



Timely Newsletter

Amendment to 69-REIT Form (Registration of Statement)

Introduction

The Capital Market Supervisory Board has issued Notification No. *Tor Jor.* 7/2562 amending the 69-REIT form, effective from 16 March 2019. Such amendments to the 69-REIT form mean that additional details must be disclosed under the existing disclosure requirements, and introduce new items to be disclosed as follows:

Business Overview

A REIT shall provide an overview of its business including its objectives, business plan, major changes, developments, and management structure.

Legal Disputes

Legal disputes to be disclosed are those that a REIT has been involved in with an amount higher than 5% of the Net Asset Value (NAV) from the end of the latest fiscal year, or legal disputes that have a material effect on the investment of the REIT with an incalculable value.

Trust Units and Trust Unit holders' Information

Under the new regulation, there must be information on: (i) trust units, such as paid-up capital, par value, number of trust units; (ii) trading price (if any), for example, market capitalization, trade volume, NAV as of the first and last day of the fiscal year; (iii) different types of trust units and their rights and benefits (if any); and (iv) capital reductions (if any) and reasons for such capital reductions. Moreover, the new form requires the REIT to disclose its current overview of the trust unit holders' structure by providing information on the top 10 major trust unit holders (if any) and their latest unit holding percentages.

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Management Discussion and Analysis: MD&A

The management discussion and analysis prepared by the REIT manager is to be included in the new 69-REIT form. Management discussion and analysis must consist of at least an analysis on the past operations and discussion of factors which may affect the future (forward looking) financial position, and results of the operations of the REIT.

In addition to the new topics to be included in the new 69-REIT form, further information that is to be disclosed related to the existing disclosure requirements include, for example:

- in a case where there is an investment in additional assets: in the event that the REIT has an indirect investment through a company and the REIT cannot hold up to 99% of such company's total issued shares and voting rights, reasons and benefits of such investment together with a legal advisor's opinion on the material terms and conditions of the joint venture agreement, profit sharing scheme, payment of distributions policy, and share transfer restrictions in such company must be disclosed;
 - in a case of a 69-REIT form being completed for a capital increase: details of the REIT's current assets are to be disclosed by including the date of the latest appraisal or the reviewed appraisal including the appraisal price, and the operating results of the assets from the past fiscal year;
 - industry overview: a comparison of a REIT with that REIT's competitors is to be provided; and
 - payment of distributions policy: the REIT's payment of distributions policy and historical payments for at least five years (if any) must be disclosed in the new 69-REIT form.
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This publication is intended to highlight an overview of key issues for ease of understanding, and not for the provision of legal advice. If you have any questions about this publication, please contact your regular contact person(s) at Mori Hamada & Matsumoto or Chandler MHM Limited, or any of the Key Contacts listed in the far-right column.