

22 September 2017

**Subject:** Notification of additional information on investment in CentralFestival Pattaya Beach Project by CPN Retail Growth Leasehold REIT by subleasing of partial area

**To:** The President  
The Stock Exchange of Thailand

As the Meeting of Unitholders of CPN Retail Growth Leasehold Property Fund (“**CPNRF**”) No. 1/2017 which was held on 28 August 2017 has approved the conversion of CPNRF into CPN Retail Growth Leasehold REIT (“**CPNREIT**”) and approved the investment in the assets of CentralFestival Pattaya Beach Project and Hilton Pattaya (the “**Additional Assets No. 1**”). Details of which are appeared in the Minutes of the Unitholders’ Meeting of CPNRF No. 1/2017 dated 28 August 2017 which approved CPNREIT (after the conversion) to invest from CPN Pattaya Co., Ltd. (“**CPN Pattaya**”) in the Additional Assets No. 1 which comprises the areas in CentralFestival Pattaya Beach Project of approximately 70,095 square meters, and the areas in Hilton Pattaya of approximately 49,686 square meters, being the total investment area of approximately 119,781 square meters.

In this regard, SCB Asset Management Co., Ltd. as the Management Company (the “**Management Company**”) would like to inform the additional information that the investment in the areas in CentralFestival Pattaya Beach Project will include the subleasing of partial area of approximately 4,827 square meters in CentralFestivalPattaya Beach shopping complex building. Such partial area has been leased by CPN Pattaya from Central Department Store Co., Ltd. (CentralFestival Pattaya Beach branch), the owner of the leased area (the “**Area Lessor**”) pursuant to the Lease Agreement of Building Areas entered into on 27 June 2013 (the “**Building Area Lease Agreement**”) which will expire on 29 February 2038. The investment by CPNREIT in this area is already included in the investment value according to the information previously disclosed. Nonetheless, in order for the Unitholders to obtain complete information, the Management Company would like to notify the additional information on the subleased area as follows:

1. The subleased area is proportionated to be 4.03 percent of the total area to be invested by CPNREIT in the Additional Assets No. 1 (from the total area of approximately 119,781 square meters), which is considered a low investment portion comparing to the total area to be invested by CPNREIT in the Additional Assets No. 1, or to be merely 0.57 percent of the total area to be invested by CPNREIT after the conversion and after the completion of the investment in the Additional Assets No. 1.

2. The sublease period for the respective area between CPNREIT and CPN Pattaya shall be approximately 20 years from the date of registration for the subleasehold right which will be until 31 August 2037. Such sublease term will be expired at the same time as that of the other areas in the CentralFestival Pattaya Beach Project which will also be invested by CPNREIT, while the lease term according to the Building Area Lease Agreement between CPN Pattaya and the Area Lessor will be expired thereafter on 28 February 2038.

3. CPN Pattaya has made payment of the rental fee for the leased area in full for the entire lease term according to the Building Area Lease Agreement expiring on 28 February 2038. Thus, there is no risk associated with the failure of rental fee payment by CPN Pattaya.

4. The duties of CPN Pattaya as specified in the Building Area Lease Agreement have the normal conditions of ordinary lessees which are in accordance with the laws and general standard. It cannot be found that there is any condition imposing the duties and obligations on CPN Pattaya beyond the capacity of ordinary lessees to be complied with. Additionally, it is not found that there is any condition having material affect to sublease the area, or limiting CPNREIT's right to invest in the respective area. In this connection, CPN Pattaya must obtain consent from the Area Lessor to sublease the leased area prior to CPNREIT's investment in such asset, whereby CPN Pattaya is currently in the process of obtaining consent from the Area Lessor and expects the consent to be obtained prior to CPNREIT's investment.

5. CPNREIT will enter into an agreement with Central Pattana Public Company Limited ("CPN"), where CPN will set out the measures to control, monitor, and take any actions necessary for the purpose of ensuring that CPN Pattaya will strictly comply with the terms and conditions under the agreements under which CPN Pattaya is a contractual party, covering the Building Area Lease Agreement entered into with the Area Lessor, the sublease agreement to be entered into with CPNREIT, including other relevant agreements under which CPN Pattaya is a contractual party. In addition, CPN will, at its best endeavor, prevent and remedy (including providing any financial support) CPN Pattaya from committing any defaults of agreement, breaches of conditions, or causes of termination, or breaches of provisions under the agreements under which CPN Pattaya is a contractual party.

6. CPNREIT will set out the measures of remedy in the event that CPN Pattaya fails to comply with the Building Area Lease Agreement, where CPN Pattaya will proceed to engage the Area Lessor to give consent to CPNREIT in writing in order to allow CPNREIT to become a direct party to the Area Lessor in place of CPN Pattaya. In this regard, CPN must complete this process prior to CPNREIT's investment in such asset, whereby CPN Pattaya is currently in the process of obtaining the consent from the Area Lessor and expects the consent to be obtained prior to CPNREIT's investment. Thus, in the event that CPN Pattaya fails to comply with the Building Area Lease Agreement, CPNREIT shall become a direct party to the Area Lessor, and that CPNREIT's exercising of such right will result in CPNREIT's generating of benefits from the investment properties not being affected by termination of the Building Area Lease Agreement between CPN Pattaya and the Area Lessor.

From the abovementioned facts, the Management Company, and CPN REIT Management Co., Ltd. as the Settlor (the "**Company**") have considered and viewed that this partial area of CentralFestival Pattaya Beach Project in which CPNREIT will invest by subleasing is not relatively high, and has a low investment portion comparing to the total area to be invested by CPNREIT in the Additional Assets No. 1 or is merely 0.57 percent of the total area to be invested by CPNREIT after the conversion and after the completion of the investment in the Additional Assets No. 1. Besides, CPN, as a parent company, has set out the measures to control and monitor CPN Pattaya's compliance with the agreements as its subsidiary company, as well as the measures to prevent and remedy CPN Pattaya from committing any defaults or breaches of conditions of agreements. Also, CPNREIT will receive a consent from Central Department Store Co., Ltd. (CentralFestival Pattaya Beach branch), the owner and the lessor of the area in which CPNREIT will invest by subleasing, to exercise the right of CPN Pattaya in order to become a direct party under the Building Area Lease Agreement in the event that CPN Pattaya fails to comply with such Agreement. In addition, in such event that it is due to CPN Pattaya's fault, CPNREIT is entitled to immediately terminate the sublease agreement, whereby CPN Pattaya must return to CPNREIT the rental fee for subleasing the area for the remaining lease term, as any other monies or benefits that CPN Pattaya has received in the name of CPNREIT according to the proportion of the remaining lease term, and compensation for loss of benefits due to CPNREIT's inability to use the subleased area during the lease term of the agreement.

Therefore, the Management Company and the Company viewed that the risk associated with the subleasing of the partial area of the shopping complex building from CPN Pattaya is low and the subleasing will not have material impact on CPNREIT from generating of benefits from the properties of the CentralFestival Pattaya Beach Project.

Should the Unitholders would like to make inquiries or express opinion as to the additional information disclosed above, please contact the Property & Infrastructure Investment Division at 02-9491627 or 02-9491642, and should the Unitholders whose names are appeared on the unitholder register book as at the closing date of the unitholder register book on 7 August 2017 wish to propose further consideration on the investment of CPNREIT in the partial area of the CentralFestival Pattaya Beach Project by subleasing by the process of passing a resolution, such process can be done by one or several Unitholders with the total votes of not less than 10 percent of the total investment units of CPNRF sending the documents stating your intention to the Property & Infrastructure Investment Division, SCB Asset Management Co., Ltd. within 14 days (or within 5 October, 2017) in order to request the Management Company to convene a Unitholders' Meeting, and the Management Company will convene the Unitholders' Meeting in due course. If there is no single Unitholder or multiple Unitholders holding the investment units of CPNRF of not less than 10 percent of the total investment units of CPNRF expressing their intention in writing to the Management Company to convene the Unitholders' Meeting within the specified period, the Management Company will not convene a Unitholders' Meeting; however, it will proceed the transactions according to the plan for conversion of CPNRF to CPNREIT and the investment in the Additional Assets No. 1 which will include the subleasing of partial area in CentralFestival Pattaya Beach Project as proposed to the Unitholders at the Meeting of Unitholders of CPNRF No. 1/2017 on 28 August 2017 as per the information disclosed above accordingly.

In this respect, convening the Unitholders' Meeting may have impact on the expenses relevant to the conversion, dissolution and liquidation, and plan for the conversion, dissolution, liquidation, and investment in the Additional Assets No. 1 (conversion timeline) as specified in the Notice of the Unitholders' Meeting No. 1/2017.

Please be informed and consider accordingly.

Sincerely yours,

CPN Retail Growth Leasehold Property Fund  
By SCB Asset Management Co., Ltd.

(Mrs. Tipaphan Puttarawigorm)  
Executive Vice President  
Property & Infrastructure Investment Group