baht 0.40 million.
  - Purchased from Tritip Complex Company Limited in the amount of Baht 1.30 million.

**4.2** In the year 2011, the Fund purchased land, property and other assets from Trinity Assets Company Limited in the amount of Baht 689.40 million which have detail as follows:-

- Land included building and commercial area of Glow Trinity Silom Building with public utility system, furniture, fixtures and equipment in the amount of Baht 565.40 million.
- Right in condominium units in Trinity Complex which are comprising Plaza with public utilities system, related fixtures and equipment in the amount of Baht 124.00 million.

During the year 2016 and 2015, the lessees defaulted the Lease agreements and the Fund terminated the Lease agreements (see Note 9), that made the future income of the Fund different from the previous estimated. As a result, that is impact to the fair value of investments in property as of 31 December 2016 and 2015. Since the lessees did not deliver the assets to the Fund for operating and the Fund filed the lawsuit against the lessees (see Note 15), the Fund was unable to hire the appraiser to appraise the investments in property as normal. Hence the Fund's Manager has re-appraised the value of investments in property as of 31 December 2016 and 2015 with on the Best Effort basis by using Discounted Cash Flow Method (Income Approach) at property level. Due to the investments in property are on the dispute, therefore the Fund's Manager opined that Forced Sale Value would be the appropriated value by using discount rate of the appraised value. The details were as following:-



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Appraisal value as of 31 December 2016:-

<b>Investment properties</b>	<b>Income Approach Method</b>	<b>Estimated Discount Rate (Percentage )</b>	<b>Forced Sale Value</b>
Glow Trinity Silom Hotel	320,000,000	15	272,000,000
Retail Space (Trinity Complex Building and Glow Trinity Silom Building)	248,000,000	15	211,000,000
Glow Studio Serviced Apartment	200,000,000	15	170,000,000
Retail Space Trithip Building 2, 3 and Villa Market	364,000,000	15 and 25	295,000,000
<b>Total</b>	<b>1,132,000,000</b>		<b>948,000,000</b>

Appraisal value as of 31 December 2015:-

<b>Investment properties</b>	<b>Income Approach Method</b>	<b>Estimated Discount Rate (Percentage )</b>	<b>Forced Sale Value</b>
Glow Trinity Silom Hotel	216,000,000	40	130,000,000
Retail Space (Trinity Complex Building and Glow Trinity Silom Building)	230,000,000	25	170,000,000
Glow Studio Serviced Apartment	198,000,000	35	130,000,000
Retail Space Trithip Building 2, 3 and Villa Market	409,000,000	30	290,000,000
<b>Total</b>	<b>1,053,000,000</b>		<b>720,000,000</b>

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**Limitation on appraised**

Fund's Manager has appraised the value of investments in property with the scope limitation as following:

1. Fund's Manager is not the authorized independent appraiser.
2. Fund's Manager cannot inspect the leased property and has not yet received the performance report and related information due to the limitation on a dispute.
3. Appraisal value by the Fund's Manager may be change or different from the appraisal value which appraise by the independent appraiser no matter they can inspect the leased property or receive all information.
4. The assumption reference to the previous appraisal report adjusted by Fund's Manager opinion.
  - Initial investments in property appraised by S.L. Standard Appraisal Company Limited (SL Standard) as of 26 August 2016 and 28 August 2015.
  - The investments in property from the first increasing capital appraised by C.I.T Appraisal Co., Ltd (CIT) as of 21 March 2016 and 2 March 2015.
5. Due to the investments in property are on the dispute. Therefore, the Fund's Manager opined that Forced Sale Value would be the appropriated value.

**Assumptions**

The method used to appraise the property was Income Approach at Property Level adjusted to Forced Sale Value. There are four parts of properties divided by timing of investments and the type of exploitation.

- The initial investments in property consists of :-
  - 1) Glow Trinity Silom Hotel and
  - 2) Retail Space (Trinity Complex Building and Glow Trinity Silom Building)
- The investments in property from the first increasing capital consists of:-
  - 1) Glow Studio Serviced Apartment and
  - 2) (b) Retail Space (Trithip Building 2, Villa Market and Trithip Building 3)



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The details of each part are as follow:-

**1. Glow Trinity Silom Hotel**

Description	2016		2015	
	Assumption	Previous Appraisal	Assumption	Previous Appraisal
		SL Standard Appraisal		SL Standard Appraisal
Room Rate (Baht/Night)	1,950.00	1,500.00	1,323.51	1,500.00
Growth rate (% p.a.)	3.00	4.00	3.00	4.00
Occupancy rate started (%)	81.83	70.00	80.87	70.00
Growth rate (%)	2.00 Not over 88.00	3.00 Not over 75.00	2.00 Not over 88.00	3.00 Not over 75.00
Fixed management fee (%) Of total incomes	7.00 (Of total incomes)	2.00 (Of total incomes)	5.00 (Of total incomes)	2.00 (Of total incomes)
Variable management fee (%)	12.00 (Of gross profit)	6.00 (Of gross profit)	10.00 (Of gross profit)	6.00 (Of gross profit)
Discount rate (% p.a.)	9.00	9.00	9.00	9.00
Capitalization rate (% p.a.)	9.00	8.00	9.00	8.00
Estimated discount rate of forced Sale value (%)	15.00	-	40.00	-
Appraisal value (THB)	272,000,000 (After deduction the estimated discount rate)	395,000,000 (Income Approach, appraisal date is 26 August 2016)	130,000,000 (After deduction the estimated discount rate)	400,000,000 (Income Approach, appraisal date is 28 August 2015)

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**2. Retail Space (Trinity Complex Building and Glow Trinity Silom Building)**

Description	2016		2015	
	Previous Appraisal			
	SL Standard			
	Assumption	Appraisal	Assumption	Description
Average rental rates (Baht/Sqm/Month)	2,200.00	2,200.00	2,200.00	2,300.00
Growth rate (% p.a.)	3.00	12.00 Every 3 years	3.00	12.00 Every 3 years
Occupancy rate started (%)	80.00	80.00	80.00	80.00
Growth rate (%)	5.00 Not over 95.00	5.00 Not over 95.00	5.00 Not over 95.00	5.00 Not over 97.00
Management fee (%) Of total incomes	3.00 (Of total incomes)	2.50 (Of total incomes)	3.00 (Of total incomes)	2.00 (Of total incomes)
Common area fee (Baht/Sqm/Month)	110.00	100.00	110.00	95.00
Discount rate(% p.a.)	8.00	9.00	8.00	9.00
Capitalization rate (% p.a.)	8.00	8.00	8.00	8.00
Estimated discount rate of forced Sale value (%)	15.00	-	25.00	-
Appraisal value (THB)	211,000,000 (After deduction the estimated discount rate)	247,000,000 (Income Approach, appraisal date is 26 August 2016)	170,000,000 (After deduction the estimated discount rate)	261,000,000 (Income Approach, appraisal date is 28 August 2015)

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**3. Glow Studio Serviced Apartment**

Description	2016		2015	
	Assumption	Previous Appraisal	Assumption	Previous Appraisal
		(CIT Appraisal)		(CIT Appraisal)
Average rental rates (Baht/Sqm/Month)	1,250.00	1,388.00	1,350.00	1,388.00
Growth rate (% p.a.)	3.00	3.00	3.00	3.00
Occupancy rate started (%)	77.00	75.00	75.00	70.00
Growth rate (% p.a.)	3.00 Not over 88.00	3.00 Not over 80.00	3.00 Not over 88.00	5.00 Not over 80.00
Fixed Management fee (%)	5.00 (Of total income)	2.50 (Of total income)	5.00 (Of total income)	2.00 (Of total income)
		(0.25 % Basic Fee + 1.75% Royalty Fee)		(0.25 % Basic Fee + 1.75% Royalty Fee)
Variable management fee (%)	10.00 (Of net profit)	7.00 (Of net profit)	10.00 (Of net profit)	7.00 (Of net profit)
Discount rate (% p.a.)	9.00	9.00	9.00	9.00
Capitalization rate (% p.a.)	9.00	6.00	9.00	6.00
Estimated discount rate of forced Sale value (%)	15.00	-	35.00	-
Appraisal value (THB)	170,000,000 (After deduction the estimated discount rate)	182,550,000 (Income Approach, appraisal date is 1 March 2016)	130,000,000 (After deduction the estimated discount rate)	214,220,000 (Income Approach, appraisal date is 2 March 2015)

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**4. Retail Space (Trithip Building 2, Villa Market and Trithip Building)**

Description	2016		2015		Remarks
	Assumption	Previous Appraisal (CIT Appraisal)	Assumption	Description	
Average rental rates (Baht/Sqm/Month)	2,200 / 2,200 / 2,200	2,100 / 2,633 / 3,000	2,200 / 2,200 / 2,200	2,100 / 2,633 / 3,000	
Trithip 2 / Villa Market / Trithip3					
Growth rate (% p.a.)	3.00 / 3.00 / 3.00	2.50 every 2 years / 3.00 every year / 10.00 every 2 years	3.00 / 3.00 / 3.00	2.50 every 2 years / 6.00 every year / 10.00 every 2 years	
Trithip 2 / Villa Market / Trithip 3					
Occupancy rate started (%)	80.00 / 100.00 / 80.00	75.00 / 100.00 / 95.00	80.00 / 100.00 / 80.00	95.00 / 100.00 / 95.00	
Trithip 2 / Villa Market / Trithip3					
Discount rate (% p.a.)	9.00 / 9.00 / 12	9.00 / 9.00 / 11.50	9.00 / 9.00 / 12	9.00 / 9.00 / 11.50	Trithip3 is the leasehold, used the year to calculate the cash flows method for the year 2016 and 2015 of 26 years and 27 years, respectively, which is equivalent to remaining leasehold.
Trithip 2 / Villa Market / Trithip 3					
Capitalization rate (% p.a.)	9.00 / 9.00 / -	6.00 / 7.00 / -	9.00 / 9.00 / -	6.50 / 6.50 / -	
Trithip 2 / Villa Market / Trithip 3					
Estimated discount rate of forced Sale value (%)	15.00 and 25.00	-	30.00	-	
Appraisal value (THB)	295,000,000	348,950,000	290,000,000	448,730,000	
	(After deduction the estimated discount rate)	(Income Approach, appraisal date is 1 March 2016)	(After deduction the estimated discount rate)	(Income Approach, appraisal date is 2 March 2015)	

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The Fund recorded unrealized gain on investments in the statement of income for the year ended 31 December 2016 amounting to of Baht 228 million and recorded unrealized los on investments in the statement of income for the year ended 31 December 2015 amounting to of Baht 663 million, from the appraisal value of Fund' s Manager.

**5. DEFICITS AT THE BEGINNING OF THE YEAR**

	Baht	
	2016	2015
Accumulated net investments income (accumulated since 23/2/11)	23,985,891.45	79,388,328.39
Accumulated net realized gain on investments		
(accumulated since 23/2/11)	1,402.34	635.86
Accumulated net realized/unrealized loss on investments		
(accumulated since 23/2/11)	636,172,914.67	(1,378,885.25)
Deficits at the beginning of the year	660,160,208.46	78,010,079.00

**6. CASH AT BANKS**

As of 31 December 2016 and 2015, deposit at banks consisted of:-

	2016		2015	
	Interest		Interest	
	Baht	Rate (%)	Baht	Rate (%)
<u>Saving account</u>				
TMB Bank Plc.	7,148,139.35	0.125	18,320,823.41	0.125
CIMB Thai Bank Plc.	-	-	56,134.84	1.50
Total	7,148,139.35		18,376,958.25	

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**7. RENTAL RECEIVABLES**

As of 31 December 2016 and 2015, the outstanding balances of rental receivables summarized by due date are classified as follows :-

	<u>2016</u>	<u>2015</u>
Outstanding receivables		
Not yet due	-	-
Overdue		
More than 12 months	144,226,640.53	144,226,640.53
Total	144,226,640.53	144,226,640.53
<u>Less</u> allowance for doubtful debts	(144,226,640.53)	(144,226,640.53)
Net	<u>-</u>	<u>-</u>

**8. MANAGEMENT FEE, TRUSTEE FEE AND REGISTRAR FEE**

The Management Company serves as the Fund's manager and Thailand Security Depository Company Limited serves as Fund registrar. The TMB Bank Plc. serves as the trustee of the Fund's assets and bank accounts (Note 1). The fees are charged as follows:-

- Management fee is charged at the rate of not exceeding 0.40 per cent per annum of the Fund's net asset value.
- The trustee fee is charged at the rate of not exceeding 0.50 per cent per annum of the Fund's net asset value.
- Registrar fee is charged at the rate of not exceeding 0.50 per cent per annum of the Fund's net asset value.

**9. RELATED PARTY TRANSACTIONS**

The Fund had significant business transactions with the Management Company and other enterprises, which have the same shareholders and/or director as the Management Company and the Fund.

Related parties are as follows :-

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<b>Related parties</b>	<b>Relationship</b>
CIMB-Principal Asset Management Company	Management Company since 1 September 2015
CIMB Thai Bank Public Company Limited	Common shareholders with the Management Company
Finansa Asset Management Limited	Management Company until 31 August 2015
Ton Terng Solar Company Limited	Major unitholder as of 31 December 2016
Trinity Assets Company Limited	Major unitholder as of 31 December 2015
Trinity at Silom Company Limited	Group Company of Trinity Assets Company Limited
Silomall Company Limited	Group Company of Trinity Assets Company Limited
Tritip Complex Company Limited	Group Company of Trinity Assets Company Limited

Such transactions for the years ended 31 December 2016 and 2015 are summarized below :-

<b>Related Companies</b>	<b>2016</b>	<b>2015</b>	<b>Pricing Policy</b>
CIMB-Principal Asset Management Company			
Management fee	2,079,093.71	993,438.77	As specified in the agreement and prospectus (See Note 8)
Other income	384,320.97	-	Rate mutually agreed between both parties
CIMB Thai Bank Public Company Limited			
Interest income	290.10	5,155.90	Market price
Finansa Asset Management Limited			
Management fee	-	2,131,325.12	As specified in the agreement and prospectus (See Note 8)
Trinity Assets Company Limited			
Guarantees income	-	1,966,292.53	As specified in the agreement
Doubtful debts	-	14,989,302.68	Fully provided
Trinity at Silom Company Limited			
Rental income	-	38,680,797.90	As specified in the agreement
Other income	-	3,052,086.67	As specified in the agreement
Doubtful debts	-	73,076,868.79	Fully provided
Silomall Company Limited			
Rental income	-	50,208,526.25	As specified in the agreement



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Related Companies	2016	2015	Pricing Policy
Other income	-	1,994,861.18	As specified in the agreement
Doubtful debts	-	56,160,469.06	Fully provided

As of 31 December 2016 and 2015, the Fund had the significant outstanding balances with the related companies as follows:

<u>Related Companies</u>	<u>2016</u>	<u>2015</u>
<b>CIMB-Principal Asset Management Company</b>		
Accrued management fee	3,465,811.80	993,438.77
<b>CIMB Thai Bank Public Company Limited</b>		
Cash at bank	-	56,136.84
Accrued interest receivable	-	311.28
<b>Finansa Asset Management Limited</b>		
Accrued management fee	751,410.96	777,600.29
<b>Trinity Assets Company Limited</b>		
Account receivables from guarantees income	14,989,302.68	14,989,302.68
Allowance for doubtful debts	14,989,302.68	14,989,302.68
<b>Trinity at Silom Company Limited</b>		
Rental receivables	69,308,454.90	69,308,454.90
Other assets	3,768,413.89	3,768,413.89
Allowance for doubtful debts	73,076,868.79	73,076,868.79
<b>Silomall Company Limited</b>		
Rental receivables	53,632,009.90	53,632,009.90
Other assets	2,528,459.16	2,528,459.16
Allowance for doubtful debts	56,160,469.06	56,160,469.06

**Significant Agreements**

**Rental income**

- 1.) On 27 August 2013, the Fund entered into lease agreement for land and building of Tritip 2 Building, included furniture, fixtures and equipment with Trinity at Silom Company Limited for the period of 3 years. Afterwards, the Fund can renew the term for successive period of 3 years each. A fixed annual rental charge as follows.



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Year	Baht
1	23,000,000.00
2	25,000,000.00
3	26,000,000.00
4	27,300,000.00 (In case of renewal)

- 2.) On 27 August 2013, the Fund entered into lease agreement for condominium units of the Trinity Mall 3 and commercial area of Tritip 2 Building, and public utility system, furniture, fixtures and equipment with Silomall Company Limited for the period of 3 years. Afterwards, the Fund can renew the term for successive period of 3 years each. A fixed annual rental charge as follows.

Year	Baht
1	40,200,000.00
2	40,200,000.00
3	40,600,000.00
4	42,630,000.00 (In case of renewal)

- 3.) On 24 February 2011, the Fund entered into lease agreement for land and building of Glow Trinity Silom Building included public utility system, furniture, fixtures and equipment with Trinity at Silom Company Limited to operate of Serviced Apartment Project or hotel in case of obtaining a hotel operation license for the period of 3 years. Afterwards, the Fund can renew the term for successive period of 3 years each. Rental fee is divided into two portions: fixed rentals and variable rentals which are summarized as follows:-

- Rental income formulas by fixed rentals

The fixed rate of rental payment in the amount of Baht 37,345,597.00 per year (except for the first and last years that will be calculated proportionately from the commencement date to December 31 of such year).

- Rental income formulas by variable rentals

Variable Rent shall be calculated at 80% of operating revenue deduct fixed rent, operating costs, and other expenses of Glow Trinity Silom Building.

On 24 February 2014, the Fund renewed the above lease agreement for land and building for the period of 1 year with the same term of agreement.

For the years ended 31 December 2016 and 2015, the Fund had not received variable rentals income.



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- 4) On 24 February 2011, the Fund entered into lease agreement for Commercial units included public utility system, furniture, fixtures and equipment of Trinity Complex Building with Silomall Company Limited to operate of Plaza for the period of 3 years. Afterwards, the Fund can renew the term for successive period of 3 years each at rate of fixed rental payment in the amount of Baht 16,000,000.00 per year.

On 24 February 2014, the Fund renewed the above lease agreement for Commercial units for the period of 1 year. Rental fee is charged in the amount of Baht 16,800,000.00 per year. In the case of renewal, the parties agree that the rental fee will be increase not less than 5 percent in every 2 years.

Income from guarantees of income

- 1) Income from guarantees of income represents the guarantee of minimum rental income from Trinity Assets Company Limited for the period of 4 years since the Fund received ownership in asset (1<sup>st</sup> Capital increase) according to the undertaking agreement dated 27 August 2013 which concluded as follows:

Year	Baht
1	63,200,000.00
2	65,200,000.00
3	66,600,000.00
4	69,930,000.00 (In case of renewal)

- 2) Income from guarantees of income represents the guarantee of minimum rental income from Trinity Assets Company Limited for the period of 4 years since the Fund received ownership in asset according to the undertaking agreement dated 24 February 2011 which concluded as follows:

Year	Baht
1	65,700,000.00
2	66,700,000.00
3	67,100,000.00
4	67,100,000.00 (In case of renewal)

Bank guarantees for the minimum income

- 1) Trinity Assets Company Limited has arranged to have a bank guarantee as collateral in order to guarantee a minimum income (1<sup>st</sup> Capital increase) according to the undertaking agreement dated 27 August 2013, were summarized as follows:



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No.	Guarantee	Baht
1	Year 1	63,200,000.00
2	Year 2	65,200,000.00
3	Year 3	66,600,000.00
4	Year 4	69,930,000.00 (In case of renewal)

- 2) Trinity Assets Company Limited has arranged to have a bank guarantee as collateral in order to guarantee a minimum income according to the undertaking agreement dated 24 February 2011, were summarized as follow:

No.	Guarantee Year	Baht
1	Year 1 - 4	65,700,000.00
2	Year 2 - 4	1,000,000.00
3	Year 3 - 4	400,000.00

- During the year 2015, two lessees and the guarantor defaulted the lease agreement and defaulted the rental payment. Therefore, the Management Company issued letters to terminate the lease agreements including the enforcement on the security under the lease agreements from bank. However, the Fund fully recognized doubtful debts expense from related accounts relating to the lease agreement in the statement of income as follows:

<u>Account</u>	<u>Million Baht</u>
Rental income receivables	122.94
Account receivables from guarantees of income	14.99
Accrued fine from delay payments	6.30
Total	144.23

- The unitholders' meetings held on 17 February 2015 and 17 December 2015 passed the resolutions in summary as follows:
1. The appointment of Evergreen Place Co., Ltd. as the new lessee in part of Glow Trinity Silom Hotel Building.
  2. The change of form of exploitation from the Fund's properties in part of Condominium in the shopping mall and the Glow Trinity Silom Arcade by hiring a property management.

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However, on the approval for amending the Project require the majority votes from the number of total investment units of the Fund having been already sold. As the total Unitholders attending investment units accounting for 22.8719% of total investment units of the Fund having been already sold, accordingly, the Project cannot be amended as proposed. Therefore, in order that the Fund's operations will be according to the conditions of the Fund's Project, the Management Company will further seek for the approval of the SEC for the Project's amendment.

During 2016, this project is still on-going for amending and there is not any changes or updated.

- On 12 June 2015, Trinity Assets Company Limited sent the letter to the Management Company requested to make the payment for the application for the hotel business license in the amount of Baht 10.84 million and the expenses incurred due to the hotel business operating license including the use of parking space for 12 cars, at the Trinity Complex Building for the period of 60 years .This was to comply with the terms of the hotel business license application and Or.5 form in the amount of Baht 34.56 million. However, The Fund sent the letter dated 22 June 2015 re: expense reimbursement to the lessees requesting additional document and information for further consideration. Currently, the Fund has not yet received such document. Therefore, the Fund has not recorded such expenses in the financial statements for the year 2016 and 2015.
- During the year 2015, the Fund issued letters to terminate all of the lease agreements and notice the lessees to deliver the leased property to the Fund as follows:-

<u>No.</u>	<u>The Lessee</u>	<u>Assets for rent</u>	<u>Date of terminate</u>
1	Trinity at Silom Company Limited	Land and building of Glow Trinity Silom Building included public utility system, furniture, fixtures and equipment	13 August 2015
2	Silomall Company Limited	Commercial units included public utility system, furniture, fixtures and equipment of Trinity Complex Building	29 October 2015
3	Trinity at Silom Company Limited	Land and building of Tritip 2 Building, included furniture, fixtures and equipment	21 November 2015
4	Silomall Company Limited	Condominium units of the Trinity Mall 3 and commercial area of Tritip 2 Building	21 November 2015



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Currently, the lessees did not deliver the leased property to the Fund. As a result, the Fund filed the litigation (see Note 15). The Fund has stopped accruing rental income and other income associated as from the termination of the Lease Agreements.

**10. DISTRIBUTION TO UNITHOLDERS**

During the year ended 31 December 2015, the Fund paid total dividend to unitholders on 10 February 2015 at the rate of Baht 0.1350 per unit totaling of Baht 19.77 million (2016 : Nil).

**11. INVESTMENT TRADING INFORMATION**

The Fund had investment trading transactions for the years ended 31 December 2015, excluding cash at bank and promissory notes, amounting to 15.98 Baht which is equivalent to 1.18 per cent of the average net asset value during the year (2016 : Nil).

**12. COMMITMENTS**

The Fund is obliged to pay management fee, trustee fee, the registrar fee and other expenses under the agreements and/or the prospectus.

**13. SEGMENT INFORMATION**

The Fund has operated under one geographical activity for segment information which are rental of properties in Thailand. Therefore, income, gains and assets shown in the financial statement are related to the mentioned business sector and geographical area.



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**14. DISCLOSURE OF FINANCIAL INSTRUMENTS**

The Fund does not speculate or engage in the trading of any derivative financial instruments.

● **Fair Value**

- As the majority of financial assets and liabilities are short-term; therefore the Fund believes that the carrying values of assets and liabilities do not differ materially from their fair values, excepted as mentioned in Note 4.
- The Fund uses the market value approach to measure its assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except that the cost approach or income approach is used when there is no active market or when a quoted market price is not available.
- In applying the above-mentioned valuation techniques, the Fund endeavors to use relevant observable inputs as much as possible in accordance with fair value hierarchy.

As of 31 December 2016, the Fund had the assets and liabilities that were measured at fair value using different levels of inputs as follows :-

	Level 1	Level 2	Level 3	Total
Investment in properties	-	-	948,000,000.00	948,000,000.00
Total	-	-	948,000,000.00	948,000,000.00

As of 31 December 2015, the Fund had the assets and liabilities that were measured at fair value using different levels of inputs as follows :-

	Level 1	Level 2	Level 3	Total
Investment in properties	-	-	720,000,000.00	720,000,000.00
Total	-	-	720,000,000.00	720,000,000.00

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**Valuation techniques and inputs of Level 3 valuation:-**

● **Level 3**

The effect of fair value measurements using significant unobservable inputs (level 3) are as follow:-

<b>Investment in properties</b>	<b>2016</b>	<b>2015</b>
Beginning balance as of 1 January	720,000,000.00	1,383,000,000.00
Net unrealized gain (loss) during the year	228,000,000.00	(663,000,000.00)
Ending balance as of 31 December	948,000,000.00	720,000,000.00

As of 31 December 2016 and 2015, the fair value assessment of the investment in properties in level 3 was calculated by the Fund's Manager (See Note 4.).

The sensitivity analysis for significant assumptions used in investment in properties valuation can be analyzed as follow:-

	<b>Change in assumption</b>	<b>Change in fair value increase (decrease)</b>	
		<b>31/12/2016</b>	<b>31/12/2015</b>
Discount rate	Increase 1%	(50,000,000.00)	(30,000,000.00)
Discount rate	Decrease 1%	60,000,000.00	30,000,000.00
Capitalization rate	Increase 1%	(34,000,000.00)	(30,000,000.00)
Capitalization rate	Decrease 1%	43,000,000.00	20,000,000.00

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

● **Interest rate risk**

Interest rate risk represents risk from investment in debt instruments and bank deposits. However, since the Fund's assets and liabilities are subject to interest rate close to current market rate; therefore, risk from interest rate is minimum.

● **Credit risk**

The Fund is exposed to 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 the accounts receivable as it has only two lessees. The carrying amount of financial assets as recorded in balance sheet represents the Fund's maximum exposure to credit risk.



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- **Foreign currency risk**

The Fund has no financial assets and liabilities in foreign currency. Hence there is no foreign currency risk.

- **Market risk**

The Fund is exposed to risks as a result of during the year 2015, the Fund terminated all of the lease agreements and the pending amendment, of the Project to seek new lessee (see Note 9).

**15. LAWSUIT**

- 1.) On 6 August 2015, two lessees and the guarantor filed the lawsuit against the Fund to claim for damages in the amount of Baht 48.89 million.
- 2.) On 4 September 2015, the Fund filed the lawsuit against the Krung Thai Bank Public Company Limited who issued bank guarantees to claim for damages in the amount of Baht 52.47 million.
- 3.) On 20 January 2016, the Fund filed the lawsuit against the Trinity at Silom Company Limited and Trinity Assets Company Limited to claim the unpaid, penalties for late payment, damages, delivery and remove from assets and guarantees in the amount of Baht 122.84 million.
- 4.) On 3 February 2016, the Fund filed the lawsuit against the Silomall Company Limited to claim the unpaid, penalties for late payment, damages, delivery and remove from assets in the amount of Baht 20.37 million.

Later, on 15 June 2016, the Court has already combined the above-mentioned four lawsuits. The Court of First Instance made the appointment to take evidence of both parties of the cases on 24, 25, 29 and 30 November 2016, respectively.

Then, on 20 January 2017, the Court of First Instance passed the judgment to dismiss the plaint, undecided case No. 1.). With regard to the cases, undecided case No. 2.), 3.) and 4.), the Court passed the judgment that Trinity at Silom Co., Ltd. and Silomall Co., Ltd., being lessees, to evict from the properties in dispute and to deliver the hotel license of Glow Trinity Silom Arcade and to pay the unpaid rental, the penalty and damages including the interest to the Fund. The Court also ordered Krungthai Bank PCL to pay money according to the Bank's letter of guarantee. The Court dismissed the Fund's plaint in connection with Trinity Assets Co., Ltd. which is the guarantor of minimum revenue. However, with regard to the above-mentioned four lawsuits, Trinity Assets Co., Ltd., Trinity at Silom Co.,Ltd. and Silomall Co., Ltd. and Krungthai Bank PCL still have the right to file the appeal against the Court of First Instance's judgment.



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However, the four parties may appeal to the court. As of the date of this report the Court may extend the appealing period, therefore, the case has not yet been finalized.

- 5.) On 25 March 2016, the Fund filed the lawsuit against the Trinity at Silom Company Limited , Silomall Company Limited, Trinity Assets Company Limited and Krung Thai Bank Public Company Limited to claim the unpaid, penalties for late payment, damages, delivery and remove from assets and guarantees in the amount of Baht 164.97 million. The Court of First Instance made the appointment for taking the evidence of both parties of the case on 25 and 26 October 2016, respectively.

Later, on 20 January 2017, the Court of First Instance passed the judgment that Trinity at Silom Co., Ltd. and Silomall Co., Ltd., as the lessees, to evict from the properties in dispute and to pay the unpaid rental, penalty, damages and the interest, and Trinity Assets Co., Ltd. and Krungthai Bank PCL shall jointly or severally be liable to pay the guaranteed minimum revenue including the interest to the Fund. However, with regard to this case, the Defendants is entitled to the appeal against the Court of First Instance's judgment. However, the defendants may appeal to the court. As of the date of this report the Court may extend the appealing period, therefore, the case has not yet been finalized.

- 6.) On 15 January 2016, Mrs. Weena Cherdboonchart and Trinity Asset Co., Ltd. as the Fund's unitholders (collectively referred to as "Petitioners"), had filed the request to Southern Bangkok Civil Court, asking the Court to revoke the resolutions of Unitholders' Meeting, No.1/2558, held on 17 December 2015. In this case, the Fund ("Respondent") submitted the statement of objection against the request to revoke the resolutions of Unitholders' Meeting on 13 May 2016. The Court made an appointment to take evidence on 13 July 2016 and on 26 August 2016, the Court issued the order to dismiss the Request of the Petitioners.

Later, on 25 November 2016, the Petitioners filed the appeal against the Court of First Instance's judgment to the Court but the Petitioners did not pay the Court's fee for the appeal. Then, on 29 November 2016, the Court issued the order to refuse the Petitioner's appeal and the certificate of final judgment, dated 28 December 2016, has been issued.

- 7.) On 19 February 2016, Trinity Asset Co., Ltd., Trinity At Silom Co.,Ltd. and Silomall Co., Ltd. ("Plaintiff") as the contractual party, the Lessee of Trithip Building 2 and the Lessee of Commercial Space, respectively, has filed the lawsuit against the Fund to the Southern Bangkok Civil Court, asking the Court to order the Fund not to exercise the right of claim under the Bank's Letter of Guarantee, and to pay money together with the interest for various expenses which both Lessees asserted that they had paid for the Fund's benefit, for instance, the expense on the



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installation of electricity meter of Trithip Building 2, the expense on the hire of contractor to improve the air-conditioning system of the expanded Commercial Space of the Mall 3, the expense on the replacement of the door safety equipment of Trithip Building 2 and the expense on the replacement of the equipment of damaged automatic door in the Mall 3's Commercial Space, totaling Baht 0.89 million. The Court of First Instance made an appointment for taking the witnesses of both case parties on 19, 20 and 21 October 2016, respectively.

Later, on 28 November 2016, the Court of First Instance passed the judgment to dismiss the plaint. However, in this case, the Plaintiff filed the Request to extend the period of time for filing the appeal against the Court of First Instance's judgment. However, the plaintiff may appeal to the court. As of the date of this report the Court may extend the appealing period, therefore, the case has not yet been finalized.

At present, the Asset Management Company is further negotiating with the former lessees for the proposal which will benefit to the Fund and the unitholders. Then, the proposal will be presented for the unitholders' consideration.

**16. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements have been approved for issuance by the authorized persons of the Fund on 21 April 2017.



## Appendix 2

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

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January 17, 2017

### THE SUPERVISOR GRANT APPROVAL

To : Unitholders  
Trinity Property Fund

TMB Bank Public Company Limited, as the mutual fund supervisor of the Trinity Property Fund, has performed our duties in such mutual fund project, administered and managed by CIMB Principal Asset Management, from the period between January 1, 2016 to December 31, 2016

In our opinion, we are pleased to confirm that CIMB Principal Asset Management, has managed the mutual fund strictly in accordance with the approved mutual fund project prospectus and the commitment made to the unitholders under The Securities and Exchange Act, BE 2535



Vunvipa Kusakul  
Fund Supervisory  
TMB Bank Public Co., Ltd.