

Annual Report 2017

TRINITY FREEHOLD AND LEASEHOLD PROPERTY FUND

For the period of January 1, 2017 to December 31, 2017

Message from the Management Company

Dear All Unitholders,

CIMB-Principal Asset Mangment Company would like to present the 2017 Annual Raport of Trinity Freehold and Leasehold Propoerty Fund for the period of January 1, 2017 to December 31, 2017 to the Unitholdres.

For last year performance, as of December 31, 2017, Net Asset Value of the Fund is 1,031.09 Million Baht which means Net Asset Value per unit as 7.0413 Baht. The value increased from 949.76 Million Baht or 6.4859 Baht per unit of 2016 due to the increase of the net asset value.

During January 1, 2017 to December 31, 2017, The Fund had no income from rental fee due to the legal disputes and lawsuits against the former Lessee since 2015. The interest and other receivings of 3,548.70 Baht; and the total expense 11.68 Million Baht turned the Net loss of the Fund's investment to 11.67 Million Baht. However, the Fund's unrealized profit from the value of the real property or the increase from net appraisal value of the real property of 93.0 Million Baht turned net asset value of the Fund as of December 31, 2017 to be 1,031.09 Million Baht. This was increased from 946.76 Million Baht due to the increase 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, on 19 February 2017, has summarized Thai Economic Performance that in the 4th quarter of 2017 the Thai economy expanded by 4.0% continuing from 4.3% in the previous quarter.

The Thai economy in 2017 grew by 3.9%, improving from 3.3% in 2016. Export Value grew by 9.7% while private consumption, and total investment increased by 3.2% and 0.9%, respectively. The headline inflation averaged 0.7% and the current account remained in a surplus of 10.8% to GDP.

Manufacturing sector favorably expanded in line with the acceleration of the export-oriented industries. In the 4th quarter of 2017, manufacturing sector expanded by 3.0%, along with the 2.1% expansion of Manufacturing Production Index. Manufacturing Index of the export-oriented industries, with export share of more than 60% to total production, increased by 3.1% improved from 0.1 % decrease in the previous quarter, in tandem with the acceleration of 31.8% and 5.6% growth in rubber and furniture production.

The Thai Economy in 2018 tends to grow well at a faster pace than 2017, supported by the acceleration of the global economic growth which will accelerate the manufacturing production to increasingly contribute to the overall economic expansion; the improvement of government expenditure and the acceleration of public investment; the more recovery of the private investment; the remained favorable expansion of key growth-contributing sectors in 2017; and the improvement in employment and household income condition. Nevertheless, the growth contribution from the agriculture sector tends to soften, while there remain some risks from volatility of global economy and the financial system that could be generated by the possibility that major countries might consider normalizing their monetary policy faster and stronger compared to their economic fundamental; changes in investors' expectation towards the upturn adjustment of commodity price cycle and rising global interest rate; and the US trade policy direction, political conditions in major countries.

It is expected that the Thai economy in 2018 will expand in the range of 3.6 - 4.6%, supported by (1) the acceleration of the world economic growth; (2) the expansion of government expenditure and the acceleration of public investment as a result of rising capital budget framework and the progress of key projects; (3) the clearer private investment recovery; (4) the continual expansion of key economic sectors; and (5) the improvement of employment and household income conditions. In all, it is expected that export value of goods will expand by 6.8%. Private consumption and total investment will grow by 3.25 and 5.5%, respectively. The headline inflation is forecasted to be in the range of 0.9 – 1.9% and the current account will register a surplus of 7.8% of GDP.

The report from Toursim Market Research Center of Tourism Authority of Thailand (TAT) said that in 2015 there were about 29.9 Million international tourists and increased at the average of 8% to 32.5 Million in 2017. It is expected that in 2018 – 2019 the international tourist numbers will increase at 8.77% annually or equivalent to about 41.8 Million tourists in 2019. This continuous increasing numbers is from the stability of political situation.

However, number of tourist in Bangkok continuously slow down since 2015 – 2017 though the total international tourist in Thailand increased.

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	1,396,892,800 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 First 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^{6/10} 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 ^{4/10}	Silom Sub-district (Sathorn) Bangrak District, Bangkok
43104	544 (59)	5333	0-0-98 ^{2/10}	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^{4/10} 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
Total		5,518	100.00

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 1st 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 (1st 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 1st 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
รวม		4,598.00	100.00

Tritip 2 Building is in Soi Silom 5 area known as 'Soi LaLaiSub'. It is a serviced apartment on the 2nd to the 7th floors for businessmen and tourists, Thai and International; while on the basement and partial of the 1st 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 1st 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
Total	979.86	100.00

The Mall 3 Area is on the 1st 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, 2017)

Asset Details	Initial Investment		The First Additional 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')	Leased Right of 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	Real Estate Appraisal Co., Ltd.			
Appraised Value from the Valuation report	1,041,000,000 Baht			
Date of Appraisal	September 15, 2017			
Duration of Appraisal	No time limit due to the Fund invests in ownership			26-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, 2017 to December 31, 2017

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, 2017 to December 31, 2017

There is no selling or transferring the leasehold rights of property

Results of the operations of properties

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

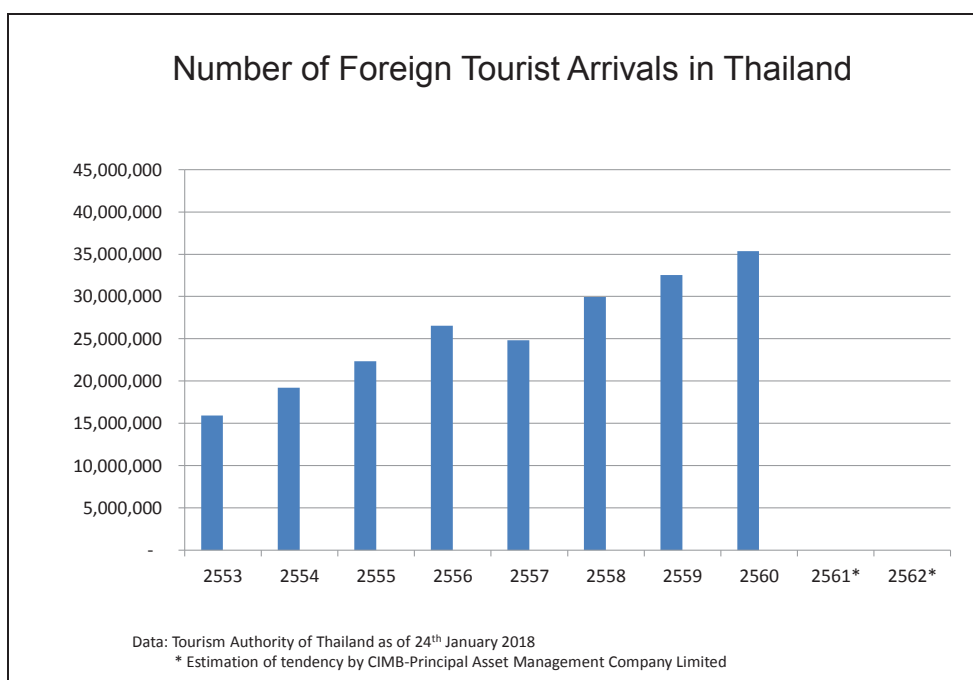
None

REAL ESTATE INDUSTRY OVERVIEW IN 2017

Market environment of hotels, serviced apartments and retail spaces in Bangkok

Overall tourism market¹

During the period of 2010-2017, the number of foreign tourist arrivals in Thailand expanded from 15.9 million to 35.3 million persons.



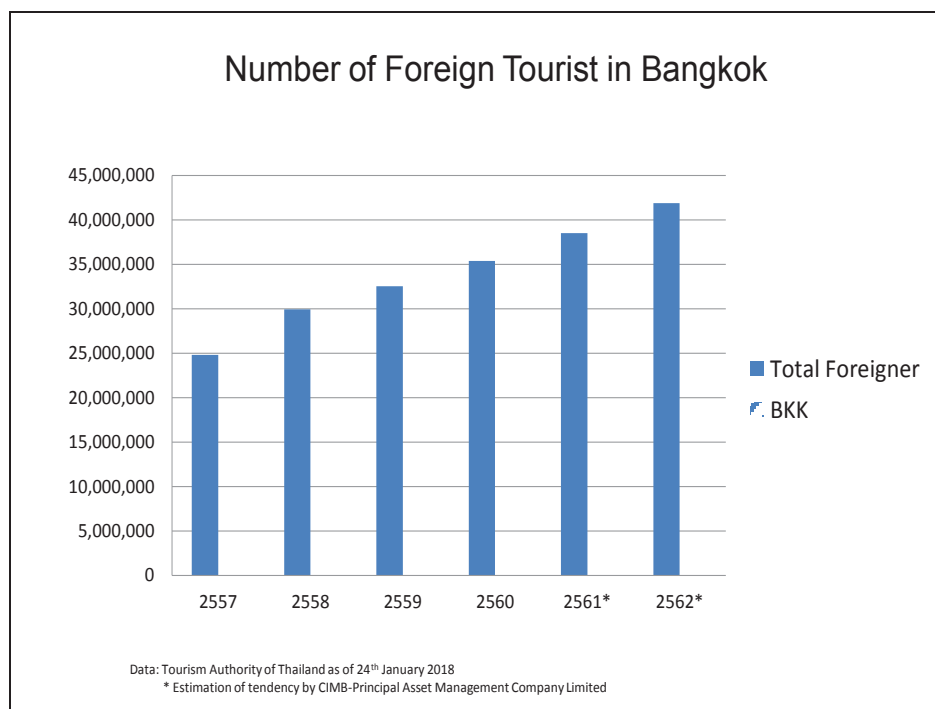
From late 2013 to the period during January to May of 2014, Thailand suffered from political demonstration in Bangkok. Hotel business in Bangkok was in severe depression. The political situation had improved since June 2014. However, the continuation of the martial law and the low season period for tourism collectively reduce the number of foreign tourist arrivals in Thailand from the previous year. Besides, many regions around the world confronted with economic crises,

¹ Source: TAT, Tourism Authority of Thailand

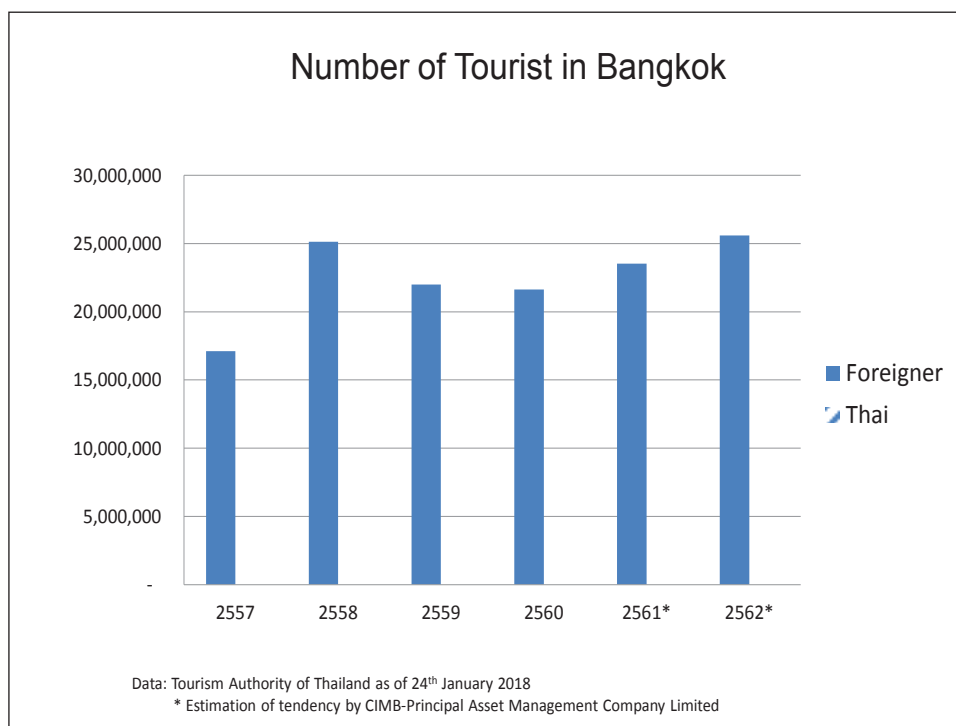
including economic tension in Eurozone and currency problem of Russian Ruble. The tourists from these groups of countries spend high budget on travel. In 2014, the number of foreign tourists decreased by 6.55 percent to 24.8 million persons.

However, overall, the tourism situation was getting better. The number of foreign tourists was approximately 29.9 million persons in 2015 and the number expanded to 32.5 million persons in 2016 and 35.3 million persons in 2017, which expanded by 8 percent on average. It is expected that in 2018-2019, the number of foreign tourists will expand by 8.77 percent per annum on average and the number of foreign tourists is expected to reach approximately 41.8 million persons in 2019. This illustrates the continued growth in number of tourists in Thailand after the end of political demonstration.

However, according to the trend of foreign tourist arrivals in Thailand, even though the number of foreign tourist arrivals in Thailand has increased, the number of foreign arrivals in Bangkok have decreased since 2016-2017.



The average portion of foreign tourists in Bangkok ranges between 60-65 percent of total number of foreign tourist arrivals in Thailand. Expectedly, the number of foreign tourists in Bangkok in 2017 will be around 21.6 million persons and will expand to approximately 25.5 million persons in 2019.



During 2014-2017, the number of Thai tourists had expanded by approximately 20.43 percent, on average, or increased from 8.6 million persons to 10.3 million persons. It is expected that the number of Thai tourists will increase to 11.8 million persons in 2019.



During the period of 2014-2017, the number of tourists lodging in hotels located in Bangkok increased from 15.7 million persons to 26.4 million persons. It is expected that the number will keep growing constantly to approximately 40 million persons in 2019.

Overall hotel market

The Tourism Authority of Thailand categorizes hotel accommodation into 5 groups by price range as follows:

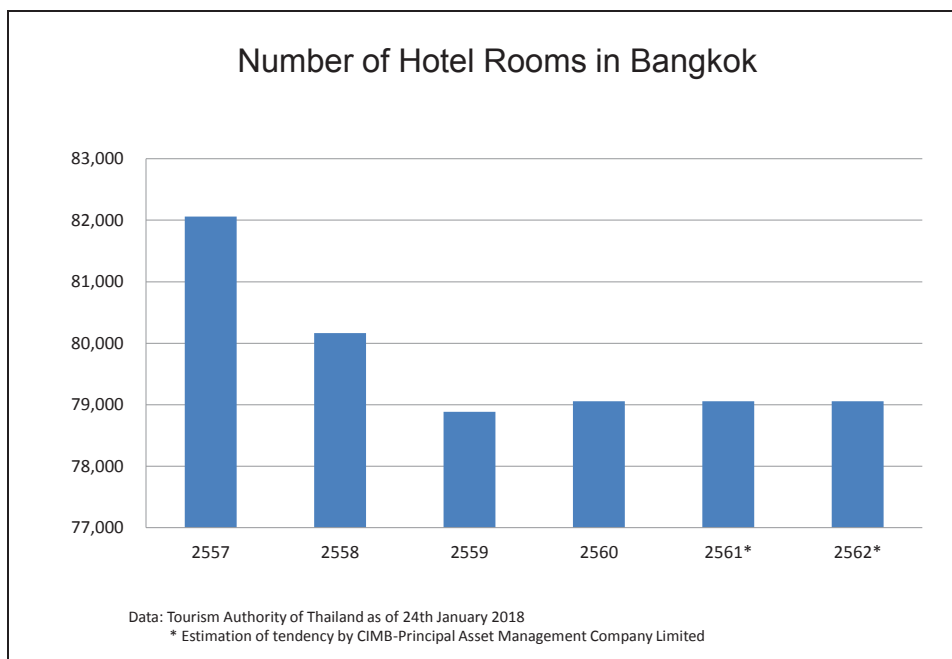
Group 1: Average room rate is more than Baht 2,500.

Group 2: Average room rate ranges between Baht 1,500 to Baht 2,499.

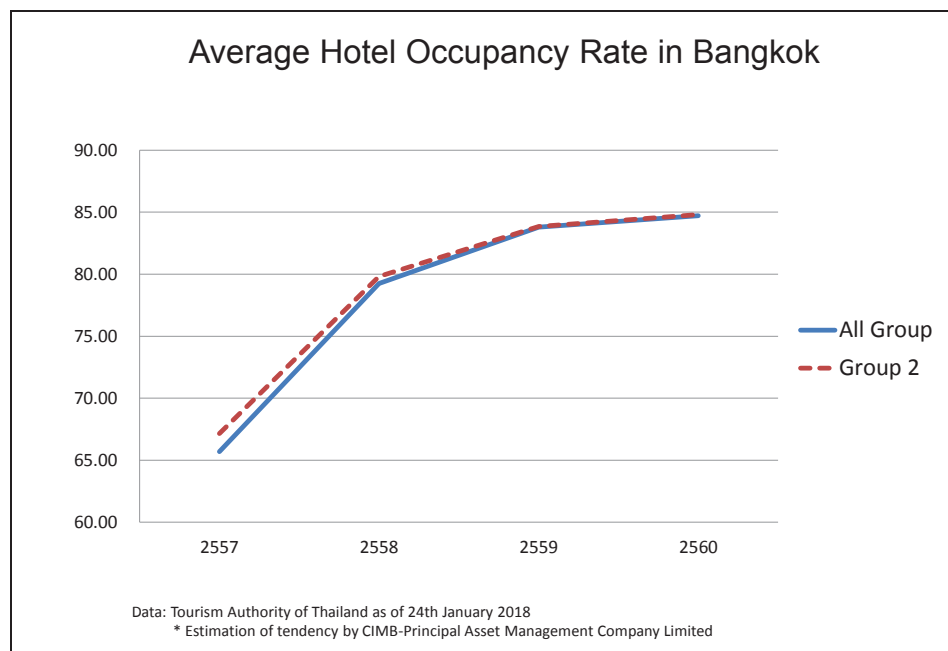
Group 3: Average room rate ranges between Baht 1,000 to Baht 1,499.

Group 4: Average room rate ranges between Baht 500 to Baht 999.

Group 5: Average room rate is less than Baht 500.



The total number of hotel rooms in all groups at the end of 2017 was 79,055 rooms. Group 1 comprised of 32,371 rooms or equaled to 40.95 percent. Group 2 comprised of 15,705 rooms or equaled to 19.87 percent. Group 3 comprised of 12,128 rooms or equaled to 15.34 percent. Group 4 comprised of 10,771 rooms or equaled to 13.62 percent. Group 5 comprised of 3,394 rooms or equaled to 4.29 percent. Finally, guest house comprised of 4,686 rooms.



Hotel occupancy rate (of all groups) in 2017 was approximately 85 percent on average. The number slightly increased from approximately 84 percent in 2016.

With respect to the hotel occupancy rate in Group 2, the group of hotels being in the same tier as that of the assets of the Fund, the occupancy rate of Group 2 followed the same direction and trend. The occupancy rate of Group 2 increased from 84 percent in 2016 to 85 percent at the end of 2017.

The improvement in hotel occupancy rate in the first month of 2017 was supported by 2 key factors, i.e. the reduction in the number of hotel rooms and the more intense market competition. Many hotels cut the room rates to induce occupancy in order to maintain their customer base, as can be seen from the hotel occupancy rate of Group 2 which was the most similar to the overall average hotel occupancy rate.

Therefore, even though the trend in tourism and the number of tourists in Bangkok has recovered, such recovery will be slow and gradual. This will leave the hotel market in Bangkok with high competitive environment, which will slightly lower the number of rooms in Bangkok.

Overall serviced apartment market in Bangkok

According to the report on real estate market analysis of CBRE Co., Ltd., a real estate consulting firm, it was specified in the report on real estate market analysis of the 3rd quarter of 2017 that, the total current supply of serviced apartments was approximately 16,478 units which increased by 4.4 percent in comparison with the same period of the previous year.

The average occupancy rate was stable at the rate of approximately 82.2 percent and the growth rate increased. The increased number of tourists of 32 million persons helped stimulate the daily room rate and the overall occupancy rate.

The Long-term rental rate of foreigner working in Thailand increased by 10.5 percent in comparison with the same period of the previous year and, in case of the building that operated as hotel, the rate may be increasing. However, the high competition will be an important factor which prevents the rental from significantly increased.

Overall market of retail space business

CBRE Co., Ltd., a real estate consulting firm, specified in the report on real estate market analysis for the 3rd quarter of 2017 that the total supply of retail spaces in Bangkok was approximately 7.37 million square meters, increasing by 0.14 percent in comparison with the previous quarter or by 2.31 percent in comparison with the same period of the previous year. The supply of retail spaces in Bangkok in the 3rd quarter of 2017 merely increased by the addition of 10,000 square meters from 3 new retail spaces. Such rate was lower than the quarterly average rate during the past 2 years whereby 90,000 square meters of retail spaces were added.

The overall occupancy rate was approximately 92.7 percent, decreasing by 0.01 percent in comparison with the previous quarter. The main reason was renovation of large shopping mall e.g. Central World, Central Rama III and Kings Power Complex.

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 deterrirated 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 insolvent 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 significatly 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 entrepreneurs 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 that 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. Vina 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 leagllly 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.

In summary, refer to the judgement of the court, The Group of Former Lessees and Krung Thai Bank Public Co., Ltd. have the following responsibility according to the trial court judgements. The total amount was calculated until December 30, 2017 with details as shown below:

Trinity at Silom Company and Silom All Co., Ltd. who are the Former Lessees: the trial court rendered the judgement, requiring them to pay the overdue rental fee at the amount of 152,608,060.34 Baht together with the interest at the rate of 7.5% per year; the fines of 500,000 Baht together with the interest rate of 7.5% per year; damage charge of 6,512,133.00 Baht together with the interest rate of 7.5% per year; and the monthly damage charge.

Trinity Assets Co., Ltd., the insurer of the minimum income, and Krung Thai Bank Public Co., Ltd., the guarantor under the bank guarantee: the trial court rendered the judgement, requiring both to jointly make a payment at the amount of 50,466,434.23 Baht, together with the interest at the rate of 7.5% per year, for the case concerning the assets of the first investment of the Fund. Moreover, Krung Thai Bank Public Co., Ltd. was required to make a payment, in case the Former Lessees do not make a payment as per the judgement of the case concerning the assets of the first additional investment of the Fund at the amount of not exceeding 65,790,683.00 Baht, together with the interest at the rate of 7.5% per year.

Details of each case are shown below:

Case Number	Details	Court Judgement	Case Status
<p>The Civil Black Case No. Por. 93/2560 15 January 2017</p>	<p>Mrs. Vina Cherdboonyachart and Trinity Assets Co., Ltd. ("Claimant") filed a motion to revoke the resolutions of the Unitholders' Meeting No. 2/2558 on December 17th, 2015</p>	<p>On August 26th, 2017, the Court issued an order to dismiss the motion of the claimants.</p>	<p>The case has become final.</p> <p>On November 25th, 2017 the Claimants filed an appeal against the trial court judgement but did not deposit the court fees together with such appeal.</p> <p>On November 29th, 2017, the Court issued an order to reject the appeal of the claimants and issued a certificate of final judgement dated 28 December 2017.</p>
<p>The Civil Black Case No. Por. 341/2560 19 February 2017</p>	<p>The Group of Former Lessees filed a complaint for the Fund to refrain from exercising its right of claim under the bank guarantee and to make a payment, together with the interest, for the expenses that were advanced by both lessees for the benefit of the Fund, in the total amount of Baht 891,584.32</p>	<p>On November 28th, 2017, the trial court rendered a judgement to dismiss the complaint.</p> <p>On December 20th, 2017, the trial court pronounced the judgement of the Court of Appeals with overturned the trial court's judgement and require the defendant to make a payment in the</p>	<p>The case is still pending.</p> <p>On March 20th, 2017, the Plaintiffs filed an appeal against such judgement.</p> <p>On December 20th, 2017 the trial court pronounced the judgement of the Court of Appeals.</p>

Case Number	Details	Court Judgement	Case Status
		<p>amount of Baht 42,800 to the 2nd plaintiff and to make a payment in the amount Baht 66,286.50 to the 3rd plaintiff, together with the interest of such principals at the rate of 7.5% per year from the date which the complaint was filed (19 February 2017) until full payment is made.</p> <p>The other part of the judgement remains the same as trial court's judgement.</p> <p>Each party to bear its own fee for the appeal.</p>	<p>On January 16th, 2018, the Fund filed a motion for extension of time to file a motion for filing an appeal to the Supreme Court, together with the appeal to the Supreme Court. The Court allowed an extension of time until February 20th, 2018.</p>
<p>The Civil Black Case No.Por. 625/2560</p> <p>25 March 2017</p>	<p>The Fund was a plaintiff filing a complaint for the Group of Former Lessees and for Krung Thai Bank Public Company Limited to leave the leased premises and to pay overdue rental, damages, fines, and the insured amount for minimum income, to make a payment under the bank guarantee and interest in the total amount of Baht 164,967,883.</p>	<p>On January 20th, 2017, the trial court rendered a judgement requiring both lessees to leave the premises in dispute and to pay overdue rental in the total amount of Baht 60,789,041.04 and fines and damages in the amount of Baht 2,500,000; together with the interest at the rate of 7.5% per year of such two principals and the monthly damages and requiring Trinity Assets Company Limited and Krung Thai Bank Public</p>	<p>The case is still pending.</p> <p>On May 19th, 2017, the Fund filed an appeal against the court judgement with respect to the part that did not require the defendants to be jointly or severally liable to the full amount as per the Fund's requests in the complaint.</p> <p>On April 20th, 2017, the Court issued an order to dismiss the</p>

Case Number	Details	Court Judgement	Case Status
		Company Limited to be jointly liable to the insured amount for minimum income, in the total amount of Baht 65,790,683, together with the interest at the rate of 7.5% per year.	<p>motion for extension of time to file an appeal (3rd time) of Krung Thai Bank Public Company Limited. Therefore, it is deemed that an appeal was not filed on time.</p> <p>On June 27th, 2017 the Group of Former Lessees filed appeal against the trial court judgement.</p> <p>Currently, the case is under the consideration of the Court of Appeals.</p>
<p>The Civil Black Case No. Por. 1806/2558</p> <p>6 August 2015</p>	In the Civil Black Case No. Por. 1806/2558, the Group of Former Lessees filed a complaint against the Fund, by requesting the Court to order the Fund to refrain from exercising its right of claim under the bank guarantee and to make a payment, together with interest, for the expenses that were advanced by both lessees and their affiliates for the benefit of the Fund,	On January 20 th , 2017, the trial court rendered a judgement to dismiss the Civil Black Case No. Por. 1806/2558	<p>The cases are still pending.</p> <p>On May 2nd, 2017, the Court issued a writ of appointment of an executing officer to enforce the judgements against the Former Lessees and Krung Thai Bank Public Company Limited, as requested by the Fund.</p> <p>The Group of Former Lessees filed an appeal against the trial Court's judgement, on</p>

Case Number	Details	Court Judgement	Case Status
<p>The Civil Black Case No. Por. 2091/2558</p> <p>4 September 2015</p>	<p>in the total amount of Baht 48,888,618.82 บาท</p> <p>In the Civil Black Case No. Por. 2091/2558, the Fund filed a complaint against Krung Thai Bank Public Company Limited, by requesting the Court to order the defendant to make a payment under the bank guarantee, together with uninterest, in the total amount of Baht 52,467,809.49.</p>	<p>With respect to the Civil Black Case No. Por. 2091/2558, the trial court rendered the judgement, requiring Krung Thai Bank Public Company Limited to make apayment to the Fund, in case the Former Lessees do not make a payment as per the judgement, in the amount of not exceeding Baht 50,466,434.23, together with the interest at the rate of 7.5% per year.</p>	<p>August 11th, 2017.</p> <p>With respect to Krung Thai Bank Public Company Limited, the court issued an order to dismiss the motion for extension of time to file an appeal against the trial court judgement (7th time), on August 11th, 2017. Krung Thai Bank Public Company Limited is in process of appealing against such dismiss order.</p> <p>The Fund filed an appeal against the trial court judgement on the issues that the court judgement did not fully granted all demands in the complaint, on August 4th, 2017.</p> <p>Currently, the case is under the consideration of the Court of Appeals.</p>
<p>The Civil Black Case No. Por. 121/2560</p> <p>20 January 2017</p>	<p>In the Civil Black Case No. Por.121/2560, the Fund filed a complaint against Trinity at Silom Company Limited and Trinity Assets Company Limited, by requesting the Court to order the defendants to leave the leased premises, to deliver the hotel business license of Glow Trinity Hotel and to pay overdue rental, damages, fines, the</p>	<p>The Civil Black Case No. Por. 121/2560 and the Civil Black Case No. Por. 217/2560, the Court ordered both Lessees to leave the premises in dispute, to transfer the hotel business license and pay overdue rental in the total amount of Baht 91,819,019.30, together with the interest at the rate of 7.5% per year and monthly damages in the amount of Baht 4,512,133.00</p>	<p>Currently, the case is under the consideration of the Court of Appeals.</p>

Case Number	Details	Court Judgement	Case Status
<p>The Civil Black Case No. Por. 217/2560</p> <p>3 January 2017</p> <p><u>On June 15th, 2017, the four cases above were consolidated by the Court.</u></p>	<p>insured amount for minimum income and interest in the total amount of Baht 122,837,315.</p> <p>In the Civil Black Case No. Por. 217/2560, the Fund filed a complaint against Silom All Company Limited, by requesting the Court to order the defendant to leave the leased premises and to pay overdue rental, damages, fines and interest in the total amount of Baht 20,374,175.07</p>	<p>per month and the Court issued an order to dismiss the complaint against Trinity Assets Company Limited, an insurer of the minimum income.</p>	

OTHER IMPORTANT INFORMATION

Cancellation of Exemption on Value Added Tax (VAT), Specific Business Tax and Duty Stamp for Property Fund

On May 24, 2017 there was the announcement of the 3 Royal Decree under the Revenue Code regarding Exemption of Value Added Tax (No. 608) in the Year 2016; the Revenue Code on Definition of Business under the Exemption of Specific Business Tax (No. 609) in the Year 2016; and the Revenue Code on Definition of Business under the Exemption of Revenue Tax (No. 610) in the Year 2016, that the Cancellation of the Exemption on Value Added Tax (VAT) for trading and service business; Specific Business Tax for Banking and Real Estate businesses; and Duty Stamp for Property Fund (Type 1), Financial Institute Problem Solution Property Fund (Type 2, 3), Financial Institute Problem Solution for claims the rights Property Fund (Type 4), set up under the Securities and Exchange Acts would be effective from May 24, 2017.

Thus, by this law, effective from May 24, 2017 it is the duty of the Fund to pay VAT, Specific Business Tax and Duty Stamp. The Fund has already completed the VAT registration since May 24, 2015.

Impact to the Fund

Formerly, it was the Fund's responsibility to pay Value Added Tax (VAT) on every purchase or for any service (both VAT included, and serviced charge excluded on purchase) as a purchase tax. On contrary, the Fund could not claim any VAT from asset selling or serviced charge from any service of the Fund as selling tax, so the Fund could not make any deduction on the purchase tax. After Business VAT Operator registration, the purchase tax of the Fund could be set off with the selling tax and this will lessen the Fund's VAT.

Regarding the Specific Business Tax, since the first day of the law enforcement it is the duty of the Fund to pay in case that the Fund sells the asset before the 5-year period of possession.

However, the current possession period is about 6 years, so there is no impact to the Fund from the change of law.

For the Duty Stamp issue, the Fund was exempted for all contracts and bonds transactions. After the change of law, the Fund must pay duty stamps for contracts and bonds same as other juristic persons. The duty stamp rate depends on type and value of each contract and bonds.

Proposal for Legal Disputes Settlement

On September 19, 2017, the Former 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.

During the disputes and the above court proceedings, the Management Company has tried to find a way to settle the disputes by negotiating with the Group of Former Lessees on several occasions and finally conclude the finalized proposal of the Group of Former Lessees are as follows:

1. Proposal for remission of debts by the payment for settlement of all disputes in the amount of 97 Million Baht and the return of assets to the Fund.
2. Proposal for the Management Company to seek a new lessee of assets of the Fund.
3. Proposal for being temporary lessees of assets for a period of 12 months at the rental rate of 4 Million Baht per month, which is the net rental.
4. Proposal for the settlement of all existing disputes by the execution of a settlement agreement in court.

Change of Major Unitholders

Significant Change of investment units holding proportion of the Major Unitholders in 2017 is as below:

Base on Closing Date of Unitholders' Registra as of June 30, 2017

Unitholders	No. of Investment units (Units)	%
1. Ton Terng Solar Co., Ltd.	45,500,000	31.07
2. Mr. Dejchpong Kamchanalak	4,718,000	3.22
3. Miss Janpen Cheeranon	3,260,870	2.23

On December 6th, 2017, the Management Company has received a copy of the letter of Mrs. Vina Cherdboonyachart and Trinity Assets Co., Ltd., jointly informing the Office of the S.E.C. that the relevant investment unit Sell and Purchase Agreements has been cancellation, the ownership of 45,500,000 investment units of the Fund has been returned and all payment made by Ton Terng Solar Co., Ltd. has been full refunded. The Management Company has verified and found that Ton Terng Solar Co., Ltd. has already transferred 45,500,000 investment units of the Fund to Mrs. Weena Cherdboonyachart; and Ton Terng Solar Co., Ltd. is no longer the Fund's unitholder.

Unitholders exercised the right to request the Management Company to convene the Unitholders' Meeting

The Management Company has called for the Unitholders' Meeting No. 1/2017 to be held on July 27th, 2017 per the request of Ton Terng Solar Co., Ltd., whose name appear in the Fund's Unitholders registration as a unitholder holding more than 10% of all issued investment units of the Fund (according to the information of unitholders as of June 30th, 2017).

Later, on July 21st, 2017 the Office of S.E.C. requested the Management Company in writing to further verify the right and special benefit in voting of Ton Terng Solar Co., Ltd. Therefore, The Management Company notified an indefinite postponement of the Unitholders' Meeting No. 1/2017; and the cancellation of the right to attend such meeting on July 24th, 2017 in order to comply with the opinion of the Office of the S.E.C.

On December 6th, 2017, the Management Company has received a copy of the letter of Mrs. Weena Cherdboonyachart and Trinity Assets Co., Ltd., jointly informing the Office of the S.E.C. that the relevant investment unit Sell and Purchase Agreements has been cancellation, the ownership of 45,500,000 investment units of the Fund has been returned and all payment made by Ton Terng Solar Co., Ltd. has been full refunded. The Management Company has verified and found that Ton Terng Solar Co., Ltd. has already transferred 45,500,000 investment units of the Fund to Mrs. Weena Cherdboonyachart; and Ton Terng Solar Co., Ltd. is no longer the Fund's unitholder.

Then, on December 12th, 2017, Mrs. Vina Cherdboonyachart served a letter to the Management Company in exercise of the right as the Unitholder of the Fund, holding 47,284,737 investment units of 32.29% of all issued investment units of the Fund, requesting the Management Company to convene the Unitholder's Meeting for considering the proposal of disputes settlement among the Fund, Trinity at Silom Co., Ltd., Silom All Co., Ltd. and Trinity Assets Co., Ltd. ("Group of the Former Lessees"); and insisted the Management Company to call for the Unitholders' Meeting with the same agendas as shown in the invitation to Unitholders' Meeting No. 1/2017 dated July 12th, 2017. The Management Company verified the information of the investment unit holding registration of Mrs. Weena Cherdboonyachart and found that she has the right to request for the Meeting.

As per the foregoing, the Management Company convened the Unitholders' Meeting No. 1/2018 on March 2nd, 2018 to consider the proposal for the disputes settlement as requested by the unitholder.

SECTION 2

MANAGEMENT AND CORPORATE GOVERNANCE

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

Investment Unit

Capital	1,396,892,800 Baht
PAR	9.90 Baht for 71,000,000 Units
	9.20 Baht for 75,434,000 Units
Numbers of Investment units	146,434,000 Units
Type of Investment units	Name Certified
IPO Price	10.00 Baht (1 st IPO)
	9.20 Baht (1 st Additional IPO)
Registered Cap	1,396,892,800 Baht

Securities Price

Closing Price as of December 31, 2017	3.70 Baht per unit
Market Capital as of December 31, 2017	541,805,800 Baht
Volume as of December 31, 2017	7,400 Baht/day
Value of Investment as of December 31, 2017	7.0508 Baht/ unit
Net Asset Value (NAV) as of December 31, 2017	1,032,484,977.19 Baht

Information of Unitholders

Unitholders as of December 29, 2017

Top 10 Major Unitholders

No.	Major Unitholders	No. of Shares (Share)	%
1.	Dr. Vina Cherdboonyachart	47,284,737	32.29
2.	Mr. Dechpong Karnchanaluck	4,718,000	3.22
3.	Mr. Narongsak Maitreepoj	3,560,300	2.43
4.	Ms. Janpen Cheeranon	3,260,870	2.23
5.	Pra Boromthartjedi Karchchanapisek Foundation	3,043,500	2.08
6.	Mr. Yanyong Juanuwattanakul	2,174,000	1.48
7.	Industry Umnuaoychai Co., Ltd.,	2,174,000	1.48
8.	Ms. Anchana Pinitkusonjit	2,150,000	1.47
9.	Ubolratana Foundation	2,000,000	1.37
10.	Mrs. Pranee Pha-oernchoke	1,974,200	1.35

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

No.	Major Unitholder	No. of Shares (Share)	%
1.	Dr. Vina Cherdboonyachart	47,284,737	32.29

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, 16th Floor, Langsuan Road, Lumipini 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 corporative 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.	Ms. Tess Downey	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 |
| 4. | Mr. Tor Indhavivadhana | Chief Business Development 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 (Veto Rights) 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 thereof¹

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

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 defect¹

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

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. 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, 2017 to December 31, 2017

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, 2017 to December 31, 2017

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 nd 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

SECTION 3

FINANCIAL STATUS AND PERFORMANCE

IMPORTANT FINANCIAL INFORMATION

Summary of Trinity Freehold and Leasehold Property Fund

During the Period of January 1, 2017 to December 31, 2017

Summary of Net Asset Value and Value of Investment Unit as of December 31, 2017

Net Asset Value	1,031,089,930.97 Baht
No. of Investment Unit	146,434,000 Units
Value per unit	7.0413 Baht

Information regarding borrowing of the Fund as of December 31, 2017

Detail	Market Value (Baht) ^{*1}	% NAV
Domestic Securities or Assets		
Investment Unit		
Trinity Freehold and Leasehold Property Fund	1,041,000,000.00	100.96
Bank Deposit	27,302.55	0.00
Others		
Other Assets	507,029.80	0.05
Other Debts	(10,444,401.38)	(1.01)
Net Asset Value	1,031,089,930.97	100.00
Remarks:	^{*1} total market value including receivable interest	

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

Bonds	Market Value (Baht)*	% NAV
(a) Thai and Foreign Government Bonds		
- Thai Government Bonds	- None -	- None -
- Foreign Government Bonds	- None -	- None -
(b) Bonds that Bank or Credit Fancier is issuer, payer, Aval, certified or guarantor	27,302.55	0.00
(c) Investment Grade Bonds (investment grade)	- None -	- None -
(d) Under Investment Grade Bonds	1,041,000,000	100.96
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 ^{*1}
Investment Unit	Trinity Freehold and Leasehold Property Fund	-	-	N/A	1,041,000,000.00	1,041,000,000.00
Bank Deposit	TMB Bank Public Co., Ltd.	-	-	N/A	27,206.79	27,302.55
Remark: ^{*1} Market Value including Interest Receivable						

*Fund Expense**For the period of January 1, 2017 to December 31, 2017*

Fund's Direct Expenses *	Amount Unit : ,000 Baht	% of NAV
Fund Management Fee	2,472.77	0.22
Trustee Fee	238.25	0.02
Registrar Fee	589.44	0.05
Legal Consultant Fee	3,172.16	0.28
Audit Fee	1,559.22	0.14
SET Registration Fee – Annual	107.00	0.01
Appraisal Fee	321.00	0.03
Unitholder Meeting Fee	75.33	0.01
Insurance	401.61	0.03
Common Area Charge	480.00	0.04
Physical Due Diligence	1,783.30	0.15
Other expenses	477.62	0.04
Total Fee and Expenses **	11,677.70	1.02

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

TRINITY FREEHOLD AND LEASEHOLD PROPERTY FUND
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

INDEPENDENT AUDITOR'S REPORT

THE UNITHOLDERS OF TRINITY FREEHOLD AND LEASEHOLD PROPERTY FUND

Opinion

We have audited the financial statements of Trinity Freehold and Leasehold Property Fund (the Fund), which comprise the balance sheets and the details of investments as of 31 December 2017, and the statement of income, changes in net assets, cash flows and significant financial information for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of 31 December 2017, its financial performance, changes in net assets, cash flows and significant financial information for the year then ended, in accordance with Thai Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Thai Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the Federation of Accounting Professions' 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Notes 1.2, 9, and 13 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. There was unitholder's meeting on 2 March 2018 which approved the acceptance of the settlement of the outstanding debts with the Group of Former Lessee. Currently, the settlement agreement is in final process waiting finalization in the court. These factors have indicated substantial doubt regarding the ability of the Fund to continue as a going concern. The Fund's Management uses the going concern assumptions to prepare the financial statements of the Fund. Our opinion in this report is not qualified on this matter.



.../2

Other matters

The financial statement for the year ended 2016, as presented herein for comparative purposes, we expressed disclaimer of opinion, report dated 21 April 2017. We are not able to obtain appropriate and sufficient audit evidence of investment in properties amounting to Baht 948 million shown in the balance sheet as of 31 December 2016, 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 the properties in certain projects. Also, 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. In addition we were unable to satisfy ourselves using alternative procedures concerning the above investments as discussed in note to financial statement no. 4. However, in 2017, the former lessees allowed 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 including we were allowed to inspect the properties of all projects. Therefore, our opinion in the current year's financial statement was changed from the previous year.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Fund'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.

1. Litigation

As discussed in note to financial statement no. 4 and 13, 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 of Appeals has scheduled the hearing of a judgment and/or an order of the Court of Appeals and an order of the Civil Court of South Bangkok on 24 July 2018, 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, in which the Court of First Instance passed the judgment to dismiss the complaint. However, the former lessees have requested to extend the appeal period to the court. As of the date of this report the Court of Appeals has scheduled the hearing of a judgment and/or an order of the Court of Appeals and the extending of 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 no. 4 and 13.

2. Valuation of investments in properties

As discussed in Note 4 and 12 to the financial statements, the Fund has investments in land and leasehold property presented in the statement of financial position as of 31 December 2017 at fair value of Baht 1,041 million (cost Baht 1,384.38 million), representing is 99.95 per cent of total assets. The fair value was determined based on the amount assessed by an independent appraiser using the income approach valuation technique.

We considered the valuation of investment in properties a key audit matter because the investment amount is significant to the financial statements and the requirement to use the Fund Management and independent appraiser judgment in making several assumptions to determine the investment assessment value.

Therefore, our audit included the assessment the competence and independence of the independent appraiser by checking public available information. We also reviewed the calculation of the financial model, and key assumptions and other variable factors used, such as the room rates, the occupancy rates, and rental per square meter in the valuation model by comparing these assumptions with the market data of similar hotels nearby and historical occupancy information actual lease agreements and historical rental information. In addition, we obtained the reference information used for the

determination of discount and capitalization rates as well as comparing those rates to our knowledge of other funds with similar assets.

We also reviewed the disclosures of the note to the financial statements relating to the measurement of the fair value of investment properties.

Other information

The Fund's management is responsible for the other information. The other information comprises the information included in the Fund's Annual Report, but does not include the financial statements and our auditor's report thereon. We reckoned that we would receive the Annual Report after the date of our report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we have read the Fund's Annual Report and if we conclude that there is significant material misstatement of this other information, we are required to report that fact to the Fund's management to correct the misstatement.

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.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or



in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Fund's management.
- Conclude on the appropriateness of Fund's management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with Fund's management, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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
27 April 2018



TRINITY FREEHOLD AND LEASEHOLD PROPERTY FUND

BALANCE SHEETS

AS OF 31 DECEMBER 2017

		UNIT : BAHT	
ASSETS	NOTES	2017	2016
Investments at fair value			
(at cost 31 December 2017 : Baht 1,384,378,885.25)			
(at cost 31 December 2016 : Baht 1,384,378,885.25)	4, 9, 12	1,041,000,000.00	948,000,000.00
Deposit at bank	6	27,206.79	7,148,139.35
Interest receivables		95.76	7,582.46
Rental receivables - net	7	-	-
Other assets		507,029.80	359,924.91
TOTAL ASSETS		1,041,534,332.35	955,515,646.72
LIABILITIES			
Accrued expenses	9	10,443,812.61	5,610,036.92
Other liabilities		588.77	141,530.51
TOTAL LIABILITIES		10,444,401.38	5,751,567.43
NET ASSETS		1,031,089,930.97	949,764,079.29
NET ASSETS :			
Capital received from unitholders		1,396,892,800.00	1,396,892,800.00
Deficits	5	(365,802,869.03)	(447,128,720.71)
NET ASSETS		1,031,089,930.97	949,764,079.29
Net assets per unit		7.0413	6.4859
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 2017

Details of investment are classified by type of investments.

UNIT : BAHT

Type of Investments	2017			2016		
	Cost/Principal	Fair Value	Percentage of	Cost/Principal	Fair Value	Percentage of
	(Baht)	(Baht)	investment (Per cent)	(Baht)	(Baht)	investment (Per cent)
Investments in properties						
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	588,000,000.00	56.48	690,386,085.25	483,000,000.00	50.95
Land included building and commercial area with public utility system, furniture, fixtures, and equipment of Tiltip 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	453,000,000.00	43.52	693,992,800.00	465,000,000.00	49.05
Total investments in properties	1,384,378,885.25	1,041,000,000.00	100.00	1,384,378,885.25	948,000,000.00	100.00
Total investments	1,384,378,885.25	1,041,000,000.00	100.00	1,384,378,885.25	948,000,000.00	100.00

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 2017

		UNIT : BAHT	
	NOTES	2017	2016
INVESTMENT INCOME			
Rental income	9	-	-
Guarantee income	9	-	-
Interest income		3,548.70	17,318.21
Other income		-	542,557.15
TOTAL INCOME		3,548.70	559,875.36
EXPENSES			
Management fee	8, 9	2,472,772.72	2,079,093.71
Trustee fee	8	238,247.02	200,878.63
Registrar fee	8	589,446.64	589,446.64
Professional fee		1,559,220.00	624,100.00
Central service expenses	9	480,000.00	480,000.00
Legal expenses		3,172,164.15	10,495,630.58
Surveying and checking expenses of properties		1,783,300.00	-
Other operating expenses		1,382,546.49	1,059,238.05
TOTAL EXPENSES		11,677,697.02	15,528,387.61
NET INVESTMENT LOSS		(11,674,148.32)	(14,968,512.25)
NET GAIN (LOSS) ON INVESTMENTS			
Net realized gain on investments		-	-
Net unrealized gain on investments	4, 12	93,000,000.00	228,000,000.00
TOTAL NET GAIN ON INVESTMENTS		93,000,000.00	228,000,000.00
INCREASE IN NET ASSET FROM OPERATIONS		81,325,851.68	213,031,487.75

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 2017

	UNIT : BAHT	
	2017	2016
Increase (Decrease) in net assets from operations during the year		
Net investment loss	(11,674,148.32)	(14,968,512.25)
Net unrealized gain on investments	93,000,000.00	228,000,000.00
Net increase in net assets from operations	81,325,851.68	213,031,487.75
Increase in net assets during the year	81,325,851.68	213,031,487.75
Net assets at the beginning of the year	949,764,079.29	736,732,591.54
Net assets at the end of the year	1,031,089,930.97	949,764,079.29
		Unit : Unit
Changes of investment units		
Investment units at the beginning of the year	146,434,000.0000	146,434,000.0000
Investment units at the end of the year	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
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	UNIT : BAHT	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets from operations	81,325,851.68	213,031,487.75
Adjustments reconcile the increase (decrease) in net assets from operations -		
to net cash provided by (used in) operating activities :-		
Decrease in interest receivable	7,486.70	4,863.59
(Increase) decrease in other assets	(147,104.89)	3,698.20
Decrease in accrued expenses	4,833,775.69	3,590,483.05
Increase (decrease) in other liabilities	(140,941.74)	140,648.51
Net unrealized gain on investments	(93,000,000.00)	(228,000,000.00)
Net cash used in operating activities	(7,120,932.56)	(11,228,818.90)
Net decrease in deposits at banks	(7,120,932.56)	(11,228,818.90)
Deposits at banks at the beginning of the year	7,148,139.35	18,376,958.25
Deposits at banks at the end of the year	27,206.79	7,148,139.35

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 2017

UNIT : BAHT

	2017	2016	2015	2014	2013	2012
Information on result from operations (per unit)						
Net asset value at the beginning of the year	6.4859	5.0311	10.0721	9.7646	10.1043	11.4062
Income from investing activities *						
Net investment income (loss)	(0.0797)	(0.1023)	(0.3783)	0.8676	0.7775	0.7881
Net unrealized gain (loss) on investments	0.6351	1.5571	(4.5277)	0.0069	(0.3569)	(1.3355)
Total income (loss) from investing activities	0.5554	1.4548	(4.9060)	0.8745	0.4206	(0.5474)
<u>Less</u> decreasing of the Fund's registered capital	-	-	-	-	-	(0.1000)
<u>Less</u> distribution of dividened to unitholders	-	-	(0.1350)	(0.5670)	(0.7603)	(0.6545)
Net asset value at the end of the year	7.0413	6.4859	5.0311	10.0721	9.7646	10.1043

Ratio of net profit (loss) to average net asset value during the year (%)	7.13	23.17	(52.89)	8.84	8.54	(4.98)
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Significant financial ratios and additional information

Net asset value at the end of the year (Thousand Baht)	1,031,090	949,764	736,733	1,474,903	1,429,877	717,410
Ratio of total expenses to average net asset value during the year (%)	1.02	1.69	11.14	0.45	1.01	1.42
Ratio of investment income to average net asset value during the year (%)	-	0.06	7.06	9.22	8.87	8.59
Ratio of weighted average investment turnover to average net asset value during the year (%) **	-	-	-	0.07	67.08	22.21
Average net assets value during the year (Thousand Baht)	1,141,030	919,587	1,399,989	1,448,859	1,016,109	780,204

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, excluding investment in promissory notes. Purchases and sales of investments are independent trading transactions which do not include repurchase or resale agreements.

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

TRINITY FREEHOLD AND LEASEHOLD PROPERTY FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

UNIT : BAHT

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 Finansa Asset Management Company 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 2017 and 2016, the Fund’s major is and Mrs. Weena Cherdboonchart and Ton Teng Solar Company Limited which represented total shareholding of 32.29 per cent and 31.07 per cent of the Fund, respectively.

1.2 Going concern assumptions

As mentioned in Note 9, and 13 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 2017 and 2016 show net loss from investments of Baht 11.67 million and Baht 14.97 million, respectively, and accumulated deficits as of 31 December 2017 and 2016 of Baht 365.80 million and Baht 447.13 million, respectively.



TRINITY FREEHOLD AND LEASEHOLD PROPERTY FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

UNIT : BAHT

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 in the process of undertaking the unitholders resolutions (Note 14) on 2 March 2018 to accept settlement of the outstanding debts with the Group of former lessees and awaiting Court approval.

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.

TRINITY FREEHOLD AND LEASEHOLD PROPERTY FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

UNIT : BAHT

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 and revised the financial reporting standards that are effective for fiscal years beginning on or after 1 January 2017. 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 above 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 2018. The Fund does not plan to early adopt these TFRS. The Fund's management has assessed the effect of the above 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.



TRINITY FREEHOLD AND LEASEHOLD PROPERTY FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

UNIT : BAHT

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.



TRINITY FREEHOLD AND LEASEHOLD PROPERTY FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

UNIT : BAHT

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.



TRINITY FREEHOLD AND LEASEHOLD PROPERTY FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

UNIT : BAHT

- 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 2017, the Fund has hired an independent appraisal company, Real Estate Appraisal Company Limited to appraise the value of the investments in properties. According to the appraisal report, the method used in appraising the properties is income approach under discounted cash flows. The fair values of the property are summarized below (Note 12):-

	Appraisal Date
	15/9/2017
Investment properties	Appraisal values
Glow Trinity Silom Hotel	375,000,000.00
Retail Space (Trinity Complex Building and Glow Trinity Silom Building)	213,000,000.00
Glow Studio Serviced Apartment	185,000,000.00
Retail Space Trithip Building 2, 3 and Villa Market	268,000,000.00
Total	1,041,000,000.00



TRINITY FREEHOLD AND LEASEHOLD PROPERTY FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

UNIT : BAHT

Key assumptions used in the valuation are summarized below:-

1. Glow Trinity Silom Hotel

Description	Assumption	2017
		Effect to fair value when increase assumption value
Room Rate (Baht/Night)	1,600.00	Increase in fair value
Growth rate (% p.a.)	10.00 Every 3 years	Increase in fair value
Occupancy rate started (%)	70.00	Increase in fair value
Growth rate (%)	2.00 Not over 75.00	Increase in fair value
Discount rate (% p.a.)	10.00	Decrease in fair value
Capitalization rate (% p.a.)	8.00	Decrease in fair value
Appraisal value (THB)	375,000,000	

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

Description	Assumption	2017
		Effect to fair value when increase assumption value
Average rental rates (Baht/Sqm/Month)	2,200.00	Increase in fair value
Growth rate (% p.a.)	10.00 Every 3 years	Increase in fair value
Occupancy rate started (%)	85.00	Increase in fair value
Growth rate (%)	5.00 Not over 95.00	Increase in fair value
Management fee (%) Of total incomes	2.50	Decrease in fair value
	(Of total incomes)	
Common area fee (Baht/Sqm/Month)	100.00	Decrease in fair value
Discount rate (% p.a.)	10.00	Decrease in fair value
Capitalization rate (% p.a.)	8.00	Decrease in fair value
Appraisal value (THB)	213,000,000	

TRINITY FREEHOLD AND LEASEHOLD PROPERTY FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

UNIT : BAHT

3. Glow Studio Serviced Apartment

2017		
Description	Assumption	Effect to fair value when increase assumption value
Room Rate (Baht/Night)	50,000.00	Increase in fair value
Growth rate (% p.a.)	3.00 Every year	Increase in fair value
Occupancy rate started (%)	70.00	Increase in fair value
Growth rate (%)	2.00 Not over 75.00	Increase in fair value
Discount rate (% p.a.)	10.00	Decrease in fair value
Capitalization rate (% p.a.)	8.00	Decrease in fair value
Appraisal value (THB)	185,000,000	

4. Retail Space (Trithip Building 2 and Villa Market and Trithip Building 3)

2017			
Description	Assumption	Effect to fair value when increase assumption value	Remark
Average rental rates (Baht/Sqm/Month) Trithip 2 / Villa Market / Trithip3	2,200 / 3,000	Increase in fair value	Trithip Building and Villa Market in 2017, combined assessment.
Growth rate (% p.a.) Trithip 2 / Villa Market / Trithip 3	5.00 / 10.00	Increase in fair value	
Occupancy rate started (%) Trithip 2 / Villa Market / Trithip3	90.00 / 90.00	Increase in fair value	
Discount rate (% p.a.) Trithip 2 / Villa Market / Trithip 3	10.00 / 11.00	Decrease in fair value	Trithip 3 is the leasehold, used the year to calculate the cash
Capitalization rate (% p.a.) Trithip 2 / Villa Market / Trithip 3	8.00 / -	Decrease in fair value	flows method for the year 2017 of 25 years, which is equivalent to remaining leasehold.
Appraisal value (THB)	268,000,000		

TRINITY FREEHOLD AND LEASEHOLD PROPERTY FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

UNIT : BAHT

The Fund recorded unrealized gain on investments in the statement of income for the year ended 31 December 2017 amounting to of Baht 93 million from the appraisal value by an independent appraiser.

During the year 2016, 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. Since the lessees did not deliver the assets to the Fund for operating and the Fund filed the lawsuit against the lessees (see Note 13), 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 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:-

Investment properties	Income Approach Method	Estimated	Forced Sale Value
		Discount Rate (Percentage)	
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
Total	1,132,000,000		948,000,000

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.

TRINITY FREEHOLD AND LEASEHOLD PROPERTY FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

UNIT : BAHT

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.
 - The investments in property from the first increasing capital appraised by C.I.T Appraisal Co., Ltd (CIT) as of 1 March 2016.
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) Retail Space (Trithip Building 2, Villa Market and Trithip Building 3)



TRINITY FREEHOLD AND LEASEHOLD PROPERTY FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

UNIT : BAHT

The details of each part are as follow:-

1. Glow Trinity Silom Hotel

Description	2016	
	Assumption	Previous Appraisal SL Standard Appraisal
Room Rate (Baht/Night)	1,950.00	1,500.00
Growth rate (% p.a.)	3.00	4.00
Occupancy rate started (%)	81.83	70.00
Growth rate (%)	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)
Variable management fee (%)	12.00 (Of gross profit)	6.00 (Of gross profit)
Discount rate (% p.a.)	9.00	9.00
Capitalization rate (% p.a.)	9.00	8.00
Estimated discount rate of forced Sale value (%)	15.00	-
Appraisal value (THB)	272,000,000 (After deduction the estimated discount rate)	395,000,000 (Income Approach, appraisal date is 26 August 2016)

TRINITY FREEHOLD AND LEASEHOLD PROPERTY FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

UNIT : BAHT

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

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

TRINITY FREEHOLD AND LEASEHOLD PROPERTY FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

UNIT : BAHT

3. Glow Studio Serviced Apartment

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

TRINITY FREEHOLD AND LEASEHOLD PROPERTY FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

UNIT : BAHT

4. Retail Space (Trithip Building 2, Villa Market and Trithip Building 3)

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

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 from the appraisal value of Fund' s Manager.

TRINITY FREEHOLD AND LEASEHOLD PROPERTY FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

UNIT : BAHT

5. DEFICITS AT THE BEGINNING OF THE YEAR

	2017	2016
Accumulated net investments income (loss) (accumulated since 23/2/11)	239,062,690.21	254,031,202.46
Accumulated net realized gain on investments (accumulated since 23/2/11)	1,402.34	1,402.34
Accumulated net realized/unrealized loss on investments (accumulated since 23/2/11)	(436,378,885.25)	(664,378,885.25)
<u>Less</u> Accumulated distribution of dividend to unitholders (accumulated since 23/2/11)	(249,813,928.01)	(249,813,928.01)
Deficits at the beginning of the year	(447,128,720.71)	(660,160,208.46)

6. DEPOSIT AT BANK

As of 31 December 2017 and 2016, deposit at bank consisted of:-

	2017		2016	
	Interest		Interest	
	Baht	Rate (%)	Baht	Rate (%)
<u>Saving account</u>				
TMB Bank Plc.	27,206.79	0.125	7,148,139.35	0.125
Total	27,206.79		7,148,139.35	

7. RENTAL RECEIVABLES

As of 31 December 2017 and 2016, the outstanding balances of rental receivables summarized by due date are classified as follows:-

	2017	2016
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	-	-

TRINITY FREEHOLD AND LEASEHOLD PROPERTY FUND**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2017****UNIT : BAHT****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:-

Related parties	Relationship
CIMB-Principal Asset Management Company Limited	Management Company since 1 September 2015
CIMB Thai Bank Public Company Limited	Common shareholders with the Management Company
Finansa Asset Management Company Limited	Management Company until 31 August 2015
Mrs. Weena Cherdboonchart	Major unitholder as of 31 December 2017
Ton Teng Solar Company Limited	Major unitholder as of 31 December 2016
Trinity Assets Company Limited	Major unitholder as of 31 December 2015 and having relationship with the major unitholder in 2017
Trinity at Silom Company Limited	Group Company of Trinity Assets Company Limited and having relationship with the major unitholder in 2017
Silomall Company Limited	Group Company of Trinity Assets Company Limited and having relationship with the major unitholder in 2017

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Related parties	Relationship
Tritip Complex Company Limited	Group Company of Trinity Assets Company Limited and having relationship with the major unitholder in 2017
Trinity Complex Juristic Person	Group Company of Trinity Assets Company Limited and having relationship with the major unitholder in 2017

Such transactions for the years ended 31 December 2017 and 2016 are summarized below:-

Related Companies	2017	2016	Pricing Policy
CIMB-Principal Asset Management Company			
Management fee	2,472,772.72	2,079,093.71	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	Market price
Trinity Complex Juristic Person			
Central service expenses	480,000.00	480,000.00	As specified in the agreement
Trinity Assets Company Limited			
Guarantees income	-	-	As specified in the agreement
Doubtful debts	-	-	Fully provided
Trinity at Silom Company Limited			
Rental income	-	-	As specified in the agreement
Other income	-	-	As specified in the agreement
Doubtful debts	-	-	Fully provided
Silomall Company Limited			
Rental income	-	-	As specified in the agreement
Other income	-	-	As specified in the agreement
Doubtful debts	-	-	Fully provided

TRINITY FREEHOLD AND LEASEHOLD PROPERTY FUND

NOTES TO THE FINANCIAL STATEMENTS

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UNIT : BAHT

As of 31 December 2017 and 2016, the Fund had the significant outstanding balances with the related companies as follows:-

Related Companies	2017	2016
CIMB-Principal Asset Management Company		
Accrued management fee	5,993,364.59	3,465,811.80
Accrued expense	2,168,072.68	-
Finansa Asset Management Limited		
Accrued management fee	-	751,410.96
Trinity Assets Company Limited		
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
Trinity at Silom Company Limited		
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
Silomall Company Limited		
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

- 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.

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)

TRINITY FREEHOLD AND LEASEHOLD PROPERTY FUND
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- 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 2017 and 2016, the Fund had not received variable rentals income.

TRINITY FREEHOLD AND LEASEHOLD PROPERTY FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

UNIT : BAHT

- 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 (1st 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)

TRINITY FREEHOLD AND LEASEHOLD PROPERTY FUND
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UNIT : BAHT

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 (1stCapital increase) according to the undertaking agreement dated 27 August 2013, were summarized as follows:-

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:-

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

Refer to Note 13 on the lawsuit filed by the fund on the former Group of lessee.

- On 17 February 2015 and 17 December 2015, the unitholders' meetings held 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.

TRINITY FREEHOLD AND LEASEHOLD PROPERTY FUND**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2017****UNIT : BAHT**

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.

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 the year 2017 and 2016, this project is still on-going for amending and there is no progress.

- 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 2017 and 2016.
- 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:-

No.	The Lessee	Assets for rent	Date of terminate
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

TRINITY FREEHOLD AND LEASEHOLD PROPERTY FUND
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UNIT : BAHT

Currently, the lessees did not deliver the leased property to the Fund. As a result, the Fund filed the litigation (see Note 13). The Fund has stopped accruing rental income and other income associated as from the termination of the Lease Agreements. Subject to the finalization of the settlement agreement as approved by the unitholders, the Fund will have rental income from temporarily lease agreement for 12 months with a net monthly rental rate of Baht 4 million (see Note 14 (4)).

10. COMMITMENTS

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

11. 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.

12. 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 2017, 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	-	-	1,041,000,000.00	1,041,000,000.00
Total	-	-	1,041,000,000.00	1,041,000,000.00

TRINITY FREEHOLD AND LEASEHOLD PROPERTY FUND
NOTES TO THE FINANCIAL STATEMENTS
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UNIT : BAHT

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

Valuation techniques and inputs of Level 3 valuation:-

● **Level 3**

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

Investment in properties	2017	2016
Beginning balance as of 1 January	948,000,000.00	720,000,000.00
Net unrealized gain during the year	93,000,000.00	228,000,000.00
Ending balance as of 31 December	1,041,000,000.00	948,000,000.00

As of 31 December 2017 and 2016, the fair value assessment of the investment in properties in level 3 was calculated by an independent appraiser and the fund manager, respectively (See Note 4).

As of 31 December 2017 and 2016, the sensitivity analysis for significant assumptions used in investment in properties valuation calculated by an independent appraiser and the fund manager, respectively can be analyzed as follows:-

		Change in fair value increase	
	Change in assumption	31/12/2017	(decrease) 31/12/2016
Discount rate	Increase 1%	(70,000,000.00)	(50,000,000.00)
Discount rate	Decrease 1%	79,000,000.00	60,000,000.00
Capitalization rate	Increase 1%	(47,000,000.00)	(34,000,000.00)
Capitalization rate	Decrease 1%	63,000,000.00	43,000,000.00

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

TRINITY FREEHOLD AND LEASEHOLD PROPERTY FUND

NOTES TO THE FINANCIAL STATEMENTS

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UNIT : BAHT

- **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.

- **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, the Fund terminated all of the lease agreements and the pending amendment, of the Project to seek new lessee (see Note 9).

13. LAWSUITS

- 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

TRINITY FREEHOLD AND LEASEHOLD PROPERTY FUND

NOTES TO THE FINANCIAL STATEMENTS

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UNIT : BAHT

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. Then, Trinity Assets Co., Ltd., Trinity at Silom Co., Ltd. and Silomall Co., Ltd. and Krungthai Bank PCL filed an appeal against the Court's judgment and the Court of Appeals has scheduled the hearing of the judgment and/or an order of the Court of Appeals and an order of the Civil Court of South Bangkok on 24 July 2018, 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. 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.

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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 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 plaintiff. 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. After that on 20 December 2016, the Plaintiff filed an appeal against such judgment. The Court of Appeals overturned the Court's judgment to require the first Defendant to make a payment in the amount of Baht 42,800 to the 2nd plaintiff and to make a payment in the amount of Baht 66,286.50 to the 3rd plaintiff, together with the interest on such principals from the date which the complaint was filed (19th February 2016) until full payment is made. The other part of the judgment remains the same as trial court's judgment. Each party shall bear its own fee for the Appeal.

The Fund filed a motion for extension of time to file a request for permission to appeal to the Supreme Court, together with the appeal to the Supreme Court. The court allowed an extension of time until 20th February 2018. Then, on 15th February 2018, the Fund filed a motion for extension of time to file a request for permission to appeal to the Supreme Court, together with the appeal to the Supreme Court, for the 2nd time and the court allowed an extension of time until 20th March 2018. As of the date of this report the Court may extend the appealing period, therefore, the case has not yet been finalized.



TRINITY FREEHOLD AND LEASEHOLD PROPERTY FUND

NOTES TO THE FINANCIAL STATEMENTS

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UNIT : BAHT

According to the Court judgments in No. 2), 3), 4) and 5) on 20 January 2017, the Group of Former Lessees, the insurer and Krung Thai Bank Public Company Limited were required to jointly pay overdue rental, damages and interest in the aggregate amount of Baht 309.99 million (calculated until 31 January 2018).

14. EVENT AFTER THE REPORTING PERIOD

The Meeting approved the acceptance of proposal. An unitholder's meeting, No.1/2561 was held on 2 March 2018 to settle the outstanding with the former lessees. The material terms and conditions are as follows:-

- 1) The Group of Former Lessees will make a payment of Baht 97 million to the Fund. The payment terms are as follows:-
 - The first installment will be paid by a cashier check in the amount of Baht 15 million on the date on which the Unitholders' Meeting resolves to approve the proposal for dispute settlement.
 - The second installment will be paid by a cashier check in the amount of Baht 82 million on the date of execution of the settlement agreement in court, which must be done within 45 days from the date on which the Unitholders' Meeting resolves to approve the proposal for dispute settlement.
- 2) The Fund must surrender all bank guarantees held by it within 7 days from the date on which the Fund receives the payment under item 1 in full.
- 3) The Fund will proceed with a search for a new lessee to lease all the assets the Fund invested in.
- 4) While the Fund is in search of a new lessee, the Group of Former Lessees will temporarily lease the assets for 12 months with a net monthly rental rate of Baht 4 million. The Group of Former Lessees can deduct the expenses which are incurred from the renewal of hotel business license from rental of the first month, provided that they are actually incurred and appropriate at the discretion of the Fund, and that there are supporting evidences thereof. However, such expenses shall not be more than Baht 4 million.
- 5) All cases between the Fund and the Group of Former Lessees will be settled by the execution of a settlement agreement in court.

In this regard, the Meeting's resolution to approve the proposal for dispute settlement proposed by the Group of Former Lessees has a condition that both parties must enter into a settlement agreement in court for the settlement to be valid. If the Group of Former Lessees refuse to do so, or if both parties do not enter into the settlement agreement for whatever reason within 45 days from the date on which the Meeting resolves to approve the matter, the Meeting's resolution shall be deemed cancelled.

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UNIT : BAHT

As of the date of this report the Fund and the group of former lessees are in the process according to the resolutions in which the settlement agreement is under the judgment of the Court. In this respect the resolutions of 5 conditions can be summarized as follows:-

- 1) The Fund has received the first installment of cashier check of Baht 15 million but the check will be paid into account after the settlement agreement is completed. The Fund has not receive the second installment of cashier check of Baht 82 million, which is under the consideration of the settlement agreement of the Court.
- 2) The Fund is in the process to return all bank guarantees which are unfinished.
- 3) The Fund is in the process to undergo according to the settlement agreement to find new lessees.
- 4) The Fund is in the process to undergo according to the settlement agreement and has received twelve monthly postdated checks of Baht 4 million each from the group of former lessees, and
- 5) The Fund is in the process of the settlement agreement.

15. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved for issuance by the authorized persons of the Fund on 27 April 2018.



Appendix 2

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

January 22, 2018

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, 2017✓ to December 31, 2017✓

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.

ธนาคารทหารไทย จำกัด (มหาชน)
TMB BANK PUBLIC COMPANY LIMITED

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