

TICON Property Fund (TFUND)

Management's Discussion and Analysis for 1Q2017

Analysis of Operating Results

Unit : Million Baht

	1Q2017	1Q2016	% Change (YoY)	4Q2016	% Change (QoQ)
Rental and service income	228.9	225.6	1.5	227.2	0.8
Utilities income	7.0	0.0	N.A.	0.0	N.A.
Interest received and other income	4.0	3.2	23.6	4.8	(17.0)
Total income	239.9	228.9	4.8	232.0	3.4
Property Management fees	21.7	21.7	0.0	23.6	(7.9)
Repair and maintenance expenses	11.4	15.7	(27.5)	3.9	193.1
Operating expenses	14.4	3.1	370.7	0.3	5,098.2
fund-related expenses	7.9	8.0	(2.1)	8.9	(11.8)
Total expenses	55.4	48.5	14.1	36.7	51.0
Net investment income	184.5	180.3	2.3	195.4	(5.5)
Net realized gains (losses) on investments	0.0	0.0	N.A.	0.0	N.A.
Net unrealized gains (losses) on investments	0.0	0.0	N.A.	71.9	(100.0)
Net increase in net assets resulting from operations	184.5	180.3	2.3	267.3	(31.0)
Net investment income to total income ratio	76.9%	78.8%		84.2%	

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Total Incomes

For this quarter, the Fund had a total income of Baht 239.9 million, increased by Baht 11.0 million or 4.8% compared to 1Q2016. The details are shown as follows:

1. Rental and service income of Baht 228.9 million, increased by Baht 3.3 million or 1.5%. The average occupancy rate was recorded at 74.0% which nearly with 1Q2016.
2. Utilities income of Baht 7.0 million. Due to the Fund will be the value added tax registered entrepreneurs from 24 May 2017 onwards. Thus, the accounting transaction records were changed to be in line with the related tax regulations.
3. Interest received and other income of Baht 4.0 million

Compared to 4Q2016, the Fund had a total income increased due to such accounting record changes.

Total Expenses

For this quarter, the total expenses amounted to Baht 55.4 million, which increased by Baht 6.8 million or 14.1% compared to 1Q2016. It was mainly resulted from the increase of operating expenses, which was also due to such accounting record changes.

For QoQ, the Fund had total expenses increased by Baht 18.7 million, which was resulted of reversal of provision for expense in 4Q2016.

Net Investment Income

For 1Q2017, the Fund had a net investment income of Baht 184.5 million, raised by Baht 4.2 million or 2.3% compared to 1Q2016. Because the Fund had increasing total income more than the raising total expenses. However, net investment income margin dropped to 76.9% from 78.8% in 1Q2016.

Compared with 4Q2016, net investment income decreased by Baht 10.8 million. It was resulted of reversal of provision for expense in 4Q2016.

Net Increase in Net Assets

For this quarter, the Fund recorded net increase in net assets resulting from operations of Baht 184.5 million. Due to the Fund has no realized and unrealized gain (loss) on investments in this period.

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Balance Sheet

Unit : Million Baht

	As 31 Mar 2017	As 31 Dec 2016
Investments in properties at fair value	12,717.6	12,717.6
Investments in securities and cash at banks	764.7	793.7
Other assets	17.5	19.2
Total assets	13,499.8	13,530.4
Accrued expenses	24.8	44.7
Deposits from rental and service	319.9	325.2
Other liabilities	10.3	10.7
Total liabilities	355.1	380.6
Fund registered and capital from the unitholders	11,824.8	11,824.8
Retained earnings	1,319.9	1,325.1
Net assets	13,144.7	13,149.9
Net asset value per unit	11.4347	11.4392

As of 31 March 2017, the Fund had total Assets of Baht 13,499.8 million. The major assets consisted of Baht 12,717.6 million investments in properties and Baht 764.7 million investments in securities and cash at banks. Total liabilities amounted to Baht 355.1 million, most were in the form of deposits from rental and service.

Net assets recorded at Baht 13,144.7 million, equivalent to Baht 11.4347 per unit.