

TICON Property Fund (TFUND)

Management's Discussion and Analysis for the first half year of 2017

Analysis of Operating Results

Unit : Million Baht

	1H2017	1H2016	% Change	2H2016	% Change
Rental and service income	456.0	451.3	1.0	451.4	1.0
Interest received and other income	8.9	6.4	38.6	8.9	0.6
Total income	465.0	457.8	1.6	460.2	1.0
Property Management fees	42.9	41.7	2.9	49.6	(13.4)
Repair and maintenance expenses	28.4	40.7	(30.3)	19.8	43.5
Operating expenses	9.1	4.9	87.2	(3.8)	(337.7)
fund-related expenses	16.5	16.3	1.0	17.3	(4.7)
Total expenses	96.9	103.6	(6.5)	82.8	17.0
Net investment income	368.0	354.1	3.9	377.4	(2.5)
Net realized gains (losses) on investments	0.0	0.0	N.A.	4.3	(100.0)
Net unrealized gains (losses) on investments	71.5	15.2	369.2	180.8	(60.5)
Net increase in net assets resulting from operations	439.6	369.4	19.0	562.6	(21.9)
Net investment income to total income ratio	79.2%	77.4%		82.0%	

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Total Incomes

For the first half of 2017, the Fund had a total income of Baht 465.0 million, increased by Baht 7.2 million or 1.6% compared to the first half of 2016. The details are shown as follows:

1. Rental and service income of Baht 456.0 million, increased by Baht 4.7 million or 1.0%, wherewith the average occupancy rate of the first half of this year was recorded at 74.1% which slightly increased from 73.2 % in the same period of last year
2. Interest received and other income of Baht 8.9 million

Compared to the second half of 2016, the Fund had a total income slightly increased 1.0%, due to the increase in average occupancy rate from 73.2% in the second half of 2016.

Total Expenses

The total expenses in the first half of this year were Baht 96.9 million, which decreased by Baht 6.7 million or 6.5% compared to the same period last year. It was mainly resulted from renovation cost for factory size of 12,780 square meters in the first half of 2016 in order to prepare to handover factory to new lessee in 3Q2016.

However, compared to the second half of 2016, the Fund had the total expenses increased by Baht 14.1 million. Due to the increase of repair and maintenance expenses and the result of reversal of accounting expenses for operating expenses in the second half of 2016.

Net Investment Income

For the first half of 2017, the Fund had a net investment income of Baht 368.0 million, raised by Baht 13.9 million or 3.9% compared to the same period last year. Because the Fund has increased in total income, while total expenses has been dropped. Thus, the Fund had net investment income to total income ratio increased to 79.2% from 77.4% in the first half of 2016.

However, compared to the second half of 2016, the Fund had a net investment income decreased by Baht 9.4 million, as a result of total expenses increased.

Net Increase in Net Assets

For the first half of this year, the Fund recorded net increase in net assets resulting from operations at Baht 439.6 million. It was consisted of net investment income of Baht 368.0 million and net unrealized gains on investments of Baht 71.5 million.

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Balance Sheet

Unit : Million Baht

	As of 30 Jun 2017	As of 31 Dec 2016
Investments in properties at fair value	12,789.1	12,717.6
Investments in securities and cash at banks	782.5	793.7
Other assets	17.4	19.2
Total assets	13,589.0	13,530.4
Accrued expenses	29.2	44.7
Deposits from rental and service	324.5	325.2
Other liabilities	13.7	10.7
Total liabilities	367.4	380.6
Fund registered and capital from the unitholders	11,824.8	11,824.8
Retained earnings	1,396.8	1,325.1
Net assets	13,221.6	13,149.9
Net asset value per unit	11.5016	11.4392

As of 30 June 2017, the Fund had total Assets of Baht 13,589.0 million, which was slightly increased from Baht 13,530.4 million at the end of 2016, due to the increase of investment in properties at fair value. The major assets are consisted of Baht 12,789.1 million investments in properties and Baht 782.5 million investments in securities and cash at banks. Total liabilities amounted to Baht 367.4 million, most were in the form of deposits from rental and service.

Thus, the Fund net assets were recorded at Baht 13,221.6 million, equivalent to Baht 11.5016 per unit that slightly increased from Baht 11.4392 per unit at the end of 2016.