

The Fund's performance for the year 2019
CPN Commercial Growth Leasehold Property Fund (CPNCG)

SCB Asset Management Co., Ltd., (the "Management Company") as the management company of CPN Commercial Growth Leasehold Property Fund (CPNCG) has notified to the Stock Exchange of Thailand on 3 April 2020, to cancel the hold of the 2020 Annual General Meeting of Unitholders which determined to convene the meeting on April 28, 2020 at 14.00 p.m., at Vibhavadee Ballroom C, Centara Grand at Central Plaza Ladprao Bangkok hotel in order to follow the announcement of SEC, Tornor 23/2563, determination of Annual General Meeting Date for the year 2020 due to outbreak of novel coronavirus (COVID-19) thus, the Management Company will deliver the Fund's performance for the year 2019 instead of the hold of the meeting 2020.

In this regard, the Management Company would like to inform the Fund's performance for the year 2019 and the agendas together with the questions and doubts from the unitholders during 22 April 2020 to 8 May 2020, details are as follows;

Agenda 1: To acknowledge the minutes of the previous meeting.

The Management Company would like to inform the minutes of previous meeting as the details as shown in attachment 1 of the minutes of the Annual General Meeting of Unitholder for the year 2019 of CPN Commercial Growth Leasehold Property Fund (CPNCG) which had delivered earlier to unitholders for acknowledgement.

Agenda 2: To acknowledge the CPNCG's 2019 operating performance.

The management company has summarized the operating results of CPNCG arising from 1 January 2019 to 31 December 2019, as per details appear in the Annual Report 2019 (Unitholders can download via QR-code in Attachment No.2 of the Determination of the Fund's performance for the year 2019 letter which had delivered to unitholders earlier). The operating results of CPNCG pursuant to the Annual Report 2019 can be summarized as follows:

Operating result	1 January 2019 – 31 December 2019	1 January 2018 – 31 December 2018
1. Total Income (Baht)	652,868,829	643,327,141
1.1 Rental and service income	646,118,444	632,267,751
1.2 Interest income	2,177,378	1,905,974
1.3 Other income	4,573,007	9,153,416
2. Total Expenses (Baht)	160,529,316	172,681,479
2.1 Cost of rental and services	92,555,646	112,174,251
2.2 Fees	55,464,414	47,174,986
2.3 Financial costs	9,318,370	10,536,546
2.4 Other expenses	3,190,886	2,795,696
3. Net Investment Income (Baht)	492,339,513	470,645,662
4. Number of tenants	64 tenants	66 tenants
5. Net leasable area	81,691 sqm.	81,509 sqm.
6. Average occupancy rate (%)	99 %	99 %
7. Average rental rate (Baht/Sqm/Month)	742 Baht	728 Baht

Opinion of Management Company

The management company is of the view that operating result of CPNCG as shown in the Annual Report 2019 are accurate, proper and in accordance with the provisions specified in the Fund scheme.

Agenda 3: To acknowledge the CPNCG's balance sheet and the profit and loss statements for the year ended 31 December 2019

It is proposed to the unitholders to acknowledge the balance sheet and the profit and loss statements for the year ended December 31, 2019 of CPNCG as per details in the attachment No.2 of the Determination of the Fund's performance for the year 2019 letter which had delivered to unitholders earlier. CPNCG has prepared and approved the balance sheet and the profit and loss statements for the year ended December 31, 2019, which have been completely audited and certified KPMG Co., Ltd. Therefore, it is deemed appreciate to state the matter to unitholders for acknowledgement, details of which are as follow;

Operating Results	31 December 2019	31 December 2018
1. Total assets (Baht)	5,149,286,181	5,188,645,960
2. Total liabilities (Baht)	443,853,899	479,022,639
2.1 Long Term Loans (Baht)	212,750,000	244,200,000
3. Net asset value (Baht)	4,705,432,282	4,709,623,321
4. Net asset value per unit (Baht)	11.0290	11.0389
Operating Results	1 January 2019 – 31 December 2019	1 January 2018 – 31 December 2018
5. Total Income (Baht)	652,868,829	643,327,141
6. Total Expenses (Baht)	160,529,316	172,681,479
7. Net investment income (Baht)	492,339,513	470,645,662
8. Net Gain (Loss) on Investment (Baht)	(59,182,914)	(68,589,647)
8.1 Net realized gains on investments	811,403	1,971,516
8.2 net unrealized loss on investments	(59,994,317)	(70,561,163)
9. Increase in Net Assets from Operations	433,156,599	402,056,015

Opinion of Management Company:

The management company is of the view that balance sheet and the profit and loss statements for the year ended December 31, 2019 of CPNCG are accurate proper and contents and it is deemed appreciate to state to unitholders for acknowledgement.

Agenda 4: To acknowledge the dividend payment for the year 2019

It is proposed to the unitholders to acknowledge dividend payment for the year 2019 of CPNCG, detail of which are as follows:

According to the dividend payment policy of CPNCG as specified in the agreement. The Fund manager shall distribution not less than 90% of adjusted net profit for each fiscal year, and the dividend payment shall be made not less than twice a year. In fiscal year 2019 (1 January 2019 – 31 December 2019), CPNCG's total income was Baht 652.87 million and total expenses of Baht 160.53 million. In total the fund had net investment income of Baht 492.34 million. Considering with the loss on investments of Baht 59.18 million, which mainly caused from the net unrealized loss on investment of Baht 59.99 million, the increase in Net assets resulting from operations for the year 2019 was at Baht 433.15 million. The Fund manager therefore has managed to make dividend payment for the year 2019 to the unit holders at rate of Bath 1.0052 per unit in total based on the operating of CPNCG between 1 January 2019 and 31 December 2019 and retained earnings, details of which can be summarized as follows:

Operating results	1 January 2019 – 31 December 2019	1 January 2018– 31 December 2018
1. Rate of dividend payment as of 2019 (Baht/unit)		
1.1 Period 1 January 2019 – 31 March 2019	0.2641 Baht/unit	0.2440 Baht/unit
1.2 Period 1 April 2019 – 31 July 2019	0.3558 Baht/unit	0.2440 ^{/1} Baht/unit
1.3 Period 1 August 2019 – 30 September 2019	0.1848 Baht/unit	0.2502 ^{/2} Baht/unit
1.4 Period 1 October 2019 – 31 December 2019 (Retains earning)	0.2005 Baht/unit	0.2204 Baht/unit
2. Rate of dividend payment (Baht/Unit)	1.0052 Baht/unit	0.9586 Baht/unit
3. Number of units sold (Units)	426,639,000 units	426,639,000 units
4. Total dividend payment (Baht)	428,857,523 Baht	408,976,145 Baht
5. Adjusted net profit (Baht)	433,156,599 Baht	402,056,015 Baht
6. Proportion of dividend payment compare to adjusted net profit (%)	99 %	102 %

Note /1 Dividend payment 0.2440 THB/unit was based on the Fund's performance for the period 1 April – 30 June 2018

/2 Dividend payment 0.2502 THB/unit was based on the Fund's performance for the period 1 July – 30 September 2018

Opinion of Management Company

The management company is of the view that the dividend payment for the year 2019 of CPNCG based on the operating result of CPNCG between 1 January 2019 and 31 December 2019 are accurate, proper and in accordance with the provisions specified in the agreement. In addition, it is deemed appreciate state the matter to unitholders for acknowledgement.

Agenda 5: To acknowledge the appointment of auditors and the determination of audit fee

It is proposed to the unitholders to acknowledge the appointment of auditor and determination of audit fee for the year 2020 of CPNCG, detail of which are as follows:

The management company has considered and proposed that the auditors from KPMG Co., Ltd. Be appointed as the auditors of CPNCG for the year 2019 with the remuneration of Baht 350,000 The names of auditors are as follows:

- | | | |
|-------------------|------------------|--|
| 1. Miss Bongkot | Amsageam | Certified Public Account No. 3684 and/or |
| 2. Miss Vanaporn | Jongperadechanon | Certified Public Account No. 4098 and/or |
| 3. Miss Vilavan | Pholprasert | Certified Public Account No. 8420 and/or |
| 4. Mrs. Sasithorn | Pongadisak | Certified Public Account No. 8802 |

In this regard, the Management Company has summarized the audit fee for the year 2020 in comparison to the audit fee for the year 2019 as shown in table below:

Auditor fee:

Year 2020	Year 2019	Change
THB 350,000	THB 350,000	-

Remark: Excluding out of pocket expenses (if any)

Opinion of Management Company

The management company is of the view that the auditor from KPMG Co., Ltd. Have duly performed their duties and have no relationship or conflict of interest with CPNCG which can independently perform the duties. it is deemed appreciate to appoint the auditors from KPMG Co., Ltd, namely:

- | | | |
|-------------------|------------------|--|
| 1. Miss Bongkot | Amsageam | Certified Public Account No. 3684 and/or |
| 2. Miss Vanaporn | Jongperadechanon | Certified Public Account No. 4098 and/or |
| 3. Miss Vilavan | Pholprasert | Certified Public Account No. 8420 and/or |
| 4. Mrs. Sasithorn | Pongadisak | Certified Public Account No. 8802 |

To be the auditors of CPNCG for the year 2020. In addition, it is deemed appreciate to determine the audit fee for the year 2020 in an amount of Baht 350,000 In the case that the aforesaid auditors are unable to perform the duties, KPMG Co., Ltd. shall provide other auditors from its office to audit accounts and express opinions on the financial statements of CPNCG in replacement of the aforesaid auditors. Moreover, it is deemed appreciate state the aforesaid matter to unitholders for acknowledgement.

Agenda 6: Other matters (if any)

The Management Company hereby informs regarding the amendment of fund scheme of CPN Commercial Growth Leasehold Property Fund which shall be effective from 13 April 2020 to unitholders for acknowledgement as the following details.

SCB Asset Management Company Limited (the "Management Company") as the management company of CPN Commercial Growth Leasehold Property Fund (the "Fund") would like to inform that the Fund received the consent to amend the fund scheme from the Securities and Exchange Commission (the "Office of the SEC") on 13 April 2020 as shown in table below

No.	Issue	The cause of Amendment
1.	The calculation method, determination period of calculation and the announcement of Total Asset Value, Net Asset Value and the value of the Investment Units	In accordance with TorJor 20/2561, Re: Rules Conditions and Procedures of Disclosure Information of Real Estate and Infrastructure Investment Trust (Codified)

Unitholders can find more information via www.scbam.com or ask for more info via Client Relation of the company Tel. 02-777-7777 press 0 press 6 during the working hour from 8.30 am. – 17.00 pm.

Summary of Q&A submitted by unitholders between April 22 and May 8, 2019 through channels designated by the Asset Management Company. Six unitholders submitted the following questions:

Question What are CPNCG's other incomes? Why did CPNCG's other incomes in 2019 dramatically fall compared to those of last year?

Answer Other incomes consisted of fines and incomes from rental and/or service deposits. The reason why other incomes sharply fell was due to the decline of fines resulting from the forfeiture of these deposits, which went down from Baht 8.7 million in 2018 to Baht 3.9 million in 2019.

Question What is CPNCG's impact especially with regard to income recognition during Covid-19? Have you given any rental discount to tenants? If yes, to what extent? Does the number of tenants decline and how? What about measures to shore up the situation?

Answer CPNCG has been affected by the coronavirus outbreak because tenants requested that the rent be reduced as they, too, had suffered from Covid-19. The fund offered discounts on a case-by-case basis while the discount, if any, would be effective for a short period of time only. As of April 2020, 99% of the space was rented.

Question Is business disruption insurance taken out by CPNCG effectively compensate damage suffered by the fund during Covid-19?

Answer At present, our insurance bought to protect incomes during business disruption does not include incidents from Covid-19. As a result, we won't receive any compensation from this insurance.

Question How will the post Covid-19 new normal practice affects the office rental business? How will CPN adjust itself to the new normal? What should shareholders expect from the business?

Answer CPNCG is operating a business, which offers office space for rent. As a result, if businesses increasingly shift from working at the office to working from home, this could affect the fund's operation. However, since The Offices@Central World Building is at a premium location, adjacent to a skytrain station and next to the Central World shopping mall, we expect a limited impact to the business.

Question Is it true that CPNCG cannot buy an additional asset or lease rights? Why don't you transform the fund into the REIT? Does CPNCG plan to transform the fund into a trust fund in order to invest more, considering that the Central Group seems to focus more on CPNREIT as witnessed from the group's decision to put its Ratchadapisek-Rama IX office into the CPNREIT? In that case, what will CPNCG do to ensure that the fund can sustainably grow and is able to produce a continued cashflow and wealth to unitholders beyond the lease term of The Offices@Central World Building?

Answer The Securities and Exchange Commission's (SEC) regulations prohibit CPNCG, which is a property fund, from mobilizing any fund or from borrowing a fund for an additional investment in an asset. What a property fund can do is to renovate its asset. If the fund wishes to expand its investment, it needs to be transformed into the REIT or seeks a resolution from unitholders to sell its asset to the REIT so that it can invest more through its REIT status. We have conducted a comparative study of both options in order to find out which one is the optimal alternative for unitholders on the basis of expenses, returns and long-term benefits.

Question

1. Anti-Corruption Policy
2. Future Plan or the 2020 Business Plan
3. Major events during the past year
4. Key audit matters for the past year

Answer

1) **Anti-Corruption Policy**

SCB Asset Management Co Ltd has announced the Investment Governance Code Policy (I Code Policy) and the Anti-Corruption and Countering Bribery Policy as follows.

The Investment Governance Code Policy

1. Objectives, Principles and Rationale

The Office of Securities and Exchange Commission (SEC) has highlighted the awareness of responsible investment management by institutional investors to resolve social and environmental problems that have heavily affected our wellbeing. Aside from making an investment on the basis of risks and returns, investors should take into consideration environmental, social and governance (ESG) responsibility as well. SCB Asset Management Co Ltd has supported and expressed our intention to take part in the investment governance principles of institutional investors. This policy is announced to promote as well as act a guideline for us to enhance the effectiveness of our investment decisions and monitoring process where environmental, social and governance (ESG) factors of investee companies are considered. Not only will the ESG factors lead to a better and more useful investment environment but it will also positively affect our investors in terms of risks and long-term returns.

2. Principles of the Investment Governance for Institutional Investors

Principle 1: Setting a clear investment governance code policy

Principle 2: Having adequate prevention and management of conflict of interest for optimal interest of customers.

Principle 3: Making timely decision and closely monitoring investee companies

Principle 4: Escalating the monitoring of investee companies if practices under Principle 3 are found inadequate.

Principle 5: Disclosing voting policies and results of the voting

Principle 6: Collective engagement

Principle 7: Regularly disclose the investment governance code policy and compliance with the customer policy

Note: This was approved by the Board of Directors on January 14, 2020.

<https://www.scbam.com/medias/upload/ann/Web-I-Code.pdf>

The Anti-Corruption and Countering Bribery Policy

Principles:

One of our core values is to operate a business with social responsibility. As a result, corruption and bribery or attempt of both in our business is conflicting with our core values and therefore is neither acceptable nor allowed. The core values have been clearly announced in the Code of Conduct of both directors and employees, who are to comply with this policy especially with regard to the "Don'ts" as follows.

1. Demanding, procuring or receiving bribe for the benefit of directors or employees or for the benefit of related persons whether they are within the same family, friends or those in any other relationship.
2. Directly or indirectly offering a promise or bribing government officers or other private sector personnel on behalf of or for the benefit of the company.
3. Exercising authority in bad faith

This policy is considered a minimum standard applicable to anti-corruption and countering bribery practices. Higher standards may apply in case certain transactions in some jurisdictions are governed instead by their legal requirements. This however will also be subject to the company's Code of Conduct.

Definitions of Corruption and Bribery

Corruption means the way power or responsibility is exercised in bad faith for the benefit of oneself or others. This includes giving bribes, extorting, committing fraud, deceiving, colluding, conspiring, embezzling, money laundering and other similar acts.

Bribe means any action committed with an intention to offer, promise, deliver, accept and demand to generate benefits in various forms, which in turn will induce violation of law or duties and responsibilities. Benefits in various forms shall include gift, service, cash or others that may be given directly or through other persons or for other persons. Any action that induces certain practices shall include an action committed to state and private sector officials.

Forms of corruption and bribes and other related policies

1. Political assistance

Political assistance carried out in compliance with the laws is allowed. However, this must be done with transparency and openness and it must be approved in principle by the Board of Directors or the Executive Board.

2. Charitable donation

Charitable donation is part of our corporate culture to help the less fortunate in the society to relieve the plight of victims from natural disasters or to promote quality of life now and in the future. However, the donation must be approved through a required process and is carried out with transparency and clear objectives. No donation is allowed to disguise corruption and bribery.

3. Financial support

Generally speaking, financial support is given to promote our corporate image or reputation and is usually carried out through various activities. Financial support must be given on the basis of decisions made transparently with contracts or evidences indicating that the money has been donated. It must also be approved by corporate processes. No financial support shall be carried out

to disguise corruption and bribery.

4. Payment of tea money

Paying tea money for facilitating purpose is prohibited as it may lead to corruption.

5. Gifts, tips and other expenses

Gifts, tips and other expenses may lead to a risk of corruption. As a result, all directors and employees must not receive or give gifts or tips that are generally expected to lead to corruption. However, if such receiving of a gift and tip giving does not come with any attachment, nor does it create a responsibility that something must be given in return in a corrupted way and it is in compliance with normal practices, the action is permissible if it's found to be in alignment with criteria and the company's Code of Conduct.

6. An exercise of authority and power with bad faith

Exercising one's authority with bad faith such as extorting, committing fraud, deceiving, colluding, conspiring, embezzling, money laundering and other similar actions is illegal and therefore expressly prohibited under this Policy.

Anti-corruption and countering bribery measures

SCB Asset Management Co Ltd intends to implement effective anti-corruption and countering bribery measures, which must be approved by the Board of Directors and constantly communicated to all directors and employees as well as the third party. This is to nurture the corporate culture of saying absolutely no to corruption and bribery.

Scopes of the Policy

This policy applies to the company including all directors and employees and businesses relating to us. The policy also applies to agents, partners, suppliers and anyone relating to our business as extensively as possible.

Penalties

Violation or failure by a director or an employee to comply with the policy will subject the person to the company's disciplinary actions. The person can be warned, punished or has his/her employment terminated. Legal action in civil and criminal proceedings may be pursued if the violation is found intentional.

Note: Announced on January 14, 2020. (<https://www.scbam.com/th/annouce/annouce-031214>)

2) Future plan or 2020 Business plan

- Maintain the offices@ Central World in good condition through a reasonable budget
- Maintain the Occupancy rate and continually increase the rental rate comparing YoY, with a major factor being the renewal of lease agreements of existing tenants. This has made an average growth rate of CPNCG's rent relatively high compared to its industrial peers, especially when comparing with office buildings available for rent in the Central Business District (CBD) along the mass transit system.

3) Key Audit Matters (KAM)

Starting in 2016, the Auditor's Report has added a new section called Key Audit Matters (KAM), which is part of new accounting standards No. 701, Communicating KAM in the auditor's report. KAM refers to key audit matters relating to circumstances in the current financial statements that the auditor is compelled to communicate to readers. They are also matters that the auditor has audited and collected supporting evidences to his/her satisfaction. The KAM reported by the auditor does not affect the auditor's opinion. Rather, it helps adding value to the auditor's report and allowing readers of financial statements to understand key matters in the business's financial statements, which will enable them to make a decision more confidently.

According to the Financial statement year ended 31 December 2019 and the Auditor's report of KPMG Phoomchai Audit Ltd, which highlighted the following: "Investment values in property and lease rights." Details are in Note 3 (a) and 5. Unitholders may find more details in the financial statements already posted by the Asset Management Company on the Stock Exchange of Thailand's website.



(Mrs. Tipaphan Puttarawigorn)

CPN Commercial Growth Leasehold Property Fund

By SCB Asset Management Company Limited