

Information Memorandum on the Connected Transaction  
between the REIT and the Related Person of the REIT Manager  
of  
Bualuang Office Leasehold Real Estate Investment Trust (B-WORK)

**1. Transaction date**

After obtaining the approval from the trust unitholders' meeting of Bualuang Office Leasehold Real Estate Investment Trust (the "REIT") for the loan transaction between the REIT and the related person of the REIT Manager and other relevant agenda, and after obtaining the approval from the Office of the Securities and Exchange Commission (the "SEC Office") for the REIT's issuance and offering of additional trust units for sale for the acquisition of the additional assets (No. 1) (the "First Capital Increase"); and the contractual parties have fulfilled the conditions precedent under the loan or credit facilities agreements and other relevant agreements.

**2. Relevant parties and their relationship with the REIT and the REIT Manager**

The REIT will acquire the additional assets (No. 1), using a loan from financial institutions as one part of source of funds. The REIT may enter into the loan agreement with financial institution, which is a related person of the REIT Manager under the relevant laws and regulations. This includes Bangkok Bank Public Company Limited, which is a major shareholder of the REIT Manager, directly holding 75 per cent of the total shares issued by the REIT Manager.

**3. Nature of interests of the related person of the REIT Manager**

The REIT may obtain loan from financial institution, which is a related person of the REIT Manager, for the acquisition of the additional assets (No. 1), and payment of relevant costs and expenses, and/or to be used as working capital for the REIT's management and operation. In addition, the REIT may place collateral in favor of the related person of the REIT Manager.

Furthermore, the REIT Manager may consider appointing Bangkok Bank Public Company Limited, which is a related person of the REIT Manager, as a financial advisor and/or an underwriter for the additional trust units to be issued and offered in the First Capital Increase, and/or an underwriter for the debentures of the REIT. The size of the transaction, calculated from the aggregate fees, is not over 1.50 per cent of the net assets value of the REIT, making the proposed transaction a medium-size transaction (over 0.03 per cent but not over 3.00 per

cent of the REIT's net assets value), which can be carried out with an approval from the Trustee and the Real Estate Investment Committee of the REIT Manager.

#### 4. General description of the transaction

The REIT will acquire the additional assets (No. 1), using a long-term/short-term loan of not exceeding THB 1,000 million from financial institutions. The REIT may obtain loan from financial institution which is a related person of the REIT Manager (in which case, the REIT Manager shall comply with the relevant rules), and may place collateral in favor of the related person of the REIT Manager, for acquisition of the additional assets (No. 1), and payment of the relevant costs and expenses, and/or to be used as working capital for the REIT's management and operation, and/or working capital.

#### 5. Conditions of the loan

The long-term/short term loan of not exceeding THB 1,000 million shall be used for the acquisition of the additional assets (No. 1), and payment of the relevant costs and expenses, and/or to be used as working capital. The key conditions of the loan can be summarized as follows:

Subject	Conditions
Borrower	Bualuang Office Leasehold Real Estate Investment Trust
Credit amount	Not exceeding THB 1,000 million
Term	Not exceeding 10 years
Grace period	Not less than 1 year from the date of the first drawdown
Interest rate	Not exceeding MLR minus 1.00 per cent per annum "MLR" means an interest rate charged to prime customers for a fixed-term loan of the lending bank (Minimum Loan Rate, "MLR").
Front-end fee	Not exceeding 0.25 per cent of the credit amount
Repayment of principal	Every 6 months after the grace period
Financial covenant	Interest Bearing Debt / EBITDA not exceeding 4.0 times
Collaterals	1. Mortgage of land and building of Bangkok Business Center office building 2. All risks insurance and business interruption insurance for the building of Bangkok Business Center, specifying the lender and the borrower as the co-beneficiaries

Subject	Conditions
	<ol style="list-style-type: none"> <li>3. Registration of business security over the rights to receive rental fees of the Bangkok Business Center project</li> <li>4. Registration of business security over the leasehold of True Tower 1 project, including procurement of the lender to be the beneficiary under the property insurance for the assets in True Tower 1 project</li> <li>5. Registration of business security over the rights to receive rental fees of True Tower 1 project and True Tower 2 project</li> </ol>
Conditions precedent before drawdown	<ol style="list-style-type: none"> <li>1. The REIT must deliver the evidence showing that the entering into the loan agreement, the issuance and allotment of additional trust units, and the acquisition of the additional assets (No. 1) have duly been approved by the trust unitholders' meeting of the REIT and the SEC Office.</li> <li>2. The REIT must deliver a copy of the sale and purchase agreement in relation to the additional assets (No. 1) to the lender.</li> <li>3. The REIT must deliver the evidence showing that the proposed loan amount combined with the capital raised from the issuance and allotment of additional trust units in the First Capital Increase is sufficient to fund the acquisition of the additional assets (No. 1).</li> </ol>

**Remarks:** The conditions in the table above are currently under the negotiation between the REIT Manager and the lender. The final conditions may be altered.

At present, the REIT has already obtained the loan of THB 920 million from Bangkok Bank Public Company Limited, according to the details disclosed in the registration statement for the initial public offering and the annual report of the REIT.

#### 6. Size of the transaction and the total value of consideration

The loan for an acquisition of the additional assets (No. 1) will not exceed THB 1,000 million, which will incur interest and fees payable to the lender of approximately not exceeding THB 335.39 million (calculated based on the MLR announced by BBL as of 15 March 2021 ([www.bot.or.th](http://www.bot.or.th))), or equivalent to the transaction size of 8.71 per cent of the net assets value of the REIT, which is over 3.00 per cent of the net assets value of the REIT (The net assets value

of the REIT as of 31 December 2020 is equivalent to THB 3,849 million), which requires an approval from the trust unitholders' meeting of the REIT. The interest rate, payment of interest, and delivery of collateral required therefor will be as agreed by the REIT Manager and the lending financial institution, which will be disclosed in the registration statement for the trust unit issuance and offering and the prospectus for offering of the trust units for the First Capital Increase of the REIT accordingly.

#### **7. Criteria for determining the consideration value**

The conditions of the loan, including interest rate, repayment of interest, and delivery of collateral required therefor, are reasonable and will not cause any disadvantage to the REIT, and the conditions under the relevant agreements are made on an arm's length basis. The transaction costs and expenses charged to the REIT are fair and reasonable, considering the REIT's ability to pay interest and repay loan, loan terms, collaterals, creditor seniority, past interest rate charged to the REIT, and interest rate charged to other borrowers. The proposed transaction will be proceeded, by taking into account the benefits of the REIT and the trust unitholders as priority.

#### **8. Potential benefits from the loan**

Obtaining loan to fund the acquisition of the additional assets (No. 1) will benefit the trust unitholders, as it improves efficiency in the REIT's financial management structure, given the loan incurs less financial costs to the REIT (Cost of Debt), compared to the cost of equity, which will help maintain the rate of return of the REIT at an appropriate level. Moreover, the proposed loan transaction between the REIT and the related person of the REIT Manager neither creates any conflict of interest nor causes any disadvantages to the REIT, as the transaction is done on an arm's length basis.

In this regard, the REIT Manager is still seeking financial support from other financial institutions, other than the related person of the REIT Manager.

#### **9. Risk factors**

##### **9.1 Interest rate risk**

As the interest rate with regard to the loan facility is floating rate, the REIT may bear a burden resulting from an increase in interest rate if the market interest rate rises. This may affect the REIT's performance and directly affect the return value to its unitholders. However, the REIT Manager is well aware of the risk and set a policy to closely monitor

trend of the change in interest rate. The REIT Manager also plans to efficiently manage financial costs, e.g. by obtaining loan from the financial institution creditor who offers lower interest rate or bond offering (Refinancing), or getting prepared to fundraise from a source that incurs less average cost. Moreover, the REIT may enter into a futures or derivatives product contract to prevent interest rate risk incurred from the loan, whether in whole or in part, e.g. through interest rate swap.

## 9.2 Default risk

According to the financial statement ended as of 31 December 2020, the REIT is bound by a long-term liability of THB 920.00 million, and has borne the financial costs in 2018, 2019, and 2020 of THB 35.03 million, THB 47.02 million, and THB 41.28 million. A loan of not exceeding THB 1,000.00 million to be used as a part of the funding sources for the acquisition of the additional assets (No. 1) and to repay relevant expenses and/or as working capital for the REIT's management and operation, will incur to the REIT an increase in the amount of long-term loan to an amount of not exceeding THB 1,920.00 million (upon an assumption that the REIT uses not exceeding THB 1,000.00 million from the new loan). This will affect the REIT to have an increasing financial costs. If the REIT's income is not sufficient to repay the principal and the interest to the lender (Default Risk), the REIT may be exposed to a risk that its collaterals may be enforced under the terms of the loan agreement and the relevant security agreements. This will directly affect the REIT's business operation and cash flow, including its ability to distribute returns to its unitholders. Nevertheless, the important objective of the loan is for the acquisition of the additional assets (No. 1), which will cause the REIT to have more investment assets and an increase in rental fees and service fees. The REIT Manager opined that such increasing income, together with the income from the REIT's current operations, will make sufficient income for the REIT to repay its increasing financial costs.

## 9.3 Conflict of interest risk

The REIT Manager has duty to control and operate the REIT's business, loan, and to incur any obligations to the REIT's property, as well as to make arrangements to comply with the trust deed and the relevant laws. An issue with respect to the loan between the REIT and Bangkok Bank Public Company Limited, which is a related person of the REIT Manager, may arise in that the REIT Manager is in conflict of interest with Bangkok Bank

Public Company Limited, which is a major shareholder of the REIT Manager, directly holding 75.00 per cent of the total shares issued by the REIT Manager. However, Bangkok Bank Public Company Limited, as a company listed in the Stock Exchange of Thailand, has duty to comply with the rules of the Stock Exchange of Thailand and the SEC Office. Therefore, the proposed transaction may be exposed to a low-level risk from the conflict of interest. In addition, the proposed transaction will not constitute a conflict of interest or cause any disadvantages to the REIT, because the conditions for the loan under the relevant agreements are made on an arm's length basis and the REIT Manager has duty to operate and make the REIT's arrangements in compliance with applicable standards, rules and regulations, including obtaining an approval from the trust unitholders' meeting for the transaction. Furthermore, compared to other mutual funds or trusts acquiring assets of the same nature, it can be found that some of such mutual funds or trusts also obtain loan from a related person of its fund manager or trust manager.

**10. Approval of the transaction**

As the proposed transaction is a connected transaction with the related person of the REIT Manager, with a size of the transaction over 3.00 per cent of the net assets value of the REIT, the transaction requires an approval of the trust unitholders' meeting with an affirmative vote of not less than three-fourths of the total votes of all trust unitholders attending the meeting and having the right to vote, according to the trust deed of the REIT. In counting votes, the votes of the trust unitholders who have special interest in the matter will not be counted. In forming a quorum of the meeting, at least 25 trust unitholders or half of the total number of the trust unitholders, representing, in aggregate, not less than one-third of the total trust units sold, must be present.

**11. Opinion of the Board of Directors of the REIT Manager regarding the proposed transaction in comparison with the third-party transaction**

The Real Estate Investment Committee of the REIT Manager is of the opinion that obtaining loan for the acquisition of the additional assets (No. 1) will benefit trust unitholders, as it incurs less financial costs to the REIT, compared to the fundraising by issuance and offering of additional trust units to cover the entire amount required. This will help maintain the rate of return of the REIT at an appropriate level. In addition, the Real Estate Investment Committee of the REIT Manager has also considered the conditions of the loan agreement between the REIT

and the related person of the REIT Manager. Therefore, the Real Estate Investment Committee of the REIT Manager opined that the proposed transaction that the REIT will obtain loan from the related person of the REIT Manager will not constitute a conflict of interest or cause any disadvantages to the REIT, as the proposed transaction is done on the arm's length basis and benefits the trust unitholders.

**12. Opinion of the independent financial advisor regarding the proposed transaction between the REIT and the related person of the REIT Manager**

The independent financial advisor has analysed the reasonability and suitability of the proposed transaction, both in term of price fairness (interest rate) and conditions of the proposed transaction (conditions of the loan), compared to the current loan agreements, new loan agreements and other loan agreements in the market (based on the property fund's and the real estate investment trust's financial information disclosed to the public). The independent financial advisor opined that the proposed transaction is suitable both in term of price and reasonability.

However, the proposed transaction is exposed to a risk which the trust unitholders must thoroughly consider since such risk may affect the REIT's future result of operation. In this regard, decision to vote for approval for the proposed transaction is subject to the trust unitholders' discretion. The trust unitholders should study the information in the documents attached to the invitation to the 2021 Annual Trust Unitholders' Meeting, in order to determine to vote appropriately.

**13. Opinion of the independent directors and/or directors of the REIT Manager that differs from the opinion of the Board of Directors of the REIT Manager in item no. 10**

None.

**14. Trustee's opinion**

The Trustee would like to inform that the matter proposed for resolution of the trust unitholder in this agenda is a transaction which may constitute a connected transaction of the REIT and the related person of the REIT Manager. The REIT may into a loan agreement with the financial institution, which is the related person of the REIT Manager, for the acquisition of the Additional Assets (No. 1), payment of the relevant costs and expenses, and/or to be used as the REIT's working capital. The REIT may deliver the collateral to the related person of the REIT Manager. The Trustee opined that the entering into the proposed transaction of the REIT with the related person of the REIT Manager, as proposed for approval of the trust unitholders, neither creates any conflict of interest nor causes any disadvantages to the REIT, as the transaction is done on an arm's length

basis and in accordance with the nature of such transaction. The connected transaction between B-WORK and the related person of the REIT Manager do not contradict with the Trust Deed of the B-WORK and the relevant laws.

Nevertheless, the loan and the delivery of collateral required for the loan of the REIT mentioned may constitute a connected transaction between the REIT and the related person of the REIT Manager with a size of the transaction over 3.00 percent of the net assets value of B-WORK. Therefore, the transaction requires an approval of the meeting to the trust unitholders with an affirmative vote of not less than three-fourths of the total votes of all trust unitholders attending the meeting and having the right to vote. In counting votes, the votes of the trust unitholders who have a special interest in the matter will not be counted.

The Trustee opined that the loan for the acquisition of the Additional Assets (No. 1), payment of the relevant costs and expenses, and/or to be used as the REIT's working capital, and the delivery of collateral required for the loan of the REIT to the related person of the REIT Manager could be proceeded and do not contradict with the Trust Deed of the B-WORK and the relevant laws. The value of the loan proposed for resolution of the trust unitholders, combining with the existing loan of the REIT, the amount of B-WORK's loan from the financial institution will not exceed THB 1,920 million in total, comparing with the total asset value of B-WORK after the completion of the acquisition equivalent to approximately THB 6,540.67 million (equaling 29.35 percent of the REIT), which is not exceeding 35 percent of the total asset value of B-WORK after obtaining the loan. This complies with the relevant criteria, which specifies that the real estate investment trusts could procure a loan of in the amount of not exceeding 35 percent of the total asset value or not exceeding 60 percent of the total asset value for the real estate investment trusts with the latest rating level in the investment grade, determined not more than 1 year prior to the date of applying for the loan by a credit rating agency approved by the SEC Office. The delivery of collateral required for the loan does not contradict with the Trust Deed of the B-WORK and the relevant laws.

In addition, to request resolution of the trust unitholders of the REIT, the independent financial advisor appointed by the REIT Manager has rendered its opinion in the invitation to the meeting. The mentioned actions are in accordance with the Trust Deed of B-WORK and the relevant laws.



## 15. Connected transaction in the past

The REIT has important connected transactions between the REIT and the related person of the REIT manager before considering the acquisition of the additional assets (No. 1) of the Real Estate Investment Committee. The connected transactions are made on an arm's length basis which can be summarized as follows.

Significant transactions for the year ended 31 December 2020 and 2019 were as follows:

Connected transaction in the past (in thousand Baht)	2019	2020
<i>Management fees</i>	13,053	13,298
BBL Asset Management Company Limited		
<i>Finance costs</i>	47,021	41,276
Bangkok Bank Public Company Limited		

Balances as at 31 December 2020 and 2019 with related parties were as follows:

Connected transaction in the past (in thousand Baht)	2019	2020
<i>Cash at financial institutions</i>		
Bangkok Bank Public Company Limited	39,991	119,614
<i>Receivables on accrued interest income</i>		
Bangkok Bank Public Company Limited	2	2
<i>Other payables and accrued expenses</i>		
BBL Asset Management Company Limited	8,185	8,049
<i>Long-term borrowings</i>		
Bangkok Bank Public Company Limited	920,000	920,000