

# Jasmine Broadband Internet Infrastructure Fund (JASIF)

## Optical Fiber Cable (OFC): Infrastructure for Telecommunication System

Jasmine Broadband Internet Infrastructure Fund (“JASIF”) will invest in OFCs developed and managed by Triple T Broadband PLC (“TTTBB”), a subsidiary company of Jasmine International PLC (“JAS”).

The OFC network is an important part of the telecommunication network, which is capable of delivering triple-play services on demand (i.e., the provision of broadband Internet, VoIP and IPTV over a single broadband connection) and plays an important role in the economic and social development of Thailand.

## The connection between JASIF and JAS

JAS is the Sponsor of JASIF and a major shareholder of TTTBB, the owner of the OFCs that will be transferred to JASIF. JAS will subscribe and hold an aggregate of 33.33% of the issued and outstanding Investment Units of the Fund for three years and not less than 19% of the total number of Investment Units for the period between year four to six.

## The Initial Investment

The initial assets purchased by the Fund comprise OFCs totaling approximately 980,000 core kilometers consisting of:

- Not less than 800,000 core kilometers of OFCs that TTTBB will deliver and transfer to JASIF on the closing date; and
- Approximately 180,000 core kilometers of OFCs that TTTBB will deliver and transfer to JASIF within 2 years after the closing date.

After JASIF has purchased OFCs from TTTBB on the closing date, it will subsequently lease back the OFCs to TTTBB and/or other third party lessees, as applicable, by entering into two agreements with TTTBB as follows:

1. Main Lease Agreement for the lease of 80% of total OFCs for a lease period of approximately 11 years (expiring on February 22, 2026 in line with the termination of TTTBB's Type 3 license); and
2. The Rental Assurance Agreement provides the Fund with an opportunity to lease the Secondary OFCs to third party lessees, either in whole or in part, which is in line with the National Broadcasting and Telecommunications Commission's policy to promote the shared use of the telecommunications infrastructure. During the period in which no third party is leasing the Secondary OFCs directly from the Fund, TTTBB agrees to lease such Secondary OFCs and make the lease payments due under the Rental Assurance Agreement for such Secondary OFCs. The remaining 20% of the Existing OFCs and 20% of the Future OFCs will be leased by TTTBB or any third party lessee under the Rental Assurance Agreement. The initial term of the Rental Assurance Agreement is three years, which is renewable at the Fund's option for additional three-year periods until the expiry of the Main Lease Agreement.

Set out below are the details of the OFCs leased under the Main Lease Agreement and Rental Assurance Agreement:

	LENGTH OF LEASED OFCS	Lease Period	Rental Rate
<b>Main Lease Agreement</b>	80% of the OFCs, totaling approximately 784,000 core kilometers, including: <ol style="list-style-type: none"> <li>1. 640,000 core kilometers which are equivalent to 80% of the Existing OFCs; and</li> <li>2. 144,000 core kilometers which are equivalent to 80% of the Future OFCs</li> </ol>	Approximately 11 years, ending February 22, 2026	THB 425 per core kilometer per month until December 31, 2015 and will be increased each year in line with the change in Thailand CPI announced by the Ministry of Commerce with a cap of 3%
<b>Rental Assurance Agreement</b>	20% of the OFCs, totaling approximately 196,000 core kilometers, including: <ol style="list-style-type: none"> <li>1. 160,000 core kilometers which are equivalent to 20% of the Existing OFCs; and</li> <li>2. 36,000 core kilometers which are equivalent to 20% of the Future OFCs</li> </ol>	Three years, renewable at JASIF's option for additional three-year periods until the expiration of the Main Lease Agreement	THB 750 per core kilometer per month until December 31, 2015 and will be increased each year in line with the change in Thailand CPI announced by the Ministry of Commerce with a cap of 3%

- Under the Rental Assurance Agreement, whereby JASIF designates TTTBB to enter into a lease agreement with a third party lessee in accordance with the terms specified by the fund, JASIF may receive additional revenue if the aggregate rent TTTBB receives from other lessees is higher than the sum of the total rent that TTTBB must pay to JASIF over the 3 years of the marketing period. JASIF will be entitled to 75% of such additional rent while the balance will be paid to TTTBB as compensation for providing marketing services.

## JASIF Investment Highlights

- **JASIF offers stable and attractive return**

Investors shall have the opportunity to receive return in investment in the form of capital reduction when JASIF has excess liquidity and dividend payment when JASIF has sufficient retained earnings. JASIF's policy is to pay dividends to unitholders at least twice a year at a rate of at least 90% of the "adjusted net profit" in line with the prospectus. In 2015<sup>1</sup>, it is expected that the first-year distribution to investors will be approximately 8.6%-9.0%, comprising of 7.8%-8.2% of dividends and of capital reduction at a rate of 0.8%. Both figures, dividend yield and capital reduction rate, are calculated from fund size range of Baht 55,000-57,750 million based on the assumption that the main revenues come from OFCs rental income after deducting operating and other expenses. The assumptions are based on pre-determined revenues and expenses that are contractually fixed and not expected to be subject to material adverse fluctuations during the projection period ending on 31 December, 2015 and are not reliable.

- **Potential upside opportunity to invest in additional broadband related assets in the future and from third party lessees**

JASIF is entitled to exercise the right of first offer if, in the future, TTTBB expresses its intention to sell additional optical fiber assets which TTTBB uses in its business operation to any third party and having an offer price exceeding THB 1,000 million within any twelve-month period. Also JASIF, will benefit if the OFC can be leased at a rate higher than what has been agreed in the Rental Assurance Agreement between TTTBB and JASIF.

- **Conducive industry backdrop**

The OFC network is one of the key infrastructures of the Broadband Internet industry which is expected to experience high growth. Thailand is one of the most underpenetrated markets in the region with only 24.6% of total households having access to internet as of December 2013 compared with 70.3%-99.6% in Japan, Hong Kong, Korea and Singapore. It is expected that penetration of broadband internet in Thailand will grow to 35.4% and 44.0% by 2016 and 2019, respectively. (Source: Media Partner Asia Limited)

- **Opportunity to get return from JASIF's Lessee — TTTBB**

TTTBB will be the lessee of the OFC. TTTBB generated revenues of THB 9,623 million in 2013, with a compounded annual growth rate of 22.6% per year from 2011 to 2013, and THB 8,196 million for the latest 9 months ended September 30, 2014 which is up 15.7% Year-on-Year. EBITDA in 2013 amounted to THB 4,610 million, and has grown from EBITDA of THB 2,850 million in 2011 representing a compounded annual growth rate of 27.2% per annum from 2011 to 2013. For the latest 9 months ended September 30, 2014, TTTBB generated EBITDA of THB 4,098 million which is up 17.5% Year-on-Year.

- **Tax exemption**

Individual investors are not subject to capital gains tax and will get tax exemption for dividends received from the Fund for a period of ten years from the registration of the Fund<sup>2</sup>.

- The Sponsor and Lessee, JAS and TTTBB, are managed by executive team with extensive experience in telecommunication business

The executive management teams of JAS and TTTBB comprise of personnel with vision and extensive experience in the broadband and telecommunication businesses. JAS will hold an aggregate of 33.33% of the issued and outstanding Investment Units of the Fund for three years and not less than 19% of the total number of Investment Units for the period between Years four to six. The initial stake of 33.33% is the maximum number of units that JAS is legally allowed to hold following the establishment of the fund and demonstrates a strong commitment from the sponsor to JASIF.

#### Disclaimers:

- Investment involves risks. Investors should study the information in the prospectus before making an investment decision.
- The approval from the Office of the Securities and Exchange Commission of Thailand (the “Thai SEC”) for the establishment of JASIF on 20 January 2015 is not a representation from the Securities and Exchange Commission, the Capital Market Supervisory Board or the Thai SEC of the completeness and accuracy of information used in the offering nor a guarantee of return on investment or value of JASIF.

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<sup>1</sup> Return in Investment in the form of capital reduction and dividend payment based on the assumption that JASIF purchases OFCs on Dec. 1, 2014

<sup>2</sup> The Thai Government issued the Royal Decree No. 544 dated October 9, 2012 to grant certain tax exemptions to infrastructure funds, subject to the terms and conditions set out in Notification of the Director General of Revenue Department dated March 7, 2013. The Royal Decree grants an exemption from the payment of income taxes to individual unitholders of infrastructure funds (except unitholders who are ordinary partnerships or non-juristic groups of persons) in respect of dividends received from infrastructure funds, including JASIF, for a period of ten years from the registration of such infrastructure funds.