

TICON Property Fund (TFUND)

Management's Discussion and Analysis for 3Q2016

Analysis of Operating Results

Unit : Million Baht

	3Q2016	3Q2015	% Change (YoY)	2Q2016	% Change (QoQ)
Rental and service income	224.2	220.4	1.7	225.7	(0.7)
Interest receive and other income	4.1	5.0	(18.4)	3.2	26.6
Total income	228.2	225.4	1.3	228.9	(0.3)
Property Management fees	26.0	26.3	(1.2)	20.0	29.8
Repair and maintenance expenses	15.9	14.2	11.8	25.0	(36.4)
Operating expenses	(4.1)	1.4	(394.1)	1.8	(327.1)
fund-related expenses	8.4	8.1	4.3	8.3	1.1
Total expenses	46.1	50.0	(7.6)	55.1	(16.3)
Net investment income	182.1	175.4	3.8	173.8	4.8
Net realised gains (losses) on investments	4.3	17.3	(75.2)	-	-
Net unrealised gains (losses) on investments	108.9	61.3	77.7	15.24	-
Net increase in net assets resulting from operations	295.3	254.0	16.2	189.0	56.2
Net investment income to total income ratio	79.8%	77.8%		75.9%	

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Total Incomes

For this quarter, the Fund had a total income of Baht 228.2 million, increased by Baht 2.8 million or 1.3% YoY. It was resulted from rental and service income rising of Bath 3.8 million or 1.7%. It was due to the higher average occupancy rate of this quarter than the same period of last year, from 71.7% to 73.0%.

For QoQ, the rental and service income and total income were in line with 2Q2016.

Total Expenses

For YoY, the total expenses amounted to Baht 46.1 million, which decreased by Baht 3.9 million or 7.6%. It was due to the operating expenses reversal. Property management fees and fund-related expenses were in line with the the same period of last year.

For QoQ, the Fund had total expenses decreased by Baht 9.0 million or 16.3%, which due to the decreasing of repair and maintenance expenses.

Net Investment Income

For 3Q2016, the Fund had a net investment income of Baht 182.1 million, raised by Baht 6.7 million or 3.8% YoY, because total revenue increased while total expenses dropped. Net investment income margin was 79.8%, slightly improved from 77.8.6% in 3Q2015.

For QoQ, net investment income built up by Baht 8.3 million or 4.8% because of the decreasing in total expenses.

Net Increase in Net Assets

For this quarter, the Fund showed realized gains on investments (gains from sale of land with factory in September 2016) of Baht 4.3 million and unrealized gains on investments of Baht 108.9 million. So the Fund recorded Baht 295.3 million of net increase in net assets while it was Baht 254.0 million in 3Q2015.

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Balance Sheet

Unit : Million Baht

	As 30 Sep 2016	As 30 Jun 2016
Investments in properties at fair value	12,643.6	12,551.7
Investments in securities and cash at banks	781.2	755.4
Other assets	21.1	21.9
Total assets	13,445.9	13,329.0
Accrued expenses	38.5	46.5
Deposits from rental and service	329.5	325.3
Other liabilities	11.4	13.5
Total liabilities	379.4	385.3
Fund registered and capital from the unitholders	11,824.8	11,824.8
Retained earnings	1,241.7	1,118.9
Net assets	13,066.5	12,943.7
Net asset value per unit	11.3667	11.2598

As of 30 September 2016, the Fund had total Assets of Baht 13,445.9 million, the major assets consisted of Baht 12,643.6 million investments in properties and Baht 781.2 investment in securities and cash at banks. Total liabilities amounted to Baht 379.4 million, most were in the form of deposits from rental and service.

Net assets recorded at Baht 13,066.5 million, equivalent to Baht 11.3667 per unit which slightly rose from Baht 11.2598 at the end of last quarter.