

Thailand Prime Property Freehold and Leasehold
Real Estate Investment Trust and its subsidiaries
Report and interim financial statements
30 June 2017

Independent Auditor's Report on Review of Interim Financial Information

To the Unitholders of Thailand Prime Property Freehold and Leasehold Real Estate Investment Trust

I have reviewed the accompanying consolidated balance sheet and consolidated detail of investments as at 30 June 2017, the related consolidated statements of income and comprehensive income for the three-month and six-month periods then ended, changes in net assets, cash flows and significant financial information for the six-month period then ended as well as the condensed notes to the consolidated financial statements of Thailand Prime Property Freehold and Leasehold Real Estate Investment Trust and its subsidiaries. I have also reviewed the separate financial information of Thailand Prime Property Freehold and Leasehold Real Estate Investment Trust for the same period. The REIT Manager is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

I conducted my review in accordance with Thai Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 Interim Financial Reporting.

Ratana Jala

Certified Public Accountant (Thailand) No. 3734

EY Office Limited

Bangkok: 4 August 2017

Thailand Prime Property Freehold and Leasehold Real Estate Investment Trust and its subsidiaries

Balance sheet

As at 30 June 2017

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 June 2017	31 December 2016	30 June 2017	31 December 2016
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Investments in properties and leasehold rights					
over properties at fair value	7	7,229,360	7,229,360	2,441,064	2,441,064
(Consolidated financial statements: At cost: Baht 7,229 million, Separate financial statements: At cost: Baht 2,441 million)					
Investments in subsidiaries at fair value	8, 17	-	-	4,321,783	4,321,783
(Separate financial statements: At cost: Baht 4,322 million)					
Cash and cash at banks	9, 17	456,218	550,498	173,525	292,179
Receivables					
From rental and services	10, 17	26,064	26,869	14,572	15,615
From dividend	17	-	-	39,470	33,700
From interest	17	26	46	2,679	7,133
Others		1,430	1,439	1,000	203
Loan to subsidiary	17	-	-	430,378	480,378
Deferred expenses	11	164,114	183,119	164,114	183,119
Intangible assets		44,547	46,332	224	240
Other assets	17	59,249	68,429	47,266	52,154
Total assets		7,981,008	8,106,092	7,636,075	7,827,568

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

Thailand Prime Property Freehold and Leasehold Real Estate Investment Trust and its subsidiaries

Balance sheet (continued)

As at 30 June 2017

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 June 2017 (Unaudited but reviewed)	31 December 2016 (Audited)	30 June 2017 (Unaudited but reviewed)	31 December 2016 (Audited)
Liabilities					
Payables					
From interest	17	9,159	2,868	9,159	2,868
Others	17	45,330	38,490	9,571	27,799
Accrued expenses	17	77,781	215,933	39,268	171,485
Income tax payable		13,388	18,183	-	-
Unearned income		34,188	38,524	1,943	2,098
Deposit received from customers	17	235,273	221,104	88,904	80,082
Long-term loans	12, 17	2,026,169	2,023,676	2,026,169	2,023,676
Deferred tax liabilities		65	423	-	-
Other liabilities		10,656	7,086	6,509	3,003
Total liabilities		2,452,009	2,566,287	2,181,523	2,311,011
Net assets		5,528,999	5,539,805	5,454,552	5,516,557
Net assets:					
Trust registered					
547,500,000 units of Baht 9.8682 each					
		(31 December 2016: 547,500,000 units of Baht 10.0000 each)			
		5,402,839	5,475,000	5,402,839	5,475,000
Capital from unitholders					
	13	547,500,000 units of Baht 9.8682 each			
		(31 December 2016: 547,500,000 units of Baht 10.0000 each)			
		5,402,839	5,475,000	5,402,839	5,475,000
Retained earnings	14	126,160	64,805	51,713	41,557
Net assets		5,528,999	5,539,805	5,454,552	5,516,557
			-		-
Net asset value per unit (Baht)		10.0986	10.1183	9.9626	10.0759
Number of units issued at the end of period (Thousand Units)		547,500	547,500	547,500	547,500

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

Directors

(Unaudited but reviewed)

Thailand Prime Property Freehold and Leasehold Real Estate Investment Trust and its subsidiaries

Statement of income

For the three-month period ended 30 June 2017

		(Unit: Thousand Baht)	
		Consolidated	Separate
		financial statement	financial statement
		For the three-month	For the three-month
		period ended	period ended
	Note	30 June 2017	30 June 2017
Investment income			
Rental and services income	17	213,766	78,294
Dividend income	17	-	39,470
Interest income	17	224	8,326
Other income		15	15
Total income		214,005	126,105
Expenses			
Costs of rental and services		75,808	27,278
REIT Manager's fee	16, 17	7,009	7,009
Trustee's fee	16, 17	4,606	4,606
Registrar's fee	16	490	490
Property management fee	16, 17	6,978	3,849
Professional fees		742	315
Amortisation of deferred expenses		9,555	9,555
Other expenses	17	5,475	1,783
Finance cost	17	19,555	19,555
Income tax expenses		9,405	-
Total expenses		139,623	74,440
Net investment income		74,382	51,665
Increase in net assets from operations		74,382	51,665

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

(Unaudited but reviewed)

Thailand Prime Property Freehold and Leasehold Real Estate Investment Trust and its subsidiaries

Statement of comprehensive income

For the three-month period ended 30 June 2017

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statement	financial statement
	For the three-month	For the three-month
	period ended	period ended
	30 June 2017	30 June 2017
	<hr/>	<hr/>
Increase in net assets from operations	74,382	51,665
Other comprehensive income	-	-
Total comprehensive increase in net assets from operations	<hr/> <hr/> 74,382	<hr/> <hr/> 51,665

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

(Unaudited but reviewed)

Thailand Prime Property Freehold and Leasehold Real Estate Investment Trust and its subsidiaries

Statement of income

For the six-month period ended 30 June 2017

		(Unit: Thousand Baht)	
		Consolidated	Separate
		financial statement	financial statement
		For the six-month	For the six-month
		period ended	period ended
	Note	30 June 2017	30 June 2017
Investment income			
Rental and services income	17	419,573	154,553
Dividend income	17	-	85,140
Interest income	17	1,252	17,576
Other income		34	34
Total income		420,859	257,303
Expenses			
Costs of rental and services		129,924	53,314
REIT Manager's fee	16, 17	14,408	14,408
Trustee's fee	16, 17	9,468	9,468
Registrar's fee	16	975	975
Property management fee	16, 17	13,480	7,474
Professional fees		1,308	566
Amortisation of deferred expenses		19,005	19,005
Other expenses	17	10,775	3,660
Finance cost	17	38,961	38,961
Income tax expenses		21,884	-
Total expenses		260,188	147,831
Net investment income		160,671	109,472
Increase in net assets from operations		160,671	109,472

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

(Unaudited but reviewed)

Thailand Prime Property Freehold and Leasehold Real Estate Investment Trust and its subsidiaries

Statement of comprehensive income

For the six-month period ended 30 June 2017

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statement	financial statement
	For the six-month	For the six-month
	period ended	period ended
	30 June 2017	30 June 2017
Increase in net assets from operations	160,671	109,472
Other comprehensive income	-	-
Total comprehensive increase in net assets from operations	<u>160,671</u>	<u>109,472</u>

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

(Unaudited but reviewed)

Thailand Prime Property Freehold and Leasehold Real Estate Investment Trust and its subsidiaries

Statement of changes in net assets

For the six-month period ended 30 June 2017

		(Unit: Thousand Baht)	
		Consolidated	Separate
		financial statement	financial statement
		For the six-month	For the six-month
		period ended	period ended
	Note	30 June 2017	30 June 2017
Increase in net assets from operations			
Net investment income		160,671	109,472
Increase in net assets from operations		160,671	109,472
Capital reduction to unitholders	13	(72,161)	(72,161)
Distribution to unitholders	15	(99,316)	(99,316)
Decrease in net assets during period		(10,806)	(62,005)
Net assets at the beginning of period		5,539,805	5,516,557
Net assets at the end of period		5,528,999	5,454,552
		-	-

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

(Unaudited but reviewed)

Thailand Prime Property Freehold and Leasehold Real Estate Investment Trust and its subsidiaries

Statement of cash flows

For the six-month period ended 30 June 2017

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statement	financial statement
	For the six-month	For the six-month
	period ended	period ended
	30 June 2017	30 June 2017
Cash flows from operating activities		
Increase in net assets from operations	160,671	109,472
Adjustments to reconcile (increase) decrease in net assets from operations to net cash provided by (used in) operating activities:		
Income tax expenses	21,884	-
Amortisation	20,790	19,021
Provision for long-term employee benefit	82	-
Finance cost	38,961	38,961
Decrease in receivables from rental and services	805	1,043
Decrease in receivables from dividend	-	(5,770)
Decrease in receivables from interest	20	4,454
(Increase) decrease in other receivables	9	(797)
Decrease in loan to subsidiary	-	50,000
Increase in other assets	9,180	4,888
(Increase) decrease in other payables	6,840	(18,228)
Decrease in accrued expenses	(138,152)	(132,217)
Decrease in unearned income	(4,336)	(155)
Increase in deposit received from customers	14,169	8,822
Increase in other liabilities	3,488	3,506
Cash paid for income tax	(27,037)	-
Net cash flows from operating activities	107,374	83,000

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

(Unaudited but reviewed)

Thailand Prime Property Freehold and Leasehold Real Estate Investment Trust and its subsidiaries

Statement of cash flows (continued)

For the six-month period ended 30 June 2017

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statement	financial statement
	For the six-month	For the six-month
	period ended	period ended
	30 June 2017	30 June 2017
Cash flows from financing activities		
Capital reduction to unitholders	(72,161)	(72,161)
Distribution to unitholders	(99,316)	(99,316)
Cash paid for interest expenses	(30,177)	(30,177)
Net cash used in financing activities	<u>(201,654)</u>	<u>(201,654)</u>
Net decrease in cash and cash at banks	(94,280)	(118,654)
Cash and cash at banks at the beginning of period	550,498	292,179
Cash and cash at banks at the end of period (Note 9)	<u>456,218</u>	<u>173,525</u>
	-	-

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

Thailand Prime Property Freehold and Leasehold Real Estate Investment Trust and its subsidiaries

Detail of investments

As at 30 June 2017

Detail of investments classified by asset classes

Type of investments	Consolidated financial statements						Separate financial statements					
	30 June 2017			31 December 2016			30 June 2017			31 December 2016		
	(Unaudited but reviewed)			(Audited)			(Unaudited but reviewed)			(Audited)		
	Cost	Fair value	Percentage of investments	Cost	Fair value	Percentage of investments	Cost	Fair value	Percentage of investments	Cost	Fair value	Percentage of investments
(Thousand Baht)	(Thousand Baht)		(Thousand Baht)	(Thousand Baht)		(Thousand Baht)	(Thousand Baht)		(Thousand Baht)	(Thousand Baht)		
Investments in properties and leasehold rights												
over properties (Note 7)												
Leasehold rights over land and building - Mercury Tower	2,441,064	2,441,064	34%	2,441,064	2,441,064	34%	2,441,064	2,441,064	36%	2,441,064	2,441,064	36%
Land and building - Exchange Tower	4,788,296	4,788,296	66%	4,788,296	4,788,296	66%	-	-	-	-	-	-
Total investments in properties and leasehold rights over properties	7,229,360	7,229,360	100%	7,229,360	7,229,360	100%	2,441,064	2,441,064	36%	2,441,064	2,441,064	36%
Investment in subsidiaries (Note 8)	-	-	-	-	-	-	4,321,783	4,321,783	64%	4,321,783	4,321,783	64%
Total investments	7,229,360	7,229,360	100%	7,229,360	7,229,360	100%	6,762,847	6,762,847	100%	6,762,847	6,762,847	100%

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

(Unaudited but reviewed)

Thailand Prime Property Freehold and Leasehold Real Estate Investment Trust and its subsidiaries

Significant financial information

For the six-month period ended 30 June 2017

	(Unit: Baht)	
	Consolidated	Separate
	financial statement	financial statement
	For the six-month	For the six-month
	period ended	period ended
	30 June 2017	30 June 2017
Operating performance information (per unit)		
Net asset value at the beginning of period	10.1183	10.0759
Income from investing activities		
Net investment income	0.2935	0.1999
Total income from investing activities	0.2935	0.1999
Less: Capital reduction to unitholders	(0.1318)	(0.1318)
Less: Distribution to unitholders	(0.1814)	(0.1814)
Net asset value at the end of period	10.0986	9.9626
Ratio of net increase in net assets from operations to		
 average net assets during the period (%)	2.90	2.00
Significant financial ratios and additional significant information		
Net assets at the end of period (Thousand Baht)	5,528,999	5,454,552
Ratio of total expenses to average net assets during the period (%)	4.69	2.70
Ratio of total investment income to average net assets during the period (%)	7.59	4.70
Ratio of weighted average investment purchases and sales during the period to average net assets during the period (%)*	-	-
Average net assets during the period (Thousand Baht)	5,542,096	5,473,695

* The value of investment purchases and sales during the period does not include cash at bank, and is calculated by a weighted average basis over the accounting period.

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

**Thailand Prime Property Freehold and Leasehold Real Estate Investment Trust
and its subsidiaries**

Notes to interim consolidated financial statements

For the three-month and six-month periods ended 30 June 2017

**1. Description of Thailand Prime Property Freehold and Leasehold Real Estate
Investment Trust**

Thailand Prime Property Freehold and Leasehold Real Estate Investment Trust (“the Trust”) is a real estate investment trust established under the Trust for Transaction in Capital Market Act, B.E.2550 in accordance with the Trust Deed signed on 11 October 2016 between SCCP REIT Company Limited as the Trust Settlor and Kasikorn Asset Management Company Limited as the Trustee. On 11 October 2016, the Trust was established as a specific closed-end real estate investment trust with an indefinite term. The Trust’s objectives are to mobilise funds raised from investors and loans from financial institutions to invest in leasehold rights to land and Mercury Tower and invest in 99.99% of the shares of Exchange Tower Limited, which owns land and Exchange Tower.

The Stock Exchange of Thailand approved the listing of the Trust’s investment trusts and permitted their trading from 31 October 2016 onwards.

SCCP REIT Company Limited acts as the REIT Manager, Kasikorn Asset Management Company Limited acts as the Trustee, Jones Lang LaSalle Management Limited acts as the Property Manager of Mercury Tower and CBM Facilities management (Thailand) Company Limited acts as the Property Manager of Exchange Tower.

As at 30 June 2017 and 31 December 2016, the Trust’s major unitholder is Muang Thai Life Assurance Public Company Limited, which holds 21% and 21% of the issued and paid-up units of the Trust, respectively.

2. Distribution policy

The Trust has a policy to pay distributions to unitholders as follows:

- (1) The REIT Manager shall distribute to the Trust’s unitholders at least 90% of adjusted net profit for the accounting period, comprising the year-end distribution and the interim distribution (if any). The REIT Manager shall pay distributions to the Trust’s unitholders not more than 4 times in each accounting period, except in the event of a capital increase, the Trust may pay more than 4 distributions in an accounting period in the best interests of the unitholders holding trust units prior to the capital increase.

The adjusted net profit means the net profit adjusted by the following items;

- (1) Deduction of unrealised gain from appraisal or appraisal review of assets of the Trust including adjustment of other items as prescribed by the Securities and Exchange Commission to reflect the cash position of the Trust.
- (2) Deduction of the reserve provision for payment for debt from borrowing or obligation arising from borrowing of the Trust under the limit stated in the registration statement and prospectus or annual report, as the case may be.
- (2) Indirect investments of the Trust is made through holding of shares, the REIT Manager will arrange for the company in which the Trust has invested to pay dividend to the Trust at least 90% of the net profit of the accounting period of such company, in the case where the Trust invests in a company not in its full fiscal year, the net profit incurred during the period in which is owned by the Trust, pursuant to the provisions of law under the Civil and Commercial Code. The REIT Manager may also consider arrangement for such company to pay an interim dividend to enable the Trust to pay distributions, if appropriate.
- (3) In that event that the Trust has accumulated losses, management will not make any distributions to the Trust's unitholders.

With respect to interim distribution, the distribution amount is subject to discretion of the REIT Manager. If the amount of the interim distribution per unit to be paid is Baht 0.10 or less in each quarter, The REIT Manager reserves the right not to pay a distribution at that time and to carry such distribution forward to be paid together with the following distribution.

3. Basis of preparation of financial statements

3.1 Basis of preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2016) "Interim Financial Reporting", with the Trust choosing to present condensed interim financial statements. However, the Trust has presented the balance sheet, the detail of investments, the statements of income, the statements of comprehensive income, changes in net assets, cash flows and significant financial information in the same format as that used for the financial statements for the period as from 11 October 2016 (date of incorporation) to 31 December 2016.

The interim financial statements are intended to provide additional information to that included in the latest financial statements for the period as from 11 October 2016 (date of incorporation) to 31 December 2016. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the financial statements for the period as from 11 October 2016 (date of incorporation) to 31 December 2016.

The interim financial statements in Thai language are the official statutory financial statements of the Trust. The interim financial statements in English language have been translated from the Thai language interim financial statements.

3.2 Basis of consolidation

These interim consolidated financial statements include the financial statements of Thailand and have been prepared on the same basis as that applied for the consolidated financial statements for the period as from 11 October 2016 (date of incorporation) to 31 December 2016, with no structural changes in the subsidiary occurring during the period.

4. New financial reporting standards

During the period, the Trust and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Trust and its subsidiaries' financial statements.

5. Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the period as from 11 October 2016 (date of incorporation) to 31 December 2016.

6. Investments trading information

During the three-month and six-month periods ended 30 June 2017, the Trust and its subsidiaries had no investment purchase and sale transactions.

During the period as from 11 October 2016 (date of incorporation) to 31 December 2016, the Trust had made payment for the acquisition cost and related expenses totaling Baht 6,763 million. The investments are 123% of the average net asset value of consolidated financial statement.

7. Investments in properties and leasehold rights over properties

On 13 October 2016, the Trust has entered into the sale and purchase agreement acquiring leasehold right over land and building of the Mercury Tower project and entered into Share Sale Agreement relating to preferred and ordinary shares purchasing of the Exchange Tower Limited which owns freehold rights over land, building and public utilities in relation to Exchange Tower. The Trust had made payment for the acquisition cost and related expenses totaling Baht 6,763 million and had transferred rights over those assets on 21 October 2016.

Investments in properties and leasehold rights as at 30 June 2017 and 31 December 2016 are as follow:

(Unit: Thousand Baht)

	30 June 2017			
	Consolidated financial statement		Separated financial statement	
	Cost	Fair value	Cost	Fair value
Mercury Tower project	2,441,064	2,441,064	2,441,064	2,441,064
Exchange Tower project	4,788,296	4,788,296	-	-
	<u>7,229,360</u>	<u>7,229,360</u>	<u>2,441,064</u>	<u>2,441,064</u>

(Unit: Thousand Baht)

	31 December 2016			
	Consolidated financial statement		Separated financial statement	
	Cost	Fair value	Cost	Fair value
Mercury Tower project	2,441,064	2,441,064	2,441,064	2,441,064
Exchange Tower project	4,788,296	4,788,296	-	-
	<u>7,229,360</u>	<u>7,229,360</u>	<u>2,441,064</u>	<u>2,441,064</u>

The land and building of the Exchange Tower has been mortgaged to secure borrowing facilities from banks as mentioned in Note 12 to interim financial statements.

8. Investments in subsidiaries

On 13 October 2016, the Trust has entered into the Share Sale Agreement relating to preferred and ordinary shares purchasing of Exchange Tower Limited which owns freehold rights over land, building and public utilities in relation to Exchange Tower, amounting to Baht 4,322 million (value of share amounting to Baht 4,320 million and duty stamp fee amounting to Baht 2 million), representing 99.99% of voting right. In addition, Exchange Tower Limited is the shareholder of Exchange Connection Limited holding 99.99% of voting right.

According to such investment, the Trust obtains control over Exchange Tower Limited and Exchange Connection Limited. Such companies are subsidiaries of the Trust since the date of share transfer and payment which is 21 October 2016.

9. Cash and cash at banks

As at 30 June 2017 and 31 December 2016, the Trust and its subsidiaries have the details of cash and cash at banks as follows:

	Consolidated financial statements				Separate financial statements			
	30 June 2017		31 December 2016		30 June 2017		31 December 2016	
	Balance	Interest rate	Balance	Interest rate	Balance	Interest rate	Balance	Interest rate
	(Thousand Baht)	per annum (%)	(Thousand Baht)	per annum (%)	(Thousand Baht)	per annum (%)	(Thousand Baht)	per annum (%)
Cash	170	-	140	-	90	-	70	-
Cash at Banks								
Savings accounts								
Kasikorn Bank Plc.	169,160	0.37	285,462	0.37	169,160	0.37	285,462	0.37
United Overseas Bank (Thai) plc.	250,775	0.25	230,109	0.25	-	-	-	-
Current accounts								
Kasikorn Bank Plc.	4,275	-	18,397	-	4,275	-	6,647	-
United Overseas Bank (Thai) plc.	31,838	-	16,390	-	-	-	-	-
Total cash at banks	<u>456,048</u>		<u>550,358</u>		<u>173,435</u>		<u>292,109</u>	
Total cash and cash at banks	<u>456,218</u>		<u>550,498</u>		<u>173,525</u>		<u>292,179</u>	

(Unaudited but reviewed)

10. Receivables from rental and services

The outstanding balances of receivables from rental and services as at 30 June 2017 and 31 December 2016 are aged on the basis of due dates as follows:

(Unit: Thousand Baht)

Age of receivables	Consolidated financial statements		Separate financial statements	
	30 June	31 December	30 June	31 December
	2017	2016	2017	2016
Not yet due	13,362	10,029	9,668	3,221
Past due				
Up to 3 months	12,310	16,157	4,563	11,711
3 - 6 months	382	683	331	683
6 - 9 months	10	-	10	-
Total	<u>26,064</u>	<u>26,869</u>	<u>14,572</u>	<u>15,615</u>

11. Deferred expenses

(Unit: Thousand Baht)

	Consolidated and separated financial statements	
	For the six-month period	For the period as from
	ended 30 June 2017	11 October 2016 to 31 December 2016
Deferred expenses at beginning of period	183,119	-
Add: Increase	-	191,729
Less: Amortisation for the period	<u>(19,005)</u>	<u>(8,610)</u>
Deferred expenses at end of period	<u>164,114</u>	<u>183,119</u>

12. Long-term loans

(Unit: Thousand Baht)

	Consolidated and separate financial statements	
	30 June	31 December
	2017	2016
Long-term loans from financial institutions	2,050,000	2,050,000
Less: Deferred amortisation on front end fee	<u>(23,831)</u>	<u>(26,324)</u>
Total	<u>2,026,169</u>	<u>2,023,676</u>

On 13 October 2016, the Trust borrowed Baht 2,050 million from two financial institutions. The loans carry interest at MLR minus fixed rate per annum with monthly interest payment. The principal repayment of loan is due at the maturity date in 5 years (20 October 2021).

The loans are secured by the mortgage of land and building of the subsidiary, as described in Note 7 to the interim financial statements.

The loan agreements contain covenants which require the Trust to maintain financial ratios such as Financial Indebtedness to Total Asset ratio and Interest Bearing Debt to EBITDA ratio.

13. Capital from unitholders

Movements in capital account are as follows:

	Number of units	Per unit	Total
	(Thousand Units)	(Baht)	(Thousand Baht)
31 December 2016	547,500	10.0000	5,475,000
Capital reduction No. 1/2017	-	(0.0613)	(33,562)
Capital reduction No. 2/2017	-	(0.0705)	(38,599)
30 June 2017	<u>547,500</u>	<u>9.8682</u>	<u>5,402,839</u>

14. Retained earnings

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the six-month period ended 30 June 2017	For the period as from 11 October 2016 to 31 December 2016	For the six-month period ended 30 June 2017	For the period as from 11 October 2016 to 31 December 2016
Accumulated net investment income	64,805	-	41,557	-
Retained earnings at the beginning of period	64,805	-	41,557	-
Add: Increase in net assets				
resulting from operations	160,671	64,694	109,472	41,557
Other comprehensive income	-	111	-	-
Less: Distribution to unitholders	(99,316)	-	(99,316)	-
Retained earnings at the end of period	<u>126,160</u>	<u>64,805</u>	<u>51,713</u>	<u>41,557</u>

15. Distribution to unitholders

Distribution paid during the six-month period ended 30 June 2017 consists, as follows:

Approved date	The operation for the period	Per unit	Total
		(Baht)	(Thousand Baht)
27 February 2017	21 October 2016 to 31 December 2016	0.0759	41,555
5 May 2017	1 January 2017 to 31 March 2017	0.1055	57,761
			<u>99,316</u>

16. Expenses**16.1 REIT Manager's fee**

The REIT Manager is entitled to a monthly REIT Manager's fee (exclusive of value added tax, specific business tax or any other similar taxes) from the Trust, broken down as follows:

- (1) A base fee, paid monthly and calculated at a rate not exceeding 0.45% per annum on the total asset value of the Trust, as specified on the agreement.
- (2) An incentive fee, paid monthly and calculated at a rate not exceeding 2.50% per annum on the Trust's net revenue before administrative expenses, as specified on the agreement.

16.2 Trustee's fee

The Trustee is entitled to monthly remuneration at a rate not exceeding 0.40% per annum (exclusive of value added tax, specific business tax or any other similar taxes) of the Trust's total asset value, as calculated by the REIT Manager and verified by the Trustee, as specified on the agreement.

16.3 Registrar's fee

The expenses for the work of the Trust Unit Registrar is monthly charged as actual cost.

16.4 Property management fee

Fees are payable to the Property Managers on a monthly basis under the Property Management Agreement between the REIT Manager and the Property Managers.

17. Related party transactions

During the period, the Trust and its subsidiaries had significant business transactions with the following related parties.

Name of related parties	Relationship
Exchange Tower Ltd.	Subsidiary
Exchange Connection Ltd.	Subsidiary
SCCP REIT Company Limited	REIT Manager
Jones Lang LaSalle Management Limited	Property Manager
CBM Facilities management (Thailand) Company Limited	Property Manager
Kasikorn Asset Management Company Limited	Trustee
Kasikorn Bank Public Company Limited	Parent company of Trustee
Haadsabai Company Limited	Having common director the REIT Manager
SC Capital Partners (Thailand) Company Limited	Having common director the REIT Manager
Phuket Square Company Limited	Having common director the REIT Manager

Such related parties transactions have been agreed upon in the ordinary course of business between the Trust, its subsidiaries and its related parties. The pricing policies and amount for particular type of transactions are as follows:

	(Unit: Thousand Baht)		
	Consolidated	Separate	Transfer Pricing Policy
	financial statement	financial statement	
	For the three-month period ended 30 June 2017	For the three-month period ended 30 June 2017	
Transactions with subsidiaries			
(eliminated from the consolidated financial statement)			
Dividend income	-	39,470	As declared
Interest income	-	8,361	7.50% per annum
Transactions with related companies			
Rental and services income	2,410	440	Contract price
Interest income	(59)	(59)	0.37% per annum
REIT Manager's fee	7,009	7,009	As detailed in Note 16.1
Trustee's fee	4,606	4,606	As detailed in Note 16.2
Property management fee	6,978	3,850	As detailed in Note 16.4
Other expenses	50	50	Actual paid
Finance cost	9,147	9,147	As detailed in Note 12

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated	Separate	Transfer Pricing Policy
	financial statement	financial statement	
	For the six-month period ended 30 June 2017	For the six-month period ended 30 June 2017	
Transactions with subsidiaries (eliminated from the consolidated financial statement)			
Dividend income	-	85,140	As declared
Interest income	-	17,157	7.50% per annum
Transactions with related companies			
Rental and services income	5,020	889	Contract price
Interest income	385	385	0.37% per annum
REIT Manager's fee	14,408	14,408	As detailed in Note 16.1
Trustee's fee	9,468	9,468	As detailed in Note 16.2
Property management fee	13,480	7,475	As detailed in Note 16.4
Other expenses	99	99	Actual paid
Finance cost	18,234	18,234	As detailed in Note 12

As at 30 June 2017 and 31 December 2016, the Trust and its subsidiaries have the following significant outstanding balances with its related parties as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
Investment in subsidiaries				
Subsidiary			423	423
Cash at banks				
Related companies	75	35	75	29
Receivables from rental and services				
Related companies		€		€
Receivable from dividend				
Subsidiary			0	0
Receivables from interest				
Subsidiaries			0	0
Related companies				
Loan to subsidiary ⁽¹⁾				
Subsidiary			43	43
Other assets				
Related companies		1		1
Payables from interest				

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
Related companies	฿	฿	฿	฿
Other payables				
Related companies	฿	฿	฿	฿
Accrued expenses				
Related companies	฿	฿	฿	฿
Deposits received from customers				
Related companies	฿	฿	฿	฿
Long-term loan				
Related companies	12500	12500	12500	12500

⁽¹⁾ **Loan to subsidiary**

As at 30 June 2017, the Trust has unsecured loan to Exchange Tower Limited totally Baht 430 million (31 December 2016: Baht 480 million). The loans carry interest at 7.50% per annum or any other rate to be determined by the Trust.

18. Commitments

18.1 The Trust and its subsidiaries are committed to pay fees to counterparties under the terms and conditions as described in Note 16 to the interim financial statements.

18.2 As at 30 June 2017 and 31 December 2016, the Trust and its subsidiaries have a commitment in respect of payments in accordance with the service agreement as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
Payable				
In up to 1 year	48	48	29	33
In over 1 and up to 5 years	31	28	25	22
In over 5 years	18	10	9	-

18.3 As at 30 June 2017 and 31 December 2016, the Trust has outstanding bank guarantees of approximately Baht 11 million issued by banks on behalf of the Trust as required in the normal course of business. These included letters of guarantee of approximately Baht 4 million to guarantee the Trust's electricity use and approximately Baht 7 million to guarantee the subsidiary's electricity use.

19. Segment information

Operating segment information is reported in a manner consistent with the Trust's internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

The one main reportable operating segment of the Trust and its subsidiaries is to provide the lease of the properties in which the Trust and its subsidiaries have invested and the single geographical area of its operations is Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment and geographical area.

For the period, the Trust and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's revenue.

20. Events after the reporting period

At the Board of Directors Meeting of REIT Manager held on 4 August 2017, the Board of Directors has passed resolutions as follows:

- 1) Approved the capital reduction at the rate of Baht 0.0712 per unit trust. The distribution date will be paid on 4 September 2017.
- 2) Approved the appropriation of distribution of Baht 0.0943 per unit which will be paid from operation period as of 1 April 2017 to 30 June 2017. The distribution date will be paid on 4 September 2017.

21. Approval of interim financial statements

These interim financial statements were authorised for issue by REIT Manager's Board of Directors on 4 August 2017.