

ทรัสต์เพื่อการลงทุน
ในสิทธิการเช่า
อสังหาริมทรัพย์เหมราช
Hemaraj Leasehold
Real Estate
Investment Trust
(HREIT)

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Message from the REIT Manager

Hemaraj Leasehold Real Estate Investment Trust (“HREIT Trust”) was established on 21 November 2016. HREIT invested proceeds from funding amounting Baht 5,693.60 million, and long-term loan from financial institution of Baht 2,325 million in leasehold in land and ready-built factories and ready-built warehouses with total leasable area 261,314 sq.m. (Initial investment assets). The initial investment assets are located in 6 projects; (1) Hemaraj Eastern Seaboard Industrial Estate (HESIE), (2) Eastern Seaboard Industrial Estate (Rayong) (ESIE), (3) Hemaraj Chonburi Industrial Estate (HCIE), (4) Hemaraj Logistic Park 1 (HLP 1), (5) Hemaraj Logistic Park 2 (HLP 2) and (6) Hemaraj Logistic Park 4 (HLP 4) on 23 November 2016.

As of 31 December 2016, HREIT Trust had the total assets of Baht 8,201.39 million, total liabilities of Baht 2,463.40 million and the total unitholders’ equity of Baht 5,737.98 million. The net asset value (NAV) was Baht 10.0779 per unit.

Hemaraj REIT Management Co.,Ltd as the REIT Manager would like to submit the annual report 2016, together with the auditor’s report of HREIT Trust for the period commencing from 21 November 2016 to 31 December 2016 (total 41 operating days). Finally, we would like to extend our gratitude to every trust unitholder of HREIT Trust for your faith in us to manage your investment.

Sincerely yours,

REIT Manager

Hemaraj REIT Management Co.,Ltd

1. Information of the REIT

1.1 Summary of the REIT

Name of the REIT (Thai)	:	ทรัสต์เพื่อการลงทุนในสิทธิการเช่าอสังหาริมทรัพย์เหมราจ
Name of the REIT (English)	:	Hemaraj Leasehold Real Estate Investment Trust
Initial	:	HREIT
REIT Manager	:	Hemaraj REIT Management Co., Ltd.
Trustee	:	Siam Commercial Bank Asset Management Co., Ltd.
Property Manager	:	Hemaraj Land and Development Public Company Limited ("Hemaraj")
Financial Advisor	:	Siam Commercial Bank Public Company Limited
Duration of the REIT	:	Indefinite
Paid-up capital	:	Baht 5,693,600,000
Type of REIT	:	Non-redeemable trust unit from the trust unitholders

1.2 Objectives of the REIT

Hemaraj Leasehold Real Estate Investment Trust ("Trust" of "REIT") is incorporated in accordance with the Trust for Transactions in the Capital Market Act, B.E. 2550 on 21 November 2016 with SCB Asset Management Co., Ltd. acting as the trustee of the REIT and Hemaraj REIT Management Co., Ltd. ("Company") acting as the REIT Manager.

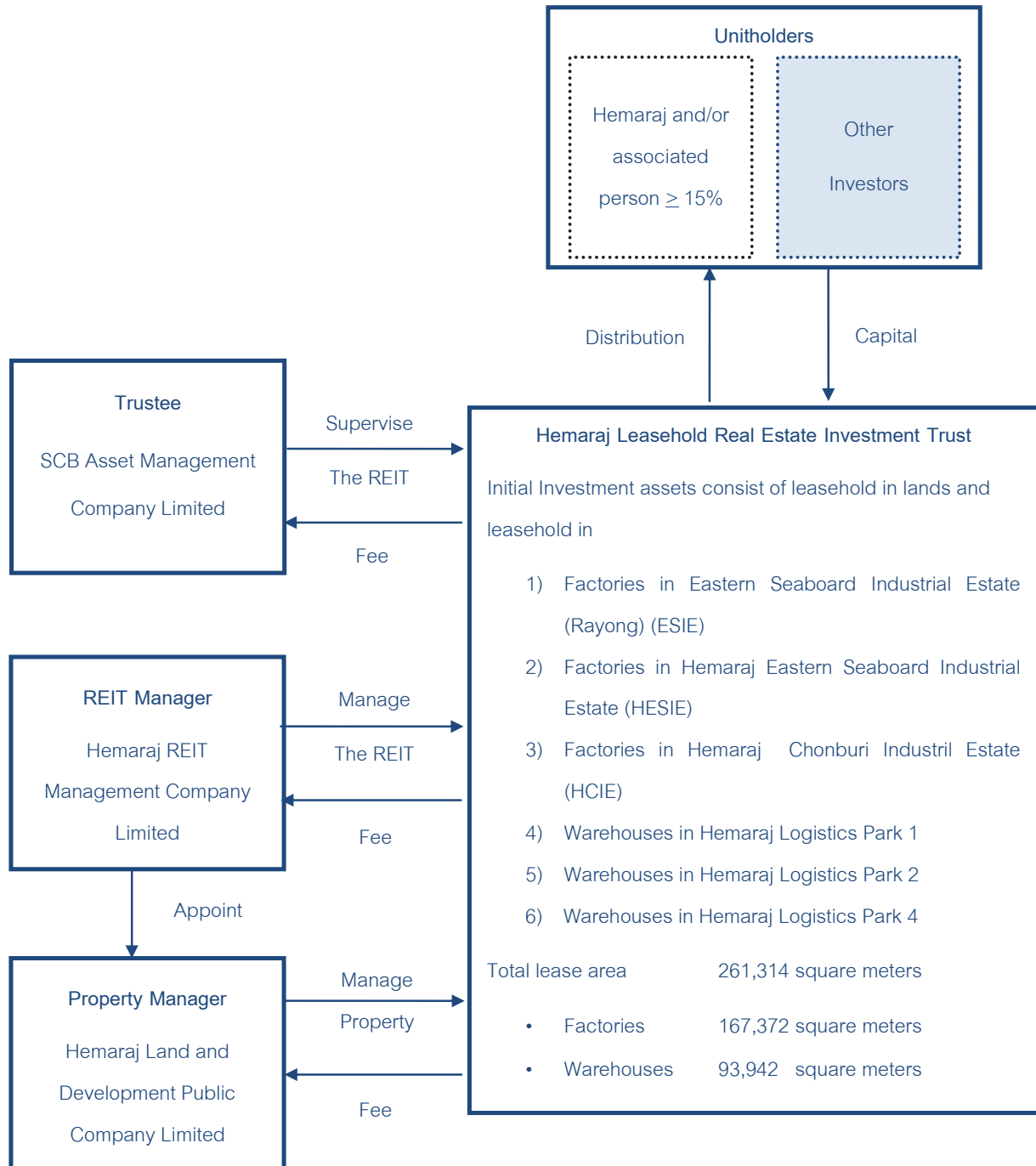
The REIT is incorporated to undertake the transactions in the capital market in accordance with the notification of the Securities Exchange Commission with the objective to issue the real estate investment trust (REIT) units for sale to the public. The REIT Manager as the REIT settlor submitted an application to list the securities with the Stock Exchange of Thailand and the Stock Exchange of Thailand accepted the securities and listed them with abbreviated name "HREIT". The sale and purchase transactions made in the Stock Exchange of Thailand, Section: Real estate investment fund and real estate investment trust, Group: Real estate and construction on 28 November 2016.

After the trust units have been offered, the REIT has invested the fund from sale of the trust units in initial investment's asset and the REIT Manager will take the duty to manage the REIT in various aspects, including

investment, employment of properties of the REIT to generate benefits and procurement of the sources of fund.

1.3 REIT Structure

REIT Structure



2. Trustee

2.1 General Information

Name	:	Siam Commercial Bank Asset Management Co., Ltd.
Address	:	SCB Park Plaza 1, 7-8th Floor No.18 Ratchadaphisek Road, Chatuchak Sub-district, Chatuchak District, Bangkok 10900
Registration number	:	0105535048398
Telephone	:	02 949 1500
Facsimile	:	02 949 1501
Website	:	http://www.scbam.com

2.2 Duties and Responsibilities of the Trustee

The Trustee has its duties to administer the REIT with professional integrity of honesty, caution, and expertise. It shall equitably treat beneficiaries with intention to provide them with maximum benefits, while performing its duties efficiently and independently in accordance with the Trust Deed, relevant laws, and additional commitments (if any) to investors. The Trustee has the main duties as prescribed in the Trust Deed which are:

- (1) Monitor, supervise, and review that the REIT Manager manages the REIT according to the Trust Deed and relevant laws.
- (2) In an event that the REIT Manager acts or refrains from any action and such action or inaction causes damage to the REIT, or the REIT Manager fails to perform its duties as prescribed in the agreements and under applicable laws, the Trustee shall report to the Security Exchange Commission Office, and shall resolve, restrain, or remedy any damage incurred, as deemed appropriate.
- (3) Attend all unit holder meetings. If a resolution of a unit holder meeting is requested, the Trustee shall answer questions and provide opinions on the REIT operations whether or not such operations are

performed according to the Trust Deed or relevant laws. The Trustee shall also oppose and inform unit holders if such operations cannot be carried out, or if such operations are not in compliance with the Trust Deed or applicable laws.

- (4) In an event that the REIT Manager fails to perform its duties, the Trustee shall administer the REIT as necessary to prevent, restrain, or limit any occurrence of severe damage that may impair the benefits of the REIT or unit holders in general. The Trustee is also empowered to find a new REIT manager.
- (5) Prepare its report to be submitted to unit holders together with the REIT's annual report, and express its opinions on the REIT Manager's performance in managing the REIT, as well as the compliance of the REIT Manager's work with the conditions as prescribed in the Trust Deed.

Additionally, unit holders can find the detailed information on the Trustee's scope of duties and responsibilities in the Trust Deed.

2.3 Trustee Fee

For the entire contract period of the Trust Deed, the Trustee shall receive its trustee fee and custodian fee which shall be at the rate of no more than 0.75% of the Net Asset Value (NAV) of the REIT with a minimum fee limit being set at Baht 8 million per annum.

3. REIT Manager

3.1 General Information

Hemaraj REIT Management Co., Ltd. ("Company"), who shall act as manager of the REIT ("REIT Manager"), is a limited company that registered its establishment in Thailand on 31 March 2015, having registered capital of Baht 25,000,000 and called-up registered capital of Baht 25,000,000. Its shares are divided to 2,500,000 ordinary shares, having par value of Baht 10. The main objective is to manage and administer REITs specifically. Hemaraj Land and Development Public Company Limited is the major shareholder of the Company, holding 99.99% of the overall sold shares. In this regard, the Office of SEC approves the Company as the REIT Manager on 27 October 2015.

Summary of the Company's key information are as follows:

REIT Manager	Hemaraj REIT Management Co., Ltd.
Location of head office	No. 9, 27 th Floor UM Tower, Ramkhamhaeng Road, Suan Luang Sub-district, Suan Luang District, Bangkok 10250
Corporate registration number	0105558056893
Telephone	02 717 3901
Facsimile	02 717 3902
Website	www.hemarajreit.com
Email	ir@hemaraj-rm.com
Registered capital	Baht 25,000,000
Paid-up capital	Baht 25,000,000
Number of issued and called-up shares	2,500,000 shares
Par value	Baht 10
Nature and scope of business operation	To act as manager of real estate investment trust (REIT Manager)
Major Shareholder (Shareholding Ratio)	Hemaraj Land and Development Public Company Limited (99.99%)
Name of Directors	Mr. Somyos Anantaprayoon Mr. Krailuck Asawachatroj Mr. Phorntep Rattanatraipop
Authorized directors	Mr. Somyos Anantaprayoon and Mr. Krailuck Asawachatroj mutually sign and affix corporate seal
Accounting Period	31 December – 1 January

Source Hemaraj REIT Management Co., Ltd.

Remark Information as of 31 December 2016

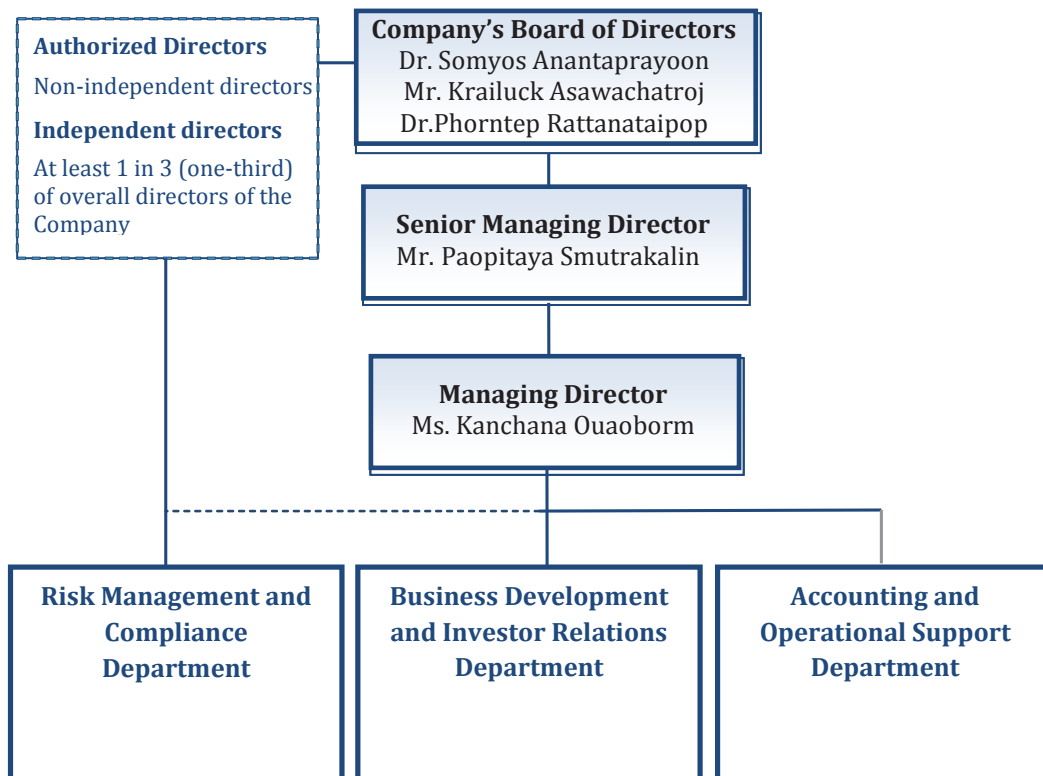
Shareholding Structure of REIT Manager

Top-10 shareholders as of 31 December 2016

List of names	Number of Share(s)	Ratio (%)
Hemaraj Land and Development Public Company Limited	2,499,998	99.9998
Mr. Somyos Anantaprayoon	1	0.0001
Miss Jareeporn Jarukornsakul	1	0.0001
Total	2,500,000	100.00

Source: Hemaraj REIT Management Co., Ltd.

3.2 Organizational Structure of the REIT Manager



Board of Directors

Mr. Somyos Anantaprayoon

Chairman of Board of Directors

Education Background:

- Master of Business Administration for executives, Thammasat University
- Specialist Doctor to Obstetrics and Gynecology, Rajavithi Hospital
- Doctor of Medicine, Mahidol University

Experience:

- Chairman of Board of Directors
WHA Corporation PCL. (Holding Company)
- Chairman of Board of Directors
Hemaraj Land and Development PCL.
- Chairman of Board of Directors
WHA Utilities and Power PCL.

Mr. Krailuck Asawachatroj

Director

Education Background

- Master of Arts in Financial Engineering, New York University, USA
- Master of Business Administration in Finance, Claremont Graduate University, USA
- Bachelor of Engineering in Industrial Engineering, Thammasat University

Experience:

- Director/ Chief of Strategy Officer
WHA Corporation PCL.
- Director/ Executive Vice President/Chief of Financial Officer
Hemaraj Land and Development PCL.
- Executive Vice President/Chief of Financial Officer
Thoresen Thai Agencies PCL.
- Executive Vice President/Chief of Financial Officer
The Erawan group PCL.

Mr. Phorntep Rattanataipop

Independent Director

Education Background

- Ph.D. in Accounting at Newcastle University
- Master of Business Administration – Accounting at Thammasat University
- Bachelor of Business Administration – Accounting (Second Class Honors) at Chulalongkorn University
- Bachelor of Business Administration – Finance and Banking at Ramkhamhaeng University
- Bachelor of Political Science – Political Science (Second Class Honors) at Ramkhamhaeng University

Experience:

- Lecturer of Accountancy Faculty, Kasetsart University

Executives

Mr. Paopitaaya Smutrakalin

Senior Managing Director

Education Background:

- Master of Science in Finance, Drexel University, Philadelphia USA

Experience:

- Director – Corporate Planning Investor Relations
Hemaraj Land And Development PCL.

Ms. Kanchana Ouaoborm

Managing Director

Education Background:

- Master of the Built Environment, University of New South Wales, Australia

Experience:

- Assistant Director – Business Development
- Senior Manager – Corporate Marketing
- Senior Manager - Residential Customer Development
Hemaraj Land And Development PCL.

Ms.Chittisa Charoenpanich

Manager – Business Development and Investor Relations

Education Background:

- Master of Science in Innovative Real Estate Development, Thammasat University

Previous Positions:

- Assistant Manager – Business Development
Central Pattana PCL.
- Senior Analyst – Business Development
Boutique Asset Management Co.,Ltd
- Senior Officer – Project Development and Business Development
Magnolia Quality Development Co.,Ltd

Ms. Jarucha Satimanont

Senior Manager - Accounting and Operation Support

Education Background:

- Master of Accountancy (Managerial Accounting), Chulalongkorn University

Previous Positions:

- Assistant Manager – Accounting
Hemaraj Land And Development PCL.

Ms. Nutthapach Thaweewachiraphat

Manager - Risk Management and Compliance

Education Background:

- Bachelor of Business Administration, Finance and Banking, Assumption University

Previous Positions:

- Senior Product Manager
Neo Corporate Co., Ltd
- Senior Executive, Client Service
The Nielsen Company (Thailand)
- Risk Management Officer in Investment
Muang Thai Insurance PCL.

Authorized directors

Dr. Somyos Anantaprayoon and Mr. Krailuck Asawachatroj co-sign and affix the Company's seal.

3.3 Board of Directors

The Board of Directors plays important roles in determining vision, strategy, and direction and formulating policy relating to the REIT management, investment, provision of benefit, financing, business operational plan, risk management and organization overview as well as monitoring efficiency of the operation and performance of personnel to be in accordance with policy and business plan and under the scope as specified in the Agreement appointing the REIT manager, the Trust Deed, prospectus, objective and articles of association of the Company, resolution of Board of Directors, resolution of meeting of trust unitholders including other relevant laws by taking the best benefits of the REIT and trust unitholders into account.

Moreover, the Board of Directors also plays important roles in managing and monitoring the compliance of the operation and disclosure of conflict of interest according to the guidelines of the SEC Office and other relevant regulatory authorities.

3.3.1 *Scope of roles and responsibilities of the board of directors of the REIT manager*

- (1) Perform its duties with integrity (duty of Loyalty), prudence (duty of Care), responsibility (accountability) and morality (ethic) and in accordance with laws, objective and articles of association of the Company as well as resolution of a meeting of trust unitholders.
- (2) Determine vision, strategy, and direction and formulating policy relating to the REIT management, investment, provision of benefit, financing, business operational plan, risk management
- (3) Monitor and follow up on the operation of the Company as the REIT manager as well as giving advices as necessary in order to ensure that the operation of the Company is according to targeted plan and obstacles which may incur can be appropriately and timely handled.
- (4) Review, monitor and advise as necessary in order that the Company has efficient system for the operation and internal control to perform the REIT manager's duties.
- (5) Constantly revise and improve policies and key plans related to the performance of the REIT manager to be up-to-date and suitable for the business.
- (6) Monitor and ensure that the Company complies with regulation related to disclosure if conflict of interest transaction in accordance with SEC Office and other related regulators
- (7) Approve decisions in relation to Initial and Additional investment and management of the Trust in order to be complied with the Trust Deed and other relevant law and regulations as follows:

- a) Initial and Additional investment or acquisition of properties or leasehold properties for investment in new freehold properties or leasehold right and procurement o commercial benefits from such properties or leasehold right, the board of directors shall consider and ensure that the Company as the REIT manager;
- (1) Conduct due diligence on relating information and
 - (2) Conduct asset appraisal by appraisal firms. Such investment and procurement shall comply with the notification of the SEC Office
 - (3) Consider source of funds for investment or acquisition of properties or leasehold properties
 - (4) Consider Substance and nature of the transactions shall be as follows:
 - (4.1) The transaction must be as prescribed in the Trust Deed and other relevant laws.
 - (4.2) The transaction must be for the best interest of the REIT.
 - (4.3) The transaction must be reasonable and made at a fair price.
- b) Moreover, for additional investment or acquisition of properties or leasehold properties (on-going), the board of directors shall consider and ensure that the Company as the REIT manager;
- (1) Consider Substance and nature of the transactions shall be as follows:
 - (1.1) The transaction must be as prescribed in the Trust Deed and other relevant laws.
 - (1.2) The transaction must be for the best interest of the REIT.
 - (1.3) The transaction must be reasonable and made at a fair price.
 - (1.4) Fees and expenses of entering into transactions which are collected from the Trust (if any) must be just and reasonable expenses.
 - (1.5) Persons who have conflict of interest with the transaction must not involve in making decision in relation to such transactions.
 - (2) Approval system shall be conducted according to the followings:
 - (2.1) In case that the owner or the leasehold right owner is not a related person to the Company:

- (2.1.1) The Trustee must approve that the acquisition transaction conforms to terms and conditions as specified in the Trust Deed and other relevant laws.
 - (2.1.2) In case of acquisition of the main assets with total transaction size of at least ten (10) % of total assets of the REIT, it is required to be approved by the board of directors.
 - (2.1.3) In case of acquisition of main assets with total transaction size of at least thirty (30) % of total assets of the REIT, it is required to be approved by a resolution passed at a meeting of trust unitholders by a majority of not less than three-fourths (3/4) of total of the trust unitholders who attend the meeting and have the right to vote.
- (2.2) In case that the owner or the leasehold right owner is a related person to the Company:
 - (2.2.1) The Trustee must approve that the acquisition transaction conforms to terms and conditions of the Trust Deed and other relevant laws.
 - (2.2.2) In case of transaction with the value more than Baht one (1) million or (0.03) % of total asset value of the REIT or more, whichever is the greater, it is required to be approved by the Board of Directors.
 - (2.2.3) In case of the transaction with the value of at least Baht twenty (20) million or three (3) % of total asset value of the REIT, it is required to be approved by a resolution passed at a meeting of trust unitholders by a majority of not less than three-fourths (3/4) of total of the trust unitholders who attend the meeting and have the right to vote.
- (8) Consider and approve the disposal of the main assets and equipment of the REIT whether it is complied with laws, the Trust Deed, notifications and other relevant regulations whereby the board of directors shall consider and ensure that the Company conducts the followings:
 - (a) Prior to the disposal of such main assets, the Company must have the assets to be appraised. Disposal of the main assets must be publicly carried out and contains sufficient information and complies with procedures under the approval system.

- (b) For disposal of the main assets fallen under following conditions, other than the aforesaid conditions in (a), the disposal must be necessary and reasonable and the approval of the Company's board of directors must also be obtained.
 - (1) Disposal of any main assets before the one (1) year from the acquisition date of such main assets.
 - (2) Disposal of any main assets of which the REIT has acquired to the previous owner.

3.3.2 *Independent directors*

- (1) Regarding selection of independent directors of the Company, the independent directors shall at least meet the following qualifications:
 - (a) Holding shares of not exceeding one (1) per cent of total number of shares with voting rights in the Company, parent company, subsidiary company, associate company, major shareholders or persons who may have conflict of interest (including related persons under Section 258 of Securities and Exchange Act)
 - (b) Neither being nor used to be an executive director, employee, staff, advisor who receives salary from the Company, parent company, subsidiary company, associate company, same-level subsidiary company, major shareholders or persons who may have conflict of interest, unless the foregoing status has already ended for not less than two (2) years.
 - (c) Not being a person related by blood or legal registration as a father, mother, spouse, sibling, and child, including spouse of child, executive, major shareholder, controlling person, or person to be nominated as executive or controlling person of the REIT or its subsidiary company.
 - (d) Neither having nor used to have a business relationship. Having no direct or indirect benefit from, or interest in, the finance and management of the Company, its parent company, subsidiary company, associate company, major shareholder or persons who may have conflict of interest in the manner which may interfere with his independent judgment for not less than two (2) years.
 - (e) Neither being nor used to be an auditor of the Company, its parent company, subsidiary company, associate company, major shareholder or persons who may have conflict of interest, and not being a significant shareholder, controlling person, or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary company,

associate company, major shareholder or persons who may have conflict of interest, unless the foregoing relationship has already ended for not less than two (2) years.

- (f) Neither being nor used to be a provider of any professional services including those as legal advisor or financial advisor who receives service fees exceeding two (2) million Baht per year from the Company, its parent company, subsidiary company, associate company, major shareholder or persons who may have conflict of interest, and not being a significant shareholder, controlling person or partner of the provider of professional services, unless the foregoing relationship has ended for not less than two (2) years.
- (g) Not being a director appointed as representative of directors of the Company, major shareholder or shareholder who is related to major shareholder.
- (h) Not undertaking any business in the same nature and in competition to the business of the Company or its subsidiary company or not being a significant partner in a partnership or being an executive director, employee, staff, advisor who receives salary or holding shares exceeding one (1) per cent of total number of shares with voting rights of other company which undertakes business in the same nature and in competition to the business of the Company or its subsidiary company.
- (i) Being able to provide independent discretion and objection to any act of other directors or executives as necessary for the benefits of the Company.
- (j) Being able to attend the board of directors' meetings of the company to make decision on any significant activities of the company.
- (k) Being academically qualified and equipping with proper experiences; or are recognized for their high potentialities and to be well-known.
- (l) Not being a person in the list made by the Stock Exchange of Thailand stating that such persons are inappropriate to serve as an executive according to SET regulations.
- (m) Has never been convicted of violating securities and exchange laws, laws governing the investment business, securities brokering, or credit fanciers, or commercial banking laws, or life or non-life insurance laws, or money laundering laws, or any other financial laws of a similar nature, whether Thai or foreign, in accused of committing wrongful acts relating to trading in shares or the perpetration of deceptions, embezzlement, or corruption.
- (n) Not having any other characteristics which cause the inability to express independent opinions with regard to the Company's business operations.

- (2) Scope of duties and responsibilities of independent directors
 - (a) Determine Risk Management system of the REIT and monitor and review of the system or evaluate risk management plan
 - (b) Review, monitor and advise as necessary in order to timely prepare financial report and disclose accurate, sufficient and reliable information in the financial report of the Company.
 - (c) Review, monitor and advise as necessary in order to establish suitable internal control and operating system to perform duties as the REIT manager.
 - (d) Review and give opinion in relation to connected transactions or transactions which may cause conflict of interest with the REIT to be complied with relevant laws and regulations and ensure that the transactions are reasonable and for the best benefit of the REIT.
 - (e) Perform any other act as assigned by the Company's board of directors for the benefit of the REIT.

With regard to the authority and duty of the independent director provided above, the related units are required to send a report to the independent director for consideration and acknowledgement, including provision of essential advice related to:

- (1) Connected transactions or transactions which may cause conflict of interest with the REIT.
- (2) Weaknesses and matters which must be improved regarding operating and internal control system to perform duties of the REIT manager and the report of progress on improvement.
- (3) Internal system and process to prevent and manage conflict of interest

3.4 Division of work and responsibilities of the REIT manager Classification of nature of work of REIT Manager

The Company is divided into three (3) main departments to perform its duties as the REIT manager and in accordance with the Trust Deed, the Agreement appointing the REIT manager, resolutions of meetings of the trust unitholders and other relevant laws and regulations. Each department of the Company including its scope of works and responsibilities can be summarized as follow:

Risk Management and Compliance	Business Development and Investor Relations	Accounting and Operation Support
● Examine and manage risks related to REIT management and investment efficiently ● Audit operation of the REIT to be compliance with Trust deed, prospectus and relevant law and regulation and ensure that there is performance evaluation in the company ● Manage conflict of interest and connected parties of the company and practice guidelines for the best benefit of the REIT and unitholders ● Handling with unitholders' disputes	● Conduct investment plan and strategy for benefit procurement for the REIT's asset in accordance to policy from Board of Directors' ○ Consider and select assets for investment including other assets (if any) and ○ Conduct capital structure and borrowing plan ○ Conduct and review appraisal value ○ Provide business, marketing plan and annual budget of the REIT for approval including additional budget (if any) ● Control and Monitor PM's work to ensure that; ○ The operation is in accordance with the benefit procurement plan ○ The operation is in accordance with the approved budget ● Provide disclosure to SEC, SET, trustee and unitholders to in accordance to Trust deed, prospectus, law and other regulations. ● Communicate and provide information to investor, arrange unitholders' meeting , provide annual report and 56-REIT	● Manage Income and Expenses of the REIT to be effective ● Monitor and verify of property management ○ Collect rental and service income ○ Collect expenses from the REIT Including procurement process ○ Control asset of the REIT ○ Monitor the tenant in compliance with the lease agreements. ● Prepare of financial statements. Net Asset Value ("NAV") of the REIT and the Unit Trust. ● Control the Operational support task. Including monitoring and coordination that have been assigned to prepare by an external service provider (Outsource Process). ● Receive the tenant complaints, for additional information to evaluate the performance of property management.
	● Select and evaluate Property Manager performance ● Collect data and information related to the REIT	
● Select and engage consultants related to REIT management Responsible by Accounting and Operation Support by coordinating with requestor (Risk management and Compliance or Business Development and Investor Relations upon the case)		

3.5 Duties and Responsibilities of REIT Manager

3.5.1 General Duties

- (1) The REIT Manager shall professionally perform its duty by using knowledge and ability with responsibility, care and honesty. The REIT Manager shall treat unitholders fairly for the utmost benefit of overall unitholders. In addition, the REIT Manager shall comply with related laws, Trust Deed, REIT Manager appointment agreement, information statement, prospectus, objective of REIT establishment and commitment additionally given in the documents disclosed for unit trust offering to investors and unitholders' meeting resolution. Moreover, the REIT Manager shall not act in any way that contradicts or conflicts with benefit of overall unitholders and investors.
- (2) The REIT Manager shall perform its duty in accordance with the principle of business operation as REIT Manager.
 - a) Having sufficient capital to operate the business and to compensate for any detriment which may occur from performing the duties of the REIT manager
 - b) Adequately discloses, gives opinion on, or provides importantly relevant information to investors for making investment decision. In this regard, such information shall be clearly and not be distortion or misleading.
 - c) Do not exploit any information acknowledged from performing as the REIT manager for its own interest, or in manner of damage or impact on the interests of the REIT.
 - d) Perform its duty carefully in order to avoid conflicts of interests. In case of inevitableness, the REIT manager shall ensure that the trust unitholders' interest will be treated fairly and appropriately.

For purpose of preventing the conflict of interest between the REIT and the REIT manager which may incur upon performance of its duties as specified in the Trust Deed, the REIT manager shall perform the followings:

- (1) The REIT manager shall not have any interest which may be in conflict with the best interest of the REIT and in the case where any conflict of interest may arise, there must be a measure in place to ensure that the management of the REIT shall be for the best interest of the REIT and the trust unitholders as a whole.
- (2) If the REIT Manager also manages another REIT, main assets of such REIT shall not be the same type as those of the REIT.

- e) Comply with the Securities and Exchange Act, the Trust Act and other relevant laws to the operation of the REIT as well as the code of ethics and standards of professional conduct as defined by the associations relating to securities business or by organizations in connection with securities business recognized by the SEC Office. In addition, the REIT manager shall not support, employ or collaborate anyone to violate the laws and regulations.
- f) Cooperate with the Trustee or the SEC Office in performing their duties, and disclose information which may affect the management of the REIT significantly or other information which should be notified to them, specifically on the followings:
 - (1) Prepare and maintain information and documents related to the management, internal controlling and information disclosure. In event of verification of the Trustee, the REIT manager shall provide information and documentation and examine locations of the assets as requested by the Trustee in order to ensure that the REIT manager performs in accordance with relevant laws and regulations and protect interest of the trust unitholders.
 - (2) Prior to establishment of the REIT, the REIT manager shall provide information and documentation in related to the REIT's structure, method of rent, procurement and collection of revenue and expenses collectible from the REIT, service agreement between the REIT, the Company and other persons etc. In order that the Trustee formulates operation plans to efficiently monitor the management, internal controlling and information disclosure of the REIT.
 - (3) REIT manager shall provide indemnity insurance for its performance, as well as the conduct of its directors, executives and personnel, throughout the period of the Agreement appointing the REIT manager.
 - (4) In executing a transaction concerning a real estate for the REIT, the REIT manager shall perform the transaction in accordance with the following rules:
 - (a) Ensure that properties disposal agreement or other agreements concerning the properties are prepared correctly and legally binding.
 - (b) Ensure that the investment in properties of the REIT is properly carried out with at least the following procedures:
 - (1) Assess readiness to manage the properties investment prior to the acceptance to be the REIT manager or prior to the additional investment in properties of the REIT, as the case may be.

- (2) Analyse and conduct feasibility study as well as due diligence on the properties in accordance with rules and guidelines on Real Estate Investment Trust (REIT) management as prescribed by SEC and the SEC office as well as assess potential risks that may occur upon such property investment and issue guidelines on risk management. In this regard, the risk management is included risk in relation to construction and development of the properties (if any) such as risks which may incur from late construction and inability to procure benefits from such properties.
- (5) The REIT manager shall arrange a trust unitholders' meeting as specified in the Trust Deed.
- (6) The REIT Manager shall take actions on capital increase and decrease of paid-up capital of the REIT by following the reasons and procedures as specified in the Trust Deed.
- (7) In the event of change of the REIT manager, the former REIT manager shall take any necessary action in order that the new REIT manager would be able to perform its duty successfully.
- (8) In the case where an adviser is appointed to provide consultation or recommendation relating to the investment and management of the properties, the REIT manager shall perform in accordance with guidelines as follows:
 - a) Request the adviser to report any conflict of interest on deliberated issues.
 - b) Not allowing the adviser, who has direct or indirect interest in the deliberated issue, to participate in the consideration of such issue.
- (9) The REIT manager shall prepare a financial statement in conformity with the financial reporting standards as stipulated by laws on accounting profession and submit such financial statement to the SEC Office within 3 months from the end of fiscal year. The financial statement prepared shall be audited by an auditor who has obtained an approval from the SEC Office.
- (10) Prepare and disclose the REIT's information including information under Section 56 and Section 57 of the Securities and Exchanges Act and other information as specified in the Trust Deed and the Agreement appointing the REIT manager.

- (11) Prepare and disclose the REIT's information to the Trustee, the SEC Office and trust unitholders as prescribed in the Securities and Exchanges Act, the Trust Deed, and other relevant laws including submit an annual report together with invitation calling for an annual general meeting of trust unitholders. The REIT manager shall provide information and documents related to any act or omission to act as instructed and requested by the SEC Office.
- (12) Avoid any event which may cause the REIT manager to have no independence especially on selection and due diligence of properties, securities and other services in which the REIT will invest. The REIT manager, directors, executives and manager and personnel of the REIT manager are prohibited to receive brokerage fee, service remuneration (soft commission) or other benefits from the former owner of the property, sponsor, securities seller, service provider and brokerage Company as their own income or for their own interest.
- (13) The REIT manager shall disclose conflict of interest, benefits and related persons to the REIT manager or REIT's trading parties in the registration statement, a notice calling for a meeting and the annual report of the REIT in order to obtain an approval on transactions and to support consideration of the REIT manager's independence in entering into such transaction as well as reasonableness of the transactions.

3.5.2 Duties in REIT management

- (1) The REIT Manager shall properly and efficiently supervise and manage the REIT in compliance with laws, regulations, and the Trust Deed, and protect the interests of the REIT and its unit holders in general. The REIT Manager has the duty to provide a quality operating system with efficient checks and balances that can fully support its work responsibilities. Additionally, its tasks shall cover at least the following aspects:
 - (a) Formulation of REIT's policies
 - (b) System for risk management of the REIT's management and administration risks
 - (c) System for conflict of interest management
 - (d) System for of the REIT Manager's personnel selection and any assigned parties
 - (e) System for the performance supervision of the REIT Manager and its personnel

- (f) System for Information disclosure of the REIT
 - (g) System for Back office system
 - (h) System for Internal audit and internal control system
 - (i) System for Communications with investors and investors' complaint management
 - (j) System for Legal dispute handling
- (2) To manage REIT in accordance with the requirements of the Trust deed and for the best interest of unitholders
- (3) To perform due diligence of property that the REIT shall invest thoroughly and carefully. Information, documents regarding due diligence and investment decision-making in certain asset shall be recorded and maintained for the REIT. In this regard, for due diligence on property that the REIT shall invest, the REIT Manager shall comply with the guidelines for management of REIT and REIT that invests in property as announced by the Office of SEC. The guidelines shall be adhered and complied as minimum standard of the REIT Manager's performance.
- (4) To ensure that management of financial and economic value of the REIT's assets shall be professional and for the benefit of unitholders.
- (a) To determine strategies and investment policies and risk management efficiently and in compliance with the requirements provided in the REIT Incorporation Agreement
 - (b) To determine the credit line and to create obligation on the property of REIT and to supervise them within the limit indicated in the REIT Incorporation Agreement
 - (c) To invest in the property corresponding to the objectives of REIT
 - (d) To manage the cash flows of REIT
 - (e) To consider distribution payment to unitholders
 - (f) To arrange insurance with coverage on the damage possibly incurred to the property of REIT and third-party insurance with adequate and suitable coverage to keep the property of REIT into the original condition for REIT to employ such property like it used to employ and to generate the return not less than that in the past.
 - (g) To arrange a plan on the tenant mix and the service customer
 - (h) To supervise the tenant and the service customer to ensure compliance with the conditions of the lease agreement and the service agreement

- (i) To supervise compliance with rules and regulations applicable to the property invested by REIT
 - (j) To evaluate the leases made in the past to determine the leasing conditions and the service area, to suitably prepare the lease agreement, the space service agreement and the service agreement related to the space and to evaluate the monitoring and collection work on the rent, the space service charge and other expenses for recognition of allowance for doubtful debts or debt write-off or to record doubtful debts collected (if the debt is collected after debt write-off).
 - (k) To arrange a security system for the building and construction invested by REIT such as fire alarm system, communication system and handling measure in case of emergency
 - (l) To determine policies and working plans for maintenance and improvement of the buildings and construction invested by REIT to keep the property in the condition similar to that of the industry
- (5) To inspect and ensure that the REIT shall have duly title and right in investment assets, and any agreement that the REIT becomes counterparty shall be executed lawfully and binding or enforceable under the conditions prescribed in the said agreement.
- (6) To provide a system to maintain all documents and proofs relating to the REIT's operation, invitation to unitholders' meeting, information statement, prospectus, the REIT's annual statement, financial statement and supplemental documents for accounting record of the REIT and compliance with various regulations effective to the REIT and investment assets. The said information and documents shall be maintained correctly, completely and verifiable for at least 5 (five) years from the execution date of such documents or information.
- (7) To prepare and publicize financial statement, annual report and other information regarding the REIT correctly and completely. Publication shall be made within the period prescribed by the law, Trust Deed, REIT Manager appointment agreement, information statement and regulations of the SET.

REIT manager, including directors and executives whose duties are related to preparation and disclosure of information related to REIT are jointly responsible for the content of the information notified or distributed to the trust unitholders and other investors by arranging the examination system to ensure that the information disclosed in the information disclosure form on offering of trust units, prospectus, invitation to the meeting of the trust unitholders, advertising documents, published notice or any other distributed documents or any distributed document have been examined on correctness and completeness and with key information

available and the information is sufficient for the investment decision and in accordance with the laws, notification and related requirements.

- (8) To supervise for unitholder to receive correct, complete and sufficient information prior to exercising voting right to approve on various matters, and receive such information in advance under the period prescribed in the Trust Deed, information statement, prospectus and the regulations of the SET.
- (9) To supervise for the REIT to comply with the laws or operational guidelines issued by government agencies or other supervising agencies relating to operation of the REIT, as well as regulations of the SET.
- (10) To pay distribution to unitholders as prescribed in the Trust Deed for no less than 90 (ninety) percent of the adjusted net profit of the accounting year, which includes net profit referring to the REIT's cash status. Payment shall be made within 90 (ninety) days from the ending date of accounting year or accounting period of such distribution payment, as the case may be. Nevertheless, if the REIT has accumulated deficit, no distribution shall be paid to unitholders.
- (11) In case the Trust Deed prescribes that REIT Manager may disburse the REIT's assets, such disbursement shall be made only for disbursement from the day-today operation account under the financial amount approved by the Trustee. A report on disbursement shall be prepared and submitted to the Trustee for the Trustee's inspection of such transaction in due course.
- (12) To prepare and/or deliver and certify correctness of information regarding management of the REIT in the REIT Manager's responsibility pursuant to the REIT Manager appointment agreement, Trust Deed and related laws or as the Trustee deems appropriate, to the Trustee and/or the SEC, including but not limited to, information on calculation of net asset value (NAV) of the REIT and unit trust value. To report asset value appraisal; report on acquisition or disposal of property or leasehold in property of the REIT.

The main duties for REIT management shall be as follows:

- (1) To appropriately and effectively manage the REIT as assigned by the Trustee, the REIT Manager shall have the duty to provide quality work system and supportable to the work in its responsibility.
- (2) To manage the REIT pursuant to the provisions of the Trust Deed and protect unitholders' benefit.
- (3) To perform due diligence of property that the REIT shall invest thoroughly and carefully. Information, documents regarding due diligence and investment decision-making in certain asset shall be recorded and maintained for the REIT. In this regard, for due diligence on property that the REIT shall invest, the REIT Manager shall comply with the guidelines for management of REIT and REIT that invests in property as announced by the Office of SEC. The guidelines shall be adhered and complied as minimum standard of the REIT Manager's performance.

- (4) To ensure that management of financial and economic value of the REIT's assets shall be professional and for the benefit of unitholders.
- (5) To inspect and ensure that the REIT shall have duly title and right in investment assets, and any agreement that the REIT becomes counterparty shall be executed lawfully and binding or enforceable under the conditions prescribed in the said agreement.
- (6) To provide a system for maintenance of all documents and proofs relating to the REIT's operation, invitation to unitholders' meeting, information statement, prospectus, the REIT's annual statement, financial statement and supplemental documents for accounting record of the REIT and compliance with various regulations effective to the REIT and investment assets. The said information and documents shall be maintained correctly, completely and verifiable for at least 5 (five) years from the execution date of such documents or information.
- (7) To prepare and publicize financial statement, annual report and other information regarding the REIT correctly and completely. Publication shall be made within the period prescribed by the law, Trust Deed, REIT Manager appointment agreement, information statement and regulations of the SET.
- (8) To supervise for unitholder to receive correct, complete and sufficient information prior to exercising voting right to approve on various matters, and receive such information in advance under the period prescribed in the Trust Deed, information statement, prospectus and the regulations of the SET.
- (9) To supervise for the REIT to comply with the laws or operational guidelines issued by government agencies or other supervising agencies relating to operation of the REIT, as well as regulations of the SET.
- (10) To pay distribution to unitholders as prescribed in the Trust Deed for no less than 90 (ninety) percent of the adjusted net profit of the accounting year, which includes net profit referring to the REIT's cash status. Payment shall be made within 90 (ninety) days from the ending date of accounting year or accounting period of such distribution payment, as the case may be. Nevertheless, if the REIT has accumulated deficit, no distribution shall be paid to unitholders.
- (11) In case the Trust Deed prescribes that REIT Manager may disburse the REIT's assets, such disbursement shall be made only for disbursement from the day-today operation account under the financial amount approved by the Trustee. A report on disbursement shall be prepared and submitted to the Trustee for the Trustee's inspection of such transaction in due course.

3.6 REIT Manager Fee

REIT Manager Fee	not exceeding 0.25% of total asset value but shall be not less than THB 12.5 mm p.a.
Acquisition/ Disposal Fee	<u>Acquisition of Assets from Related person</u> Not exceeding 0.75% of the value of the acquired core assets <u>Acquisition of other Assets</u> not exceeding 1.00% of the value of the acquired core assets <u>Disposal of Assets</u> not exceeding 0.50% of the value of the dispose assets

4. Investment Policy

The REIT has a policy to invest in main asset in the type of property or leasehold in property (including sub-leasehold in property), and asset which is component or accessory of the said property. The REIT shall invest in the category of assets such as warehouses, distribution centers or ready-built factories and roof area, or any part of such buildings located in (a) the industrial operation area which was established, invested and/or developed by Hemaraj; or (b) the area developed by Hemaraj adjacent to the industrial operation area; or (c) the area outside (a) and (b) which Hemaraj has sole title or possessory right or mutual title or possessory right between Hemaraj and affiliate of Hemaraj before 13 October 2015, and such title or possessory right is consecutively held at all time. Nevertheless, such area shall be the area specified in the documents disclosed to Trustee and REIT Manager of WHA Premium Growth Real Estate Investment Trust and HREIT Trust already.

Future Investment Policy

The REIT may invest in other property additionally to the REIT's initial investment assets in the future. The REIT's future investment shall have the investment and management policy within the same scopes and directions as the objectives of the establishment of the REIT. The initial investment policy shall be focusing on investment in freehold and leasehold in property in the type of factory and warehouse in order to acquire profit by leasing or disposal of such property for the utmost benefit of unitholders and the REIT.

In this regard, the REIT Manager shall consider to proceed with any act that does not breach the regulations of the Office of SEC and pursuant to the Trust Deed and other related notifications whether currently effective and to be amended in the future.

Summary of the REIT's investment shall be as follows:

1. The REIT has a policy to invest in main assets in the type of property or leasehold in property (including sub-leasehold in property) and asset which is component or accessory of such property. The type of assets which the REIT shall invest are warehouses, distribution centers or ready-built factories and roof area, or any part of such buildings located in located in industrial estates, industrial zones or industrial parks established, invested and/or developed by Hemaraj Land and Development Public Company Limited and/or any other property related to support or promote the business, the development and the leasing of the property related to the said main property.

2. The REIT may invest by holding shares of companies incorporated with objectives to operate similar business as the REIT pursuant to the Trust Deed at the ratio prescribed by related law. Currently, the REIT must hold such shares of the said company for no less than 99 (ninety-nine) percent of the overall sold shares, and no less than 99 (ninety-nine) percent of all voting rights of the said company. In addition, the REIT must be able to demonstrate measures or mechanism that causes Trustee and REIT Manager to supervise and control such company to operate in accordance with the Trust Deed and regulations of Notification TorJor. 49/2555 and other related notifications prescribed by the SEC or the Office of SEC.
3. The REIT may consider additional investment in other type of property besides those specified in (1) and (2) or other assets which the Office of SEC and, the SEC and/or the Capital Market Supervisory Board shall announce, to be the main asset of the REIT.

5. Significant Events Related to the Operation of the Trust in 2016

In fiscal year 2016, the REIT invested proceeds from funding amounting Baht 5,693.60 million, and long-term loan from financial institution of Baht 2,325 million in leasehold in property as follows ("REIT's Initial investment asset")

- (1) Leasehold in lands and factories which is detached buildings with building area of approximately 107,202 square meters and attached buildings with building area of approximately 60,170 square meters. The total factory area shall be approximately 167,372 square meters.
- (2) Leasehold in lands and warehouses with warehouse area of approximately 93,942 square meters.

The total factory and warehouse area shall be approximately 261,314 square meters.

6. Details of Assets

Type of Asset	Factory		Warehouse	
Nature of the REIT's asset acquisition (overview)	Leasehold in land and building for 30 years from the commencement date of lease period and the right to extend the lease for another 30 years			
	Land	Total area of approximately 173 Rais 3 Ngans 18.46 Sq.Wah	Land	Total area of approximately 65 Rai 3 Ngans 92 Sq.Wah
	Building	80 Units - Total building Area 167,372 Sq.m.	Building	21 Units - Total building Area of 93,942 Sq.m.
Nature of the REIT's asset acquisition (separated by project/industrial estate)	Hemaraj Eastern Seaboard Industrial Estate (HESIE)	Total 29 units (109,732 sq.m.) comprised of 19 Units of Detached Building (92,452 Sq.m.) and 10 Units of Attached Building (17,280 Sq.m.)	Hemaraj Logistics Park 1 (HLP 1)	Total 2 Units (16,820 Sq.m.)
		Approximately 58,560 Sq.m. of usable roof area		approximately 9,936 Sq.m. of usable roof area
	Eastern Seaboard Industrial Estate (Rayong) (ESIE)	Total 34 Units (41,980 Sq.m.) comprised of 2 Units of Detached Building (14,750 Sq.m.) and 32 Units of Attached Building (27,230 Sq.m.)	Hemaraj Logistics Park 2 (HLP 2)	Total 11 Units (50,996 Sq.m.)
		Approximately 21,780 Sq.m. of usable roof area		approximately 28,440 Sq.m. of usable roof area
	Hemaraj Chonburi Industrial Estate (HCIE)	Total 17 Units of Attached Building (15,660 Sq.m.)	Hemaraj Logistics Park 4 (HLP 4)	Total 8 Units (26,126 Sq.m.)
		Approximately 8,014 Sq.m. of usable roof area		approximately 14,570 Sq.m. of usable roof area
Average age of building ¹ (year)	4.52		3.12	

Ready Built Factory - Detached Building

No.	Project/ Industrial Estate	Land Plot No.	Building Area Approximately (sq.m.)	Detail of Factory	Land Title Deed No.	Size of Land Approximately			Building Age Approximately (Years)	Type of Investment	
						Rai	Ngan	Sq.Wah		Land	Building
1	Hemaraj Eastern Seaboard Industrial Estate (HESIE)	FZ.11	3,900	Single-Storey, Reinforced Concrete and Steel Structure Building, 1 Building	17029	4	2	82.08	8.44	Partial Lease	Lease
2	Hemaraj Eastern Seaboard Industrial Estate (HESIE)	FZ.12	3,900	Single-Storey, Reinforced Concrete and Steel Structure Building, 1 Building	17028	4	2	82.08	8.25	Partial Lease	Lease
3	Hemaraj Eastern Seaboard Industrial Estate (HESIE)	FZ.25	5,640	Reinforced Concrete and Steel Structure Building with mezzanine floor, 1 Building	17035	6	0	92.40	3.32	Partial Lease	Lease

No.	Project/ Industrial Estate	Land Plot No.	Building Area Approximately (sq.m.)	Detail of Factory	Land Title Deed No.	Size of Land Approximately			Building Age Approximately (Years)	Type of Investment	
						Rai	Ngan	Sq.Wah		Land	Building
4	Hemaraj Eastern Seaboard Industrial Estate (HESIE)	FZ.26	5,280	Single-Storey, Reinforced Concrete Building, 1 Building	17036	7	2	60.80	4.63	Partial Lease	Lease
5	Hemaraj Eastern Seaboard Industrial Estate (HESIE)	FZ.27A	3,820	Single-Storey, Reinforced Concrete and Steel Structure Building, 1 Building	17015	4	1	96.40	7.70	Partial Lease	Lease
6	Hemaraj Eastern Seaboard Industrial Estate (HESIE)	FZ.29	6,120	Single-Storey, Reinforced Concrete and Steel Structure Building with mezzanine floor, 1 Building	17013	7	3	74.80	3.62	Partial Lease	Lease
7	Hemaraj Eastern Seaboard Industrial Estate (HESIE)	D.30	2,988	Single-Storey, Reinforced Concrete Building, 1 Building	23066	3	3	51.82	4.90	Partial Lease	Lease
8	Hemaraj Eastern Seaboard Industrial Estate (HESIE)	D.31	7,750	Single-Storey, Reinforced Concrete and Steel Structure Building, 1 Building	23064	10	1	6.50	5.35	Lease	Lease

No.	Project/ Industrial Estate	Land Plot No.	Building Area Approximately (sq.m.)	Detail of Factory	Land Title Deed No.	Size of Land Approximately			Building Age Approximately (Years)	Type of Investment	
						Rai	Ngan	Sq.Wah		Land	Building
9	Hemaraj Eastern Seaboard Industrial Estate (HESIE)	D.32	8,234	Single-Storey, Reinforced Concrete and Steel Structure Building with Roof Deck, 1 Building	23063	10	1	6.50	3.95	Lease	Lease
10	Hemaraj Eastern Seaboard Industrial Estate (HESIE)	D.38	4,700	Single-Storey, Reinforced Concrete Building, 1 Building	170696 , 26783	5	3	66.20	4.92	Lease (Lease 26783 and Partial Lease 170696)	Lease
11	Hemaraj Eastern Seaboard Industrial Estate (HESIE)	D.39	4,700	Single-Storey, Reinforced Concrete Building, 1 Building	170697 , 26784	5	1	78.36	4.90	Lease (Lease 170697 and Partial Lease 26784)	Lease

No.	Project/ Industrial Estate	Land Plot No.	Building Area Approximately (sq.m.)	Detail of Factory	Land Title Deed No.	Size of Land Approximately			Building Age Approximately (Years)	Type of Investment	
						Rai	Ngan	Sq.Wah		Land	Building
12	Hemaraj Eastern Seaboard Industrial Estate (HESIE)	D.40	3,756	Single-Storey, Reinforced Concrete Building, 1 Building	26785	5	0	9.30	4.68	Partial Lease	Lease
13	Hemaraj Eastern Seaboard Industrial Estate (HESIE)	D.41	4,700	Single-Storey, Reinforced Concrete Building, 1 Building	26786	5	0	71.80	4.63	Partial Lease	Lease
14	Hemaraj Eastern Seaboard Industrial Estate (HESIE)	D.44	2,988	Single-Storey, Reinforced Concrete Building, 1 Building	26789	3	3	1.52	4.30	Partial Lease	Lease
15	Hemaraj Eastern Seaboard Industrial Estate (HESIE)	D.48	4,700	Single-Storey, Reinforced Concrete Building, 1 Building	26796	7	1	94.00	3.90	Partial Lease	Lease
16	Hemaraj Eastern Seaboard Industrial Estate (HESIE)	D.49 ¹	3,756	Single-Storey, Reinforced Concrete Building, 1 Building	26797	5	1	23.00	4.43	Partial Lease	Lease
17	Hemaraj Eastern Seaboard Industrial Estate (HESIE)	C.09B	5,640	Reinforced Concrete and Steel Structure Building with mezzanine floor, 1 Building	29716	6	1	19.20	3.59	Partial Lease	Lease

No.	Project/ Industrial Estate	Land Plot No.	Building Area Approximately (sq.m.)	Detail of Factory	Land Title Deed No.	Size of Land Approximately			Building Age Approximately (Years)	Type of Investment	
						Rai	Ngan	Sq.Wah		Land	Building
18	Hemaraj Eastern Seaboard Industrial Estate (HESIE)	C.09C	5,640	Reinforced Concrete and Steel Structure Building with mezzanine floor, 1 Building	29717	6	1	19.20	2.44	Partial Lease	Lease
19	Hemaraj Eastern Seaboard Industrial Estate (HESIE)	H.03	4,240	Single-Storey, Reinforced Concrete Building, 1 Building	175591	4	3	48.80	3.36	Partial Lease	Lease
20	Eastern Seaboard Industrial Estate (Rayong)(ESIE)	L.08	11,358	Single-Storey, Reinforced Concrete Building with Roof Deck, 1 Building	17938	12	0	7.90	5.60	Lease	Lease
21	Eastern Seaboard Industrial Estate (Rayong)(ESIE)	R.05-1	3,392	Single-Storey, Reinforced Concrete and Steel Structure Building, 1 Building	26731	5	0	84.00	4.32	Partial Lease	Lease
รวมพื้นที่เช่า - โรงงานแบบ Detached Building			107,202			132	3	76.66			

Remarks: Information as of 31 December 2016

Ready Built Factory – Attached Building

No.	Project/ Industrial Estate	Land Plot No.	Building Area Approximately (sq.m.)	Detail of Factory	Land Title Deed No.	Size of Land Approximately			Building Age Approximately (Years)	Type of Investment	
						Rai	Ngan	Sq.Wah		Land	Building
1	Eastern Seaboard Industrial Estate (Rayong)(ESIE)	A3 ¹	1,366	Reinforced Concrete Building with mezzanine floor, 1 Building	6770	0	2	70.00	15.42	Partial Lease	Lease
2	Eastern Seaboard Industrial Estate (Rayong)(ESIE)	A4 ¹	1,582	Reinforced Concrete Building with mezzanine floor, 1 Building	6770	0	3	60.00	13.35	Partial Lease	Lease
3	Eastern Seaboard Industrial Estate (Rayong)(ESIE)	F.1	1,152	Reinforced Concrete Building with mezzanine floor, 1 Building (Partial)	17944	0	2	52.00	4.08	Partial Lease	Lease
4	Eastern Seaboard Industrial Estate (Rayong)(ESIE)	F.6	900	Reinforced Concrete Building with mezzanine floor, 1 Building (Partial)	17944	0	1	89.00	4.08	Partial Lease	Lease

No.	Project/ Industrial Estate	Land Plot No.	Building Area Approximately (sq.m.)	Detail of Factory	Land Title Deed No.	Size of Land Approximately			Building Age Approximately (Years)	Type of Investment	
						Rai	Ngan	Sq.Wah		Land	Building
5	Eastern Seaboard Industrial Estate (Rayong)(ESIE)	F.9	900	Reinforced Concrete Building with mezzanine floor, 1 Building (Partial)	17944	0	1	89.00	4.08	Partial Lease	Lease
6	Eastern Seaboard Industrial Estate (Rayong)(ESIE)	F.10	900	Reinforced Concrete Building with mezzanine floor, 1 Building (Partial)	17944	0	1	89.00	4.08	Partial Lease	Lease
7	Eastern Seaboard Industrial Estate (Rayong)(ESIE)	F.11	900	Reinforced Concrete Building with mezzanine floor, 1 Building (Partial)	17944	0	1	89.00	4.08	Partial Lease	Lease
8	Eastern Seaboard Industrial Estate (Rayong)(ESIE)	F.12	900	Reinforced Concrete Building with mezzanine floor, 1 Building (Partial)	17944	0	1	89.00	4.08	Partial Lease	Lease
9	Eastern Seaboard Industrial Estate (Rayong)(ESIE)	F.13	1,152	Reinforced Concrete Building with mezzanine floor, 1 Building (Partial)	17944	0	2	52.00	4.08	Partial Lease	Lease

No.	Project/ Industrial Estate	Land Plot No.	Building Area Approximately (sq.m.)	Detail of Factory	Land Title Deed No.	Size of Land Approximately			Building Age Approximately (Years)	Type of Investment	
						Rai	Ngan	Sq.Wah		Land	Building
10	Eastern Seaboard Industrial Estate (Rayong)(ESIE)	F.14	972	Reinforced Concrete Building with mezzanine floor, 1 Building (Partial)	17944	0	2	7.00	4.08	Partial Lease	Lease
11	Eastern Seaboard Industrial Estate (Rayong)(ESIE)	F.15	756	Reinforced Concrete Building with mezzanine floor, 1 Building (Partial)	17944	0	1	62.00	4.08	Partial Lease	Lease
12	Eastern Seaboard Industrial Estate (Rayong)(ESIE)	F.16	756	Reinforced Concrete Building with mezzanine floor, 1 Building (Partial)	17944	0	1	62.00	4.08	Partial Lease	Lease
13	Eastern Seaboard Industrial Estate (Rayong)(ESIE)	F.17	528	Reinforced Concrete Building with mezzanine floor, 1 Building (Partial)	17944	0	1	8.00	4.08	Partial Lease	Lease
14	Eastern Seaboard Industrial Estate (Rayong)(ESIE)	F.18	528	Reinforced Concrete Building with mezzanine floor, 1 Building (Partial)	17944	0	1	8.00	4.08	Partial Lease	Lease

No.	Project/ Industrial Estate	Land Plot No.	Building Area Approximately (sq.m.)	Detail of Factory	Land Title Deed No.	Size of Land Approximately			Building Age Approximately (Years)	Type of Investment	
						Rai	Ngan	Sq.Wah		Land	Building
15	Eastern Seaboard Industrial Estate (Rayong)(ESIE)	F.19	528	Reinforced Concrete Building with mezzanine floor, 1 Building (Partial)	17944	0	1	8.00	4.08	Partial Lease	Lease
16	Eastern Seaboard Industrial Estate (Rayong)(ESIE)	F.20	528	Reinforced Concrete Building with mezzanine floor, 1 Building (Partial)	17944	0	1	8.00	4.08	Partial Lease	Lease
17	Eastern Seaboard Industrial Estate (Rayong)(ESIE)	F.21	528	Reinforced Concrete Building with mezzanine floor, 1 Building (Partial)	17944	0	1	8.00	4.08	Partial Lease	Lease
18	Eastern Seaboard Industrial Estate (Rayong)(ESIE)	F.22	528	Reinforced Concrete Building with mezzanine floor, 1 Building (Partial)	17944	0	1	8.00	4.08	Partial Lease	Lease
19	Eastern Seaboard Industrial Estate (Rayong)(ESIE)	F.24	1,008	Reinforced Concrete Building with mezzanine floor, 1 Building (Partial)	17944	0	2	16.00	4.08	Partial Lease	Lease

No.	Project/ Industrial Estate	Land Plot No.	Building Area Approximately (sq.m.)	Detail of Factory	Land Title Deed No.	Size of Land Approximately			Building Age Approximately (Years)	Type of Investment	
						Rai	Ngan	Sq.Wah		Land	Building
20	Eastern Seaboard Industrial Estate (Rayong)(ESIE)	R05-4	792	Reinforced Concrete and Steel Structure Building with mezzanine floor, 1 Building (Partial)	26731	0	1	62.00	3.44	Partial Lease	Lease
21	Eastern Seaboard Industrial Estate (Rayong)(ESIE)	R05-5	900	Reinforced Concrete and Steel Structure Building with mezzanine floor, 1 Building (Partial)	26731	0	1	89.00	3.44	Partial Lease	Lease
22	Eastern Seaboard Industrial Estate (Rayong)(ESIE)	R05-6	792	Reinforced Concrete and Steel Structure Building with mezzanine floor, 1 Building (Partial)	26731	0	1	62.00	3.44	Partial Lease	Lease
23	Eastern Seaboard Industrial Estate (Rayong)(ESIE)	R05-7	504	Reinforced Concrete and Steel Structure Building with mezzanine floor, 1 Building (Partial)	26731	0	1	8.00	3.44	Partial Lease	Lease

No.	Project/ Industrial Estate	Land Plot No.	Building Area Approximately (sq.m.)	Detail of Factory	Land Title Deed No.	Size of Land Approximately			Building Age Approximately (Years)	Type of Investment	
						Rai	Ngan	Sq.Wah		Land	Building
24	Eastern Seaboard Industrial Estate (Rayong)(ESIE)	R05-8	792	Reinforced Concrete and Steel Structure Building with mezzanine floor, 1 Building (Partial)	26731	0	1	62.00	3.44	Partial Lease	Lease
25	Eastern Seaboard Industrial Estate (Rayong)(ESIE)	R05-9	504	Reinforced Concrete and Steel Structure Building with mezzanine floor, 1 Building (Partial)	26731	0	1	8.00	3.44	Partial Lease	Lease
26	Eastern Seaboard Industrial Estate (Rayong)(ESIE)	R05-10	792	Reinforced Concrete and Steel Structure Building with mezzanine floor, 1 Building (Partial)	26731	0	1	62.00	3.44	Partial Lease	Lease
27	Eastern Seaboard Industrial Estate (Rayong)(ESIE)	R05-11	558	Reinforced Concrete and Steel Structure Building with mezzanine floor, 1 Building (Partial)	26731	0	1	12.50	3.44	Partial Lease	Lease

No.	Project/ Industrial Estate	Land Plot No.	Building Area Approximately (sq.m.)	Detail of Factory	Land Title Deed No.	Size of Land Approximately			Building Age Approximately (Years)	Type of Investment	
						Rai	Ngan	Sq.Wah		Land	Building
28	Eastern Seaboard Industrial Estate (Rayong)(ESIE)	R05-12	792	Reinforced Concrete and Steel Structure Building with mezzanine floor, 1 Building (Partial)	26731	0	1	62.00	3.44	Partial Lease	Lease
29	Eastern Seaboard Industrial Estate (Rayong)(ESIE)	K14A-01	1,152	Reinforced Concrete and Steel Structure Building with mezzanine floor, 1 Building (Partial)	30381	0	2	52.00	3.36	Partial Lease	Lease
30	Eastern Seaboard Industrial Estate (Rayong)(ESIE)	K14A-02	1,296	Reinforced Concrete and Steel Structure Building with mezzanine floor, 1 Building (Partial)	30381	0	2	88.00	3.36	Partial Lease	Lease
31	Eastern Seaboard Industrial Estate (Rayong)(ESIE)	K14A-07	900	Reinforced Concrete and Steel Structure Building with mezzanine floor, 1 Building (Partial)	30381	0	1	89.00	3.36	Partial Lease	Lease

No.	Project/ Industrial Estate	Land Plot No.	Building Area Approximately (sq.m.)	Detail of Factory	Land Title Deed No.	Size of Land Approximately			Building Age Approximately (Years)	Type of Investment	
						Rai	Ngan	Sq.Wah		Land	Building
32	Eastern Seaboard Industrial Estate (Rayong)(ESIE)	K14A-09	1,044	Reinforced Concrete and Steel Structure Building with mezzanine floor, 1 Building (Partial)	30381	0	2	25.00	3.36	Partial Lease	Lease
33	Hemaraj Eastern Seaboard Industrial Estate (HESIE)	FZ/A09C-08	1,008	Reinforced Concrete Building with mezzanine floor, 1 Building (Partial)	173788	0	2	16.00	2.69	Partial Lease	Lease
34	Hemaraj Eastern Seaboard Industrial Estate (HESIE)	FZ/A09C-10	1,008	Reinforced Concrete Building with mezzanine floor, 1 Building (Partial)	173788	0	2	16.00	2.69	Partial Lease	Lease
35	Hemaraj Eastern Seaboard Industrial Estate (HESIE)	FZ/A09C-12	1,008	Reinforced Concrete Building with mezzanine floor, 1 Building (Partial)	173788	0	2	16.00	2.69	Partial Lease	Lease
36	Hemaraj Eastern Seaboard Industrial Estate (HESIE)	FZ/A09C-02	1,440	Reinforced Concrete Building with mezzanine floor, 1 Building (Partial)	173788	0	2	88.00	2.69	Partial Lease	Lease

No.	Project/ Industrial Estate	Land Plot No.	Building Area Approximately (sq.m.)	Detail of Factory	Land Title Deed No.	Size of Land Approximately			Building Age Approximately (Years)	Type of Investment	
						Rai	Ngan	Sq.Wah		Land	Building
37	Hemaraj Eastern Seaboard Industrial Estate (HESIE)	FZ/A09C-04	1,440	Reinforced Concrete Building with mezzanine floor, 1 Building (Partial)	173788	0	2	88.00	2.69	Partial Lease	Lease
38	Hemaraj Eastern Seaboard Industrial Estate (HESIE)	FZ/A09C-06	1,296	Reinforced Concrete Building with mezzanine floor, 1 Building (Partial)	173788	0	2	88.00	2.69	Partial Lease	Lease
39	Hemaraj Eastern Seaboard Industrial Estate (HESIE)	FZ/A09C-14	1,296	Reinforced Concrete Building with mezzanine floor, 1 Building (Partial)	173788	0	2	88.00	2.69	Partial Lease	Lease
40	Hemaraj Eastern Seaboard Industrial Estate (HESIE)	FZ/A09C-05	2,484	Reinforced Concrete Building with mezzanine floor, 1 Building (Partial)	173788	1	1	31.00	2.69	Partial Lease	Lease
41	Hemaraj Eastern Seaboard Industrial Estate (HESIE)	FZ/A09C-03	3,132	Reinforced Concrete Building with mezzanine floor, 1 Building (Partial)	173788	1	3	29.00	2.69	Partial Lease	Lease

No.	Project/ Industrial Estate	Land Plot No.	Building Area Approximately (sq.m.)	Detail of Factory	Land Title Deed No.	Size of Land Approximately			Building Age Approximately (Years)	Type of Investment	
						Rai	Ngan	Sq.Wah		Land	Building
42	Hemaraj Eastern Seaboard Industrial Estate (HESIE)	FZ/A09C-01	3,168	Reinforced Concrete Building with mezzanine floor, 1 Building (Partial)	173788	1	3	38.00	2.69	Partial Lease	Lease
43	Hemaraj Chonburi Industrial Estate(HCIE)	Z55A	792	Reinforced Concrete and Steel Structure Building with mezzanine floor, 1 Building (Partial)	52833, 52834	0	1	62.00	4.30	Lease	Lease
44	Hemaraj Chonburi Industrial Estate(HCIE)	Z55B	528	Reinforced Concrete and Steel Structure Building with mezzanine floor, 1 Building (Partial)	52833, 52834	0	1	8.00	4.30	Lease	Lease
45	Hemaraj Chonburi Industrial Estate(HCIE)	Z55C	528	Reinforced Concrete and Steel Structure Building with mezzanine floor, 1 Building (Partial)	52833, 52834	0	1	8.00	4.30	Lease	Lease

No.	Project/ Industrial Estate	Land Plot No.	Building Area Approximately (sq.m.)	Detail of Factory	Land Title Deed No.	Size of Land Approximately			Building Age Approximately (Years)	Type of Investment	
						Rai	Ngan	Sq.Wah		Land	Building
46	Hemaraj Chonburi Industrial Estate(HCIE)	Z55D	792	Reinforced Concrete and Steel Structure Building with mezzanine floor, 1 Building (Partial)	52833, 52834	0	1	62.00	4.30	Lease	Lease
47	Hemaraj Chonburi Industrial Estate(HCIE)	Z55E	528	Reinforced Concrete and Steel Structure Building with mezzanine floor, 1 Building (Partial)	52834	0	1	8.00	4.30	Lease	Lease
48	Hemaraj Chonburi Industrial Estate(HCIE)	Z55F	528	Reinforced Concrete and Steel Structure Building with mezzanine floor, 1 Building (Partial)	52834	0	1	8.00	4.30	Lease	Lease
49	Hemaraj Chonburi Industrial Estate(HCIE)	Z55G	528	Reinforced Concrete and Steel Structure Building with mezzanine floor, 1 Building (Partial)	52834	0	1	8.00	4.30	Lease	Lease

No.	Project/ Industrial Estate	Land Plot No.	Building Area Approximately (sq.m.)	Detail of Factory	Land Title Deed No.	Size of Land Approximately			Building Age Approximately (Years)	Type of Investment	
						Rai	Ngan	Sq.Wah		Land	Building
50	Hemaraj Chonburi Industrial Estate(HCIE)	Z55H	528	Reinforced Concrete and Steel Structure Building with mezzanine floor, 1 Building (Partial)	52834	0	1	8.00	4.30	Lease	Lease
-	Hemaraj Chonburi Industrial Estate(HCIE)	Common Area of Plot Z55	-	-	52833, 52834	2	2	8.70	-	Lease	-
51	Hemaraj Chonburi Industrial Estate(HCIE)	Z59A	1,152	Reinforced Concrete and Steel Structure Building with mezzanine floor, 1 Building (Partial)	52837	0	2	52.00	4.30	Lease	Lease
52	Hemaraj Chonburi Industrial Estate(HCIE)	Z59B	900	Reinforced Concrete and Steel Structure Building with mezzanine floor, 1 Building (Partial)	52837	0	1	89.00	4.30	Lease	Lease

No.	Project/ Industrial Estate	Land Plot No.	Building Area Approximately (sq.m.)	Detail of Factory	Land Title Deed No.	Size of Land Approximately			Building Age Approximately (Years)	Type of Investment	
						Rai	Ngan	Sq.Wah		Land	Building
53	Hemaraj Chonburi Industrial Estate(HCIE)	Z59C	900	Reinforced Concrete and Steel Structure Building with mezzanine floor, 1 Building (Partial)	52837	0	1	89.00	4.30	Lease	Lease
54	Hemaraj Chonburi Industrial Estate(HCIE)	Z59D	900	Reinforced Concrete and Steel Structure Building with mezzanine floor, 1 Building (Partial)	52837	0	1	89.00	4.30	Lease	Lease
55	Hemaraj Chonburi Industrial Estate(HCIE)	Z59E	1,152	Reinforced Concrete and Steel Structure Building with mezzanine floor, 1 Building (Partial)	52837	0	2	52.00	4.30	Lease	Lease
56	Hemaraj Chonburi Industrial Estate(HCIE)	Z59F	1,656	Reinforced Concrete and Steel Structure Building with mezzanine floor, 1 Building (Partial)	52837	0	3	60.00	4.30	Lease	Lease

No.	Project/ Industrial Estate	Land Plot No.	Building Area Approximately (sq.m.)	Detail of Factory	Land Title Deed No.	Size of Land Approximately			Building Age Approximately (Years)	Type of Investment	
						Rai	Ngan	Sq.Wah		Land	Building
57	Hemaraj Chonburi Industrial Estate(HCIE)	Z59G	1,296	Reinforced Concrete and Steel Structure Building with mezzanine floor, 1 Building (Partial)	52837	0	2	88.00	4.30	Lease	Lease
58	Hemaraj Chonburi Industrial Estate(HCIE)	Z59H	1,296	Reinforced Concrete and Steel Structure Building with mezzanine floor, 1 Building (Partial)	52837	0	2	88.00	4.30	Lease	Lease
59	Hemaraj Chonburi Industrial Estate(HCIE)	Z59I	1,656	Reinforced Concrete and Steel Structure Building with mezzanine floor, 1 Building (Partial)	52837	0	3	60.00	4.30	Lease	Lease
-	Hemaraj Chonburi Industrial Estate(HCIE)	Common Area of Plot Z59		-	52837	6	0	40.60	-	Lease	-
Total of Leased area - Attached Building			60,170			40	3	41.80			

Remarks: Information as of 31 December 2016

Warehouse

No.	Project	Land Plot No.	Building Area Approximately (sq.m.)	Detail of Warehouse	Land Title Deed No.	Size of Land Approximately			Building Age Approximately (Years)	Type of Investment	
						Rai	Ngan	Sq.Wah		Land	Building
1	Hemaraj Logistic Park1	A1	12,980	Reinforced Concrete Building with mezzanine floor, 1 Building	211621	8	0	45	2.50	Partial Lease	Lease
2	Hemaraj Logistic Park1	B6	3,840	Reinforced Concrete Building with mezzanine floor, 1 Building	211622	2	1	30	3.67	Partial Lease	Lease
3	Hemaraj Logistic Park 2	A1	5,134	Steel Structure Building, 1 Building	193985	3	0	50.5	3.11	Lease	Lease
4	Hemaraj Logistic Park 2	A3	5,134	Steel Structure Building, 1 Building	193985	3	0	50.5	3.11	Lease	Lease
5	Hemaraj Logistic Park 2	A5	5,019	Reinforced Concrete and Steel Structure Building with mezzanine floor, 1 Building	193985	3	0	21.75	3.11	Lease	Lease

No.	Project	Land Plot No.	Building Area Approximately (sq.m.)	Detail of Warehouse	Land Title Deed No.	Size of Land Approximately			Building Age Approximately (Years)	Type of Investment	
						Rai	Ngan	Sq.Wah		Land	Building
6	Hemaraj Logistic Park 2	A7	5,019	Reinforced Concrete and Steel Structure Building with mezzanine floor, 1 Building	193985	3	0	21.75	3.11	Lease	Lease
7	Hemaraj Logistic Park 2	A9	3,370	Reinforced Concrete and Steel Structure Building with mezzanine floor, 1 Building	193985	2	0	20	3.11	Lease	Lease
8	Hemaraj Logistic Park 2	A11	3,370	Reinforced Concrete and Steel Structure Building with mezzanine floor, 1 Building	193985	2	0	20	3.11	Lease	Lease
9	Hemaraj Logistic Park 2	A13	3,370	Reinforced Concrete and Steel Structure Building with mezzanine floor, 1 Building	193985	2	0	20	3.11	Lease	Lease

No.	Project	Land Plot No.	Building Area Approximately (sq.m.)	Detail of Warehouse	Land Title Deed No.	Size of Land Approximately			Building Age Approximately (Years)	Type of Investment	
						Rai	Ngan	Sq.Wah		Land	Building
-	Hemaraj Logistic Park 2	พื้นที่ส่วนกลางภายใน แปลง HLP2-A		-	193985	8	2	40.5	-	Lease	-
10	Hemaraj Logistic Park 2	B2	5,145	Reinforced Concrete Building with mezzanine floor, 1 Building	193988	3	0	53.25	2.86	Partial Lease	Lease
11	Hemaraj Logistic Park 2	B4	5,145	Reinforced Concrete Building with mezzanine floor, 1 Building	193988	3	0	53.25	2.86	Partial Lease	Lease
12	Hemaraj Logistic Park 2	B6	5,145	Reinforced Concrete Building with mezzanine floor, 1 Building	193988	3	0	53.25	2.86	Partial Lease	Lease
13	Hemaraj Logistic Park 2	B8	5,145	Reinforced Concrete Building with mezzanine floor, 1 Building	193988	3	0	53.25	2.86	Partial Lease	Lease
14	Hemaraj Logistic Park 4	A1	3,290	Reinforced Concrete Building with mezzanine floor, 1 Building	9198, 9199	2	0	0	3.58	Partial Lease	Lease

No.	Project	Land Plot No.	Building Area Approximately (sq.m.)	Detail of Warehouse	Land Title Deed No.	Size of Land Approximately			Building Age Approximately (Years)	Type of Investment	
						Rai	Ngan	Sq.Wah		Land	Building
15	Hemaraj Logistic Park 4	A2	3,290	Reinforced Concrete Building with mezzanine floor, 1 Building	9198, 9199	2	0	0	3.58	Partial Lease	Lease
16	Hemaraj Logistic Park 4	A3	3,290	Reinforced Concrete Building with mezzanine floor, 1 Building	9198, 9199	2	0	0	3.58	Partial Lease	Lease
17	Hemaraj Logistic Park 4	A4	4,821	Reinforced Concrete Building with mezzanine floor, 1 Building	9198, 9199	2	3	75.25	3.42	Partial Lease	Lease
18	Hemaraj Logistic Park 4	B1	1,620	Reinforced Concrete Building with mezzanine floor, 1 Building	9197, 9198	0	3	90	3.58	Partial Lease	Lease
19	Hemaraj Logistic Park 4	B2	3,180	Reinforced Concrete Building with mezzanine floor, 1 Building	9197	1	3	72.5	3.58	Partial Lease	Lease

No.	Project	Land Plot No.	Building Area Approximately (sq.m.)	Detail of Warehouse	Land Title Deed No.	Size of Land Approximately			Building Age Approximately (Years)	Type of Investment	
						Rai	Ngan	Sq.Wah		Land	Building
20	Hemaraj Logistic Park 4	B3	4,665	Reinforced Concrete Building with mezzanine floor, 1 Building	9197	2	3	43.75	3.58	Partial Lease	Lease
21	Hemaraj Logistic Park 4	C1	1,970	Reinforced Concrete Building with mezzanine floor, 1 Building	9197, 9198	1	0	77.5	3.58	Partial Lease	Lease
Total of Leased Area - Warehouse			93,942			65	3	92			
Total of Leased Area – Factory and Warehouse						239	3	10.46			

Ready-Built Factories

(1) Ready-Built Factories - Detached Building

Detached Building is single-storey building with mezzanine floor to be used as offices overlooking the operation area. The roof is made of metal sheet with insulation and roof ridge ventilator. Construct in a fenced areas with guard towers and a parking space for loading and unloading goods. Moreover, the building was developed as a standard, but can be adapted to serve the needs of each tenant. With a Plus Engineering Structure, "Detached" in large models are designed to allow future expansion to either side-way or back-way without key structural change. Consequently, the expansion can be done while manufacturing process remains uninterrupted. Most Detached buildings area range from 2,500 to 6,000 sq.m. with 32-60 meters wide and 70-124 meters in depth. The floor is made with reinforced concrete slab with maximum live load of 3.5 – 5.0 ton per sq.m.

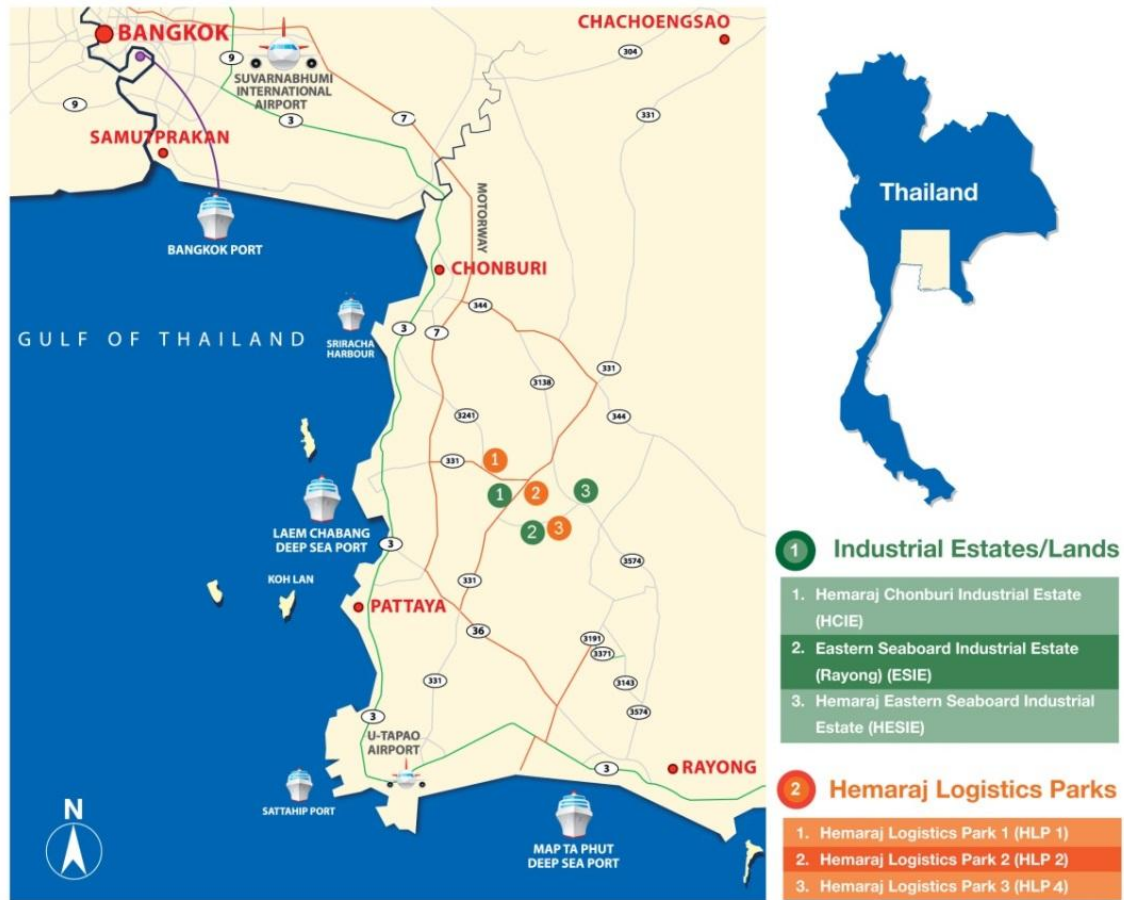
(2) Ready-Built Factories - Attached Building

Ready-Built Factories - Attached Building are a roll of factories sharing the wall to the next-door neighbors. The factory is covered with metal sheet roof with the supporting of painted steel truss. Most Attached buildings area range from 500 to 2,500 sq.m, has a width of about 12-48 meters and 24-72 meters in length. The floor is made with reinforced concrete slab with maximum live load of 3.5 – 5.0 ton per sq.m. The buildings are equipped with high soaring truck entrance with rolling shutter door which allow easy access for trucks and containers. Mezzanine floor can be used as an office with utilities including electricity, water supply in placed.

Ready-Built Warehouses

Ready-Built Warehouses are located in strategic location which is suitable for distribution center and logistics. Warehouse are designed to serve the handling and distribution strategy of modern warehouse and logistics companies. The building design takes into account column space. The building has a width of about 32 -34 meters and in length of 96-118 meters. The buildings are resistant applications with maximum live load of 5.0 tons per sq.m. The building height of 9 meters allows easy access for trucks and containers. The warehouse building was designed to be a gateway for cargo handling with leveling slope suitable for logistics vehicle.

Map of location of the REIT's initial investment asset



(1) Asset Value comparing with Appraisal Value pursuant Income Approach

Appraisal value information pursuant income approach and asset value adjustment for the REIT's initial investment asset shall have the detail according to the below schedule.

Appraised Value (unit: Baht)	Asset appraised Value (Baht) ^{/1}	
	Grand Asset Advisory Co., Ltd.	15 Business Advisory Limited
Total leasehold value under the REIT's condition (exclusive of value from income from sublease of rooftop area for Solar Rooftop Project) ^{/2}	6,926,000,000	6,944,000,000
Value generated from income received from the sub-lease Roof Area of the factories and warehouses for operations of Solar Roof projects ^{/3}	36,994,674	
Approximate leasehold value under REIT's Condition	6,962,994,674	6,980,994,674
Total REIT investment Value not exceeding approximately (Baht)	8,018,600,000	
Higher than the lowest appraisal value of not exceeding approximately (%)	15.16	

Remarks ^{/1} Information of asset cost appraisal of Grand Asset Advisory Co., Ltd. is made as of 13 June 2016 and 15 Business Advisory Limited is made as of 1 July 2016.

^{/2} Total asset value under leasehold pursuant to the REIT's conditions calculated on the assumption that the REIT has 30-year leasehold in the asset and the leasehold shall be extended for another 30 years.

^{/3} Financial advisor estimated from calculation of cash flow received from income from sub-leasing of roof area of factories and warehouses for business operation of Solar Rooftop project, pursuant to Roof Area Sub-lease Agreement between the REIT and WHA Utilities and Power Public Company Limited. Discounted cash flow rate of 9.50% is used likewise to discounted cash flow rate of independent appraiser.

Both asset appraisers for the REIT's initial investment asset, who are approved by the Office of SEC, have considered using income approach as market value of the REIT's initial investment asset. The REIT Manager and financial advisor had examined the main assumption of appraisal companies used for appraising value of the REIT's initial investment asset and found no cause to believe that the main assumption used for such appraisal value is invalid. However, the actual overall operation may vary from the said assumption, or circumstances may not be in accordance with the anticipation.

Nevertheless, since both asset appraisers had not appraised from value of income received from sub-leasing of roof area of factories and warehouses for operation of Solar Rooftop project, sub-leasing conditions of roof

area shall be pursuant to Roof Area Sub-lease Agreement between the REIT and WHA Utilities and Power Public Company Limited. Thus, financial advisor shall calculate and adjust asset value with cash flow from income received from sub-leasing of roof area of factories and warehouses for operation of Solar Rooftop project.

(2) Appraised Value pursuant to Replacement Cost Approach

Information of appraised value specified herein is merely for reference for consideration of provision of suitable insurance for buildings and constructions that the REIT shall invest.

Unit: Baht	Grand Asset Advisory Co., Ltd.	15 Business Advisory Limited
New replacement cost of building (before deducting depreciation) and excluding land and foundation cost (Baht) ^{/1}	2,184,858,000	2,230,861,500

Remark Information of asset cost appraisal of Grand Asset Advisory Co., Ltd. is made as of 13 June 2016 and 15 Business Advisory Limited is made as of 1 July 2016

^{/1} Appraisers use assumption of foundation value approximately 10% of value of new replacement construction

7. Borrowing

7.1 Borrowing Policy

The REIT may use borrowing only for the following purposes;

- (1) To invest in real estate or leasehold rights which are additional to its Core Properties,
- (2) To use borrowings to manage the REIT's properties,
- (3) To use borrowings for maintenance, repair, upkeep or improvement of the REIT's properties such as its real estate or leasehold rights of real estate so that they remain in good condition and are properly maintained to readily confer benefits of income-production or to modify them to be well suited to market trends or responding to changing of customer needs
- (4) To use borrowings for constructions of any annex or any additional buildings on the exiting plots of land that the REIT owns or holds leasehold rights of such real estate to confer benefits of income-production
- (5) To use borrowings for repayments of its loans or obligations
- (6) To use borrowing for refinancing of the existing debt owed by the trust (Refinance)
- (7) To use borrowing for working capital of the Trust
- (8) To use borrowings for any other necessary purposes as the REIT Manager shall deem appropriate for the management of the REIT and for the benefits of the unit holders.

The loan shall be carried out by taking the benefit of the trust unitholders into consideration and shall comply with the following rules and procedures on borrowings or creation of obligations following Trust deed.

7.2 Borrowing Method

The REIT may borrow money using the following methods:

- (1) Requesting credit from commercial banks, financial institutions, life insurance companies, non-life insurance companies, and/or any other juristic persons who can provide such credit to the REIT, whereby such actions shall not cause any illegality or any conflict of any applicable laws, and notifications, orders or rules issued by the Securities and Exchange Commission and the Stock Exchange, or any other authorized agency.

- (2) Issuance of instruments or securities, or entering into any borrowing contracts in which such actions shall not cause any illegality or any conflict of any applicable laws, and notifications, orders or rules issued by the Securities and Exchange Commission and the Stock Exchange.

7.3 Borrowing Amount

Borrowing amount of the trust is restricted not to exceed either of the following unless such exceeding is not caused by the additional borrowing.

- (1) Thirty five percent (35) of the total value of the assets of trust
- (2) Sixty percent (60) of the total value of the assets of trust if the credit rating of the trust is ranked in the investment grade which is the latest ranking provided

The borrowings incurred under this Clause shall include the issuance of instruments or securities, or any of contracts in form and substance considered as borrowings.

7.4 Obligations

Obligations on the REIT's assets can only be created upon necessity and in relation to the management of the REIT's properties as follows:

- (1) Obligations related to an agreement in principle that the REIT is authorized to undertake as prescribed in the Notification of Capital Market Supervisory Board Tor Jor. 49/2555, as well as in any other relevant notifications issued by the Securities and Exchange Commission such as the use of the REIT's assets as collateral for borrowings under the Trust Deed and under applicable laws.
- (2) Obligations arising in the ordinary course of business or the ordinary course of such transactions.

7.5 Summary of the Loan Agreements and Details of the Loan Securities

With respect to this investment of HREIT, part of the funding for this came from loans that HREIT obtained from the Siam Commercial Bank Public Company Limited (the "**Lender**"), which will be a long-term loans of Baht 2,325 million for the purpose of investment of the Main Asset. Terms and conditions of the loans will be in accordance with the loan agreement, between HREIT and the Lender. The key terms of the loan agreement are as set out in the table below.

Lender	Siam Commercial Bank Public Company Limited
Borrower	SCB Asset Management Co., Ltd. as Trustee of HREIT
Loan Amount	Baht 2,325 million
Interest Rate and Borrowing Fee	The total interest rate per MLR (Minimum Loan Rate), where the interest for year 1 shall not exceed MLR (Minimum Loan Rate) - 1.5% and shall be, during the terms of the loan agreement, at the rate not exceed MLR (Minimum Loan Rate). Minimum Loan Rate (or MLR) means the lending that the Bank charges its prime major customers on term loans (Minimum Loan Rate, "MLR").
Loan Term	5 years
Principal Repayment	The loan will be repaid in as a bullet payment at the maturity date of loan term (in this regards, HREIT shall be entitled to make early repayment as stated in the loan agreement).
Interest Payment	Quarterly interest payment
Security	1. Conditional assignment of land and building lease agreement over HREIT's Main Asset as business collateral to the Lender, which will have the value of at least 2 times the loan amount. 2. Conditional assignment of insurance, endorsing the Lender as beneficiary and co-insured. 3. Conditional assignment of rights under the lease agreements and service agreements with a term of more than 3 years. 4. Other security (if any) as may be agreed between HREIT and the Lender in the loan agreement.
Key Covenants	1. The borrower undertakes not to create any encumbrances over the Main Assets which is not already a collateral to the Lender to any other financial institutions (Negative Pledge). 2. Hemaraj Land And Development Public Company Limited (Hemaraj) agrees that the unitholding ratio in the Trust of Hemaraj and/or persons in the same group shall not collectively be less than 15 percent of the total trust units in the Trust issued and offer for the initial public offering for a period of 3 years from the date of initial investment of HREIT. 3. The borrower shall hire Hemaraj or its affiliate as a property manager unless such change of property manager is processed as per the trust unitholders' resolution or as stated in the property management agreement.
Key Financial Covenants	• The borrower must ensure that the funded interest-bearing debt to the Equity Ratio of HREIT does not exceed 1.0 x • The borrower must ensure that the funded interest-bearing debt to EBITDA ratio is no more than 5.5 times. (EBITDA = Earnings before interest, tax, depreciation and amortization excluding other adjusted income which are non-cash items such as gain/loss from revaluation of investment value)

8. Revenue Guarantee

- None -

9. Provision for Benefits

The Company, as the REIT Manager, has objective to provide appropriate distribution from investment sustainably in the long run for unitholders. After the REIT invested in the said leasehold in property from Hemaraj Land And Development Public Company Limited, Eastern Seaboard Industrial Estate (Rayong) Co.,Ltd., Hemaraj Eastern Seaboard Industrial Estate Co.,Ltd., and SME Factory Co.,LTd., and has the leasehold rights in lands and factories as well as warehouses, the REIT Manager has a policy to lease out such property to lessees. The REIT Manager shall appoint Hemaraj Land and Development Public Company Limited, who has experience and expertise in managing and administering property in the type of factory and warehouse, as the Property Manager. The Property Manager shall contact and procure customers, seek companies who wish to use the service and/or rent the said property, as well as negotiate the terms with potential lessees. Moreover, the Property Manager shall be in charge of marketing and promotion by contacting targeted customer group directly or through various agents.

9.1 Type of Tenancy Agreement

The REIT, by Trustee, shall become counterparty directly with the lessee. The income and cash flow to be received by the REIT from the REIT's initial investment asset are the rental income from lands and buildings and service fee from the rent of factories and warehouses. Most lease agreements shall be a standard agreement having similar terms and conditions, i.e.

- Monthly rental income comes from leasing of lands and factories or warehouses.
- Income from monthly service fee is the income collected from service agreement relating to maintenance of building, common area and common property.

9.2 Compensation for the Rental Income

Asset owners agree to compensate for the rental income to the REIT for vacant property for the period of 3 years from the commencement date of lease term. The rate of the rent shall be as follows:

Type of Rented Property	Location of Rented Property	Compensated Rental Rate (Baht/sq.m./month)
Attached building factory	HESIE, ESIE, HCIE	190
Detached building factory	HESIE, ESIE	200
Warehouse	HLP1, HLP2, HLP4	155

The parties agree that the asset owners shall pay the rental compensation amount to the REIT at each quarter upon the following conditions:

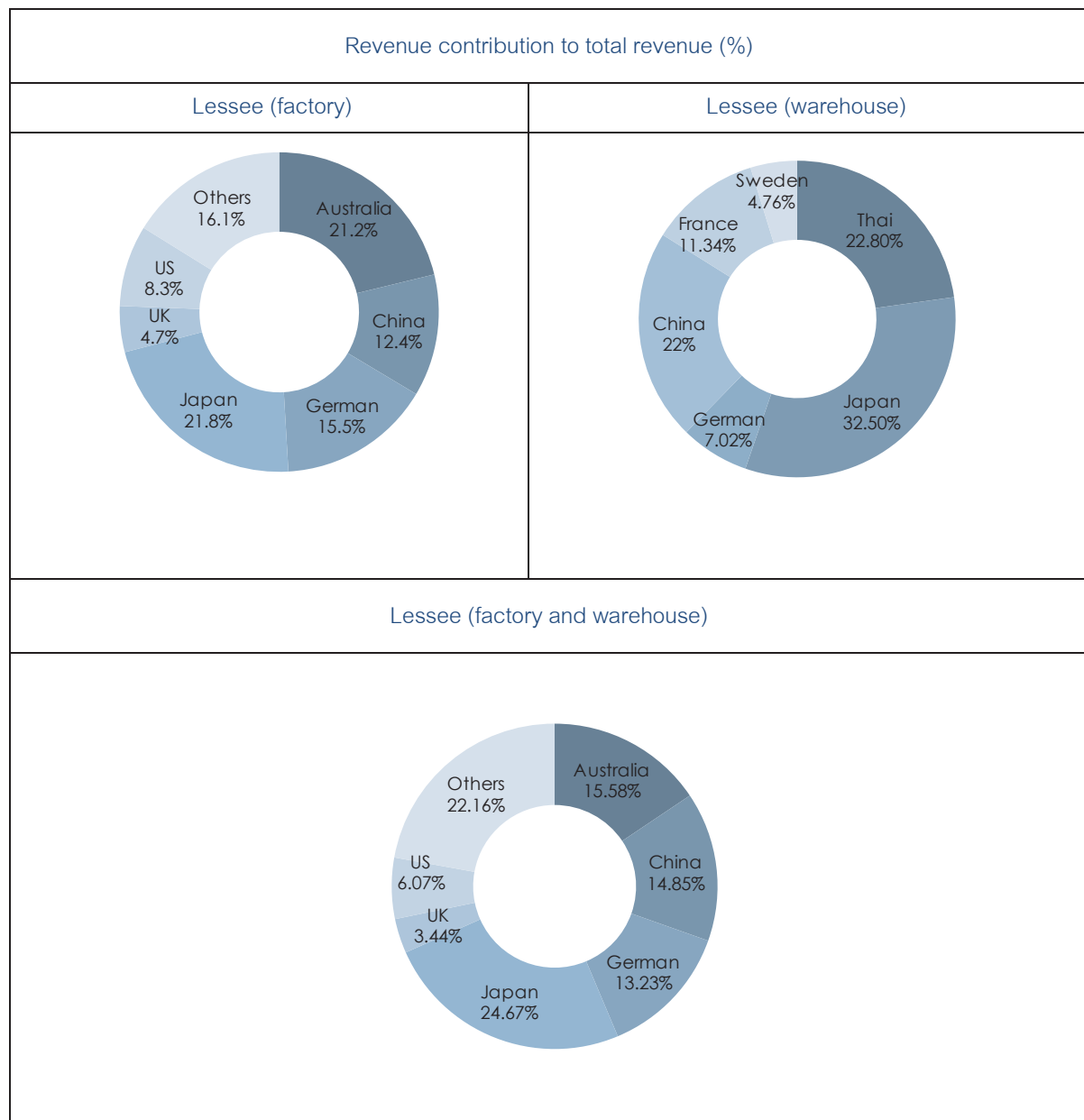
1. The vacant property, whether in a case where the property is vacant throughout the income compensation period, or the lease agreement expired and no extension is made to the lease term.
2. In case a lessee rents available property during the income compensation period, the asset owner shall be released from obligation to compensate the rental income to the REIT starting from the commencement date of the lessee's lease term.
3. In case that any tenant's lease agreement and service agreement over the rental property are expired pursuant to the lease agreement and service agreement and no extension is made to the lease agreement and service agreement, the asset owner shall pay the rental income under the rental compensation rate from the expiry date of the lease agreement and service agreement of such certain lessee until the expiry of the income compensation period; or the date that other lessee rents such the rental property that becomes available (whichever occurs first). The rental rate to be received by the REIT from such lessee shall not be considered, whether the value shall be lower or higher than the rental compensation rate.
4. If any lessee of the rental property defaults or fails to pay the rent pursuant to the lease agreement and service agreement during the compensation period, the asset owner shall not pay the rent for the lessee pursuant to the lease agreement and service agreement whatsoever.
5. In case of termination of lease agreement and service agreement of any lessee prior to the expiration of such lessee's lease due to default of the lessee (whatever the cause may be), once the REIT had used all the deposit and/or indemnity received from agreement termination from such lessee, the asset owner agrees to compensate for the rental income under the compensation rental rate, from the date that the REIT does not receive the rental income from the rental property until the expiry of compensation period, or until the date that other lessee rents the available rental property (whichever date comes first).

9.3 Target Customers

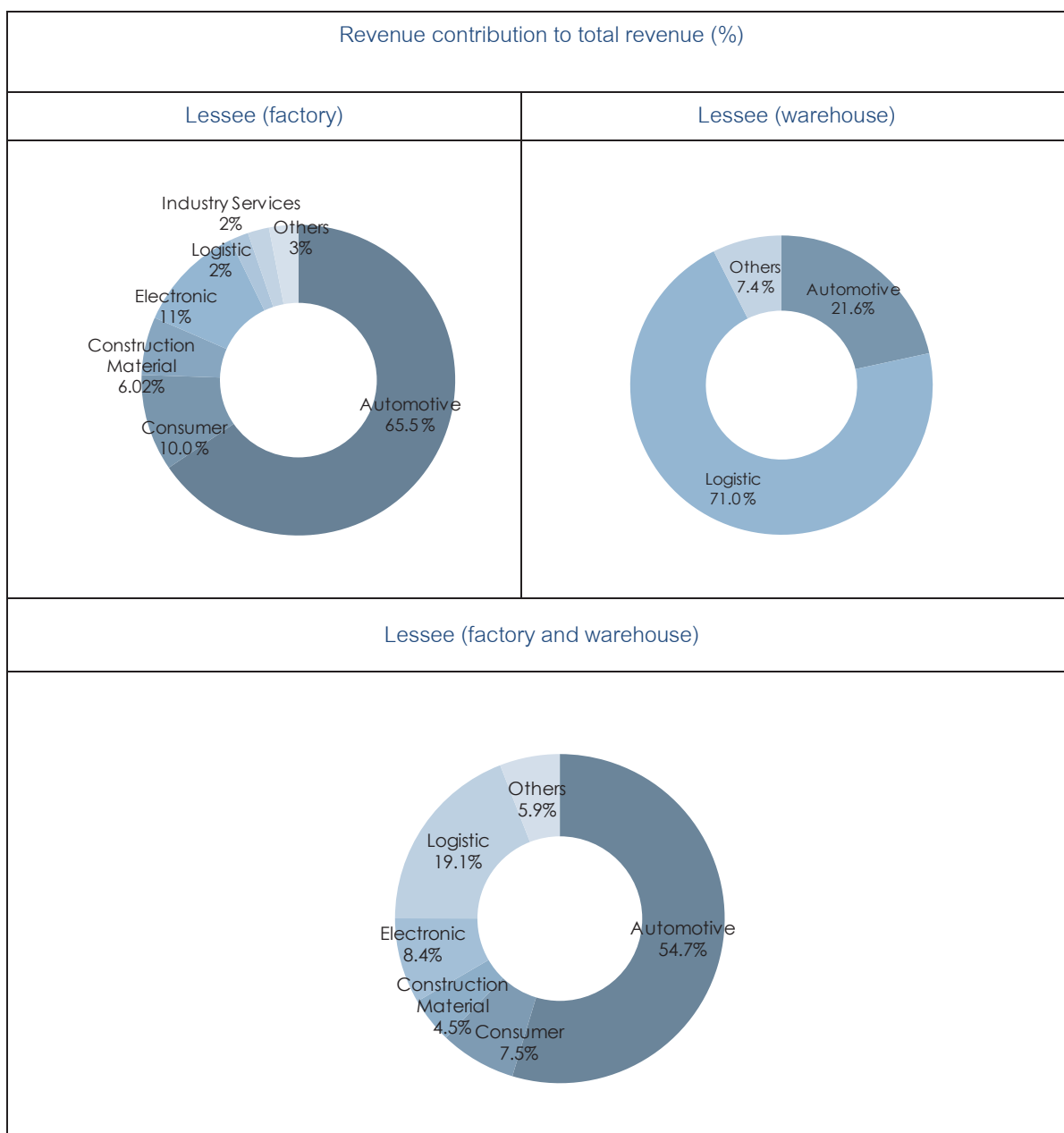
The structure of the income of the REIT's first investment shall be diversified the income which occurred from the rent of the factory 73.51% and warehouse 26.49% of the income from the total lease agreements (the proportion of the rental income of the year ends on 31 December 2016). The lease agreement with the lessee will be the lease terms from 3 to 9 years which the rental rate would be fixed and/or escalated during the lease period.

The details of the lessee of the factory and warehouse as of 1 January 2017 are as follows:

(1) Nationality of lessees



(2) Type of industry of lessees



(3) Information of top 5 lessees of factories and warehouses

No.	List of Lessee	% to total revenue	Year of lease expiration (A.D.)	Nationality	Type of Business
1	SAIC Motor - CP Co., Ltd.	9.97	2017 and 2018	Chinese	Automobile
2	Futuris Automotive (Thailand) Ltd.	9.54	2017 and 2020	Australian	Automobile
3	ZF Lemforder (Thailand) Co., Ltd.	6.54	2022	German	Automobile
4	DSV Solution Co.,Ltd. (UTI Worldwide Co., Ltd.)	5.35	2017	Thai	Logistics
5	Tostem Thailand Co., Ltd.	4.42	2018	Japanese	Construction materials
	Total	35.82			

(4) Lease expiration

Year of lease expiration (A.D.)	Revenue contribution to total revenue (%) (Factory and warehouse)
Within 2017	33.58
Within 2018	26.74
Within 2019	19.85
After 2019	19.83
Total	100.00

9.4 Channels of Benefit Procurement

REIT Manager have a policy of renting out properties to tenants by engaging Hemaraj Land and Development Public Company Limited, which has extensive experience and expertise in managing assets, factories and warehouses as a Property Manager. The Property Manager has a responsibility to reach out to customers. For those who wish to use the service and/or rent of such property. Their service includes negotiating contracts with those interested in renting space and is also responsible for marketing and promotion activities both direct with potential customers or contact through various brokers and agents.

9.5 Additional Asset Investment

The REIT has the opportunities to invest in additional assets through the Right of First Refusal

Within the period of 7 (seven) years after the first investment, in the events that Hemaraj and/or Hemaraj's Subsidiaries wish to sell, dispose of, transfer, let, which is not the letting of land and/or the Ready-Built warehouse, distribution centre or factory to general clients in the ordinary course of business, whether in whole or in part of land and/or the Ready-Built warehouse, distribution centre or factory exploited in the business conducts of the Warehouse and Factory Project by Hemaraj and/or Hemaraj's Subsidiaries, which are located in Thailand, Hemaraj agrees and procures the REIT, the right of first refusal in the investment of such Warehouse and Factory Project

"Subsidiaries" shall have the same meaning as specified in the Notification of the Securities and Exchange Commission No. KorJor. 17/2551 or as amended.

"Hemaraj's Subsidiaries" shall not include the following entities;

- (1) The subsidiaries of Hemaraj that are listed in the Stock Exchange of Thailand which become the subsidiaries of Hemaraj after the date of this Agreement.
- (2) Eastern Seaboard Industrial Estate (Rayong) Co., Ltd. and the subsidiaries of Eastern Seaboard Industrial Estate (Rayong) Co., Ltd.

In this regards, the offering of the right of first refusal to the REIT hereunder by Hemaraj or Hemaraj's Subsidiaries shall not apply to the cases which would result Hemaraj and/or Hemaraj's Subsidiaries in the incompliance of any agreements or covenants, or becoming the defaulting party in any agreements which Hemaraj or Hemaraj's Subsidiaries entered in to with any persons (a) prior to the signing date of this Agreement or (b) prior to the date when such company become Hemaraj's Subsidiaries as per the above definition.

10 Market Overview of Thailand Industrial Property

10.1 Overview of Thailand Economic

In 2016, Foreign Direct Investment (FDI) in the manufacturing sector dropped by 40%. The main reason of continuously dropped is due to the decreasing in trading volume across countries, fuel price and the demand in some industry products. In addition, the slowdown of economic in China, one of Thailand's major traders contributed effect to Thailand's export value. The export value to China decreased by 4.51% and the export value to ASEAN decreased by 2.14 % whereas Export value to China and ASEAN accounted for 10.63% and 25.33% of Thailand's export value in 2016.

For value of the export of industrial goods, it picked up by 2.0% Y-o-Y due to supporting factor; i.e. recovery of the demand of global market). The Manufacturing Production Index (MPI) and the Industrial Capacity Utilization (ICU) moved up by 1.4% and 2.7% Y-o-Y respectively.

For automotive sector, total automotive production in 2016 was at 1,944,417 units, increased by 1.6% Y-o-Y, mainly contributed by increasing in domestic sales by 6.7% whereas decreasing in export by 1.4%.

Thailand Automotive Production, 2011-2016

Automotives (Units)	2011	2012	2013	2014	2015	2016	%Y-o-Y (2015-2016)	CAGR (2011-2016)
Production	1,457,795	2,453,717	2,457,057	1,880,007	1,913,002	1,944,417	1.6%	5.9%
Export	735,627	1,020,091	1,094,089	1,126,081	1,204,895	1,188,515	-1.4%	10.1%
Local	722,168	1,433,626	1,362,968	753,926	708,107	755,902	6.7%	0.9%

The number of projects approved by the Board of Investment (BOI) in 2016 was 1,688 projects, or decreased by 25% from 2015. The value of total new approved projects was Baht 861,340 million, or increased by 6% from Baht 809,384 million in 2015.

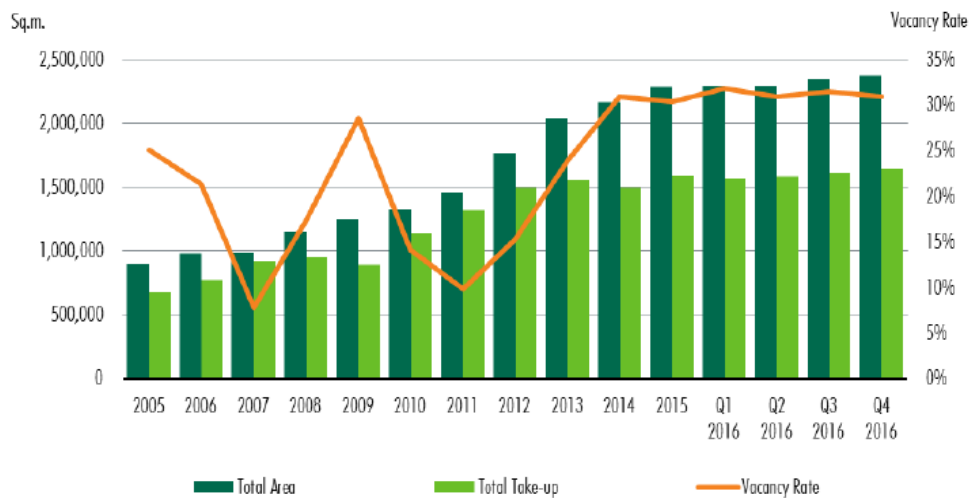
10.2 Thailand Industrial Property Overview

(1) Demand and Supply of Ready-Built Factories and Ready-Built Warehouses

1.1) Ready-Built Factories

In 2016, the total supply of Ready-Built-Factories (RBFs) increased 104,988 sq.m. or increased by 3.8% Y-o-Y. and the total supply of RBFs was 2,369,531sq.m. On the demand side, the overall occupancy rate was 69%, slightly increased by 0.6%. RBFs vacancy rate was significantly higher in North of Bangkok (e.g. Ayutthaya)

Demand and Supply of RBFs Year 2005-2016

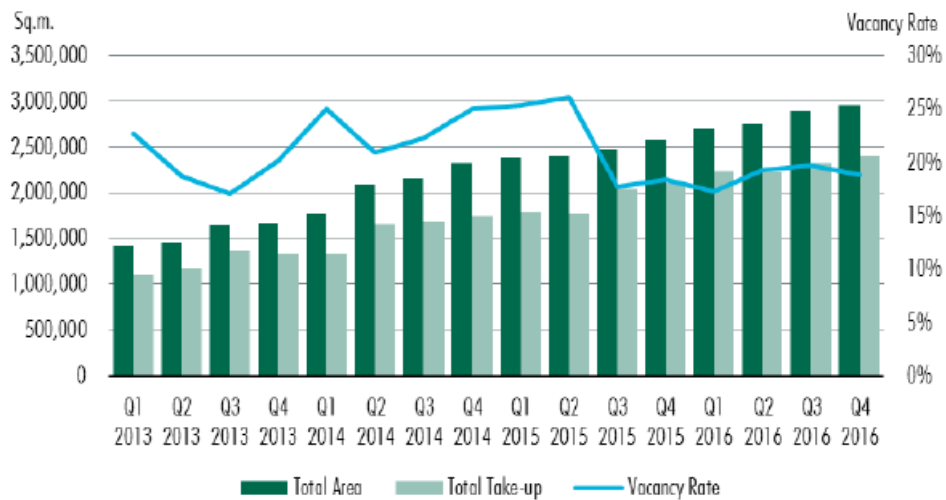


Source: CBRE Research, Q4. 2016

1.2) Ready-Built Warehouses

In 2016, the supply of Ready Built Warehouses (RBWs) increased 426,105 sq.m. or increased by 17% Y-o-Y. The total supply of RBWs was 2,954,516 sq.m. The intensive RBWs supply was in East of Bangkok. On the demand side, the overall occupancy rate was 81%.

Demand and Supply of RBWs Year 2013-2016

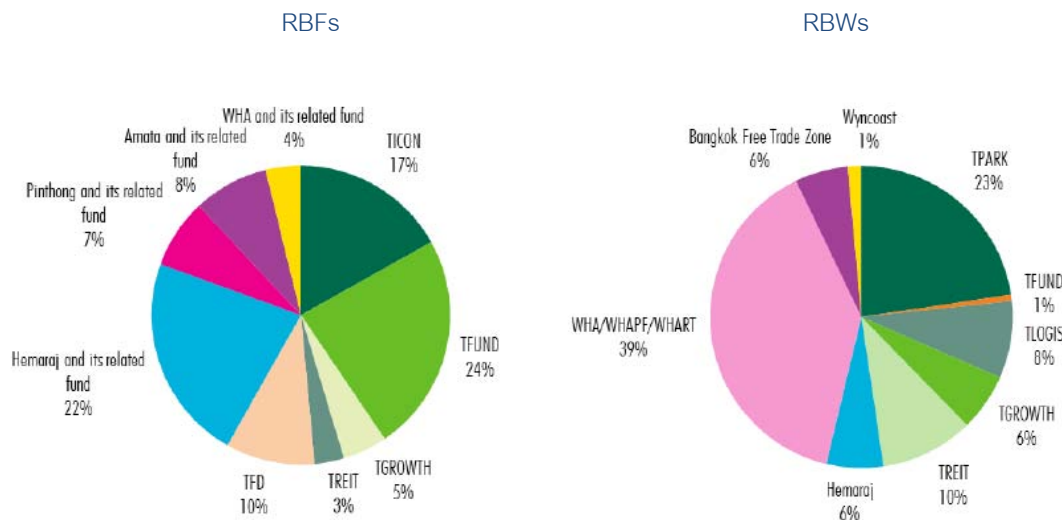


Source: CBRE Research, Q4. 2016

(2) Market Share

In 2016, Hemaraj contributed 22% of market share from total RBFs supply and 6% of market share from total RBWs supply.

Market Share in 2016

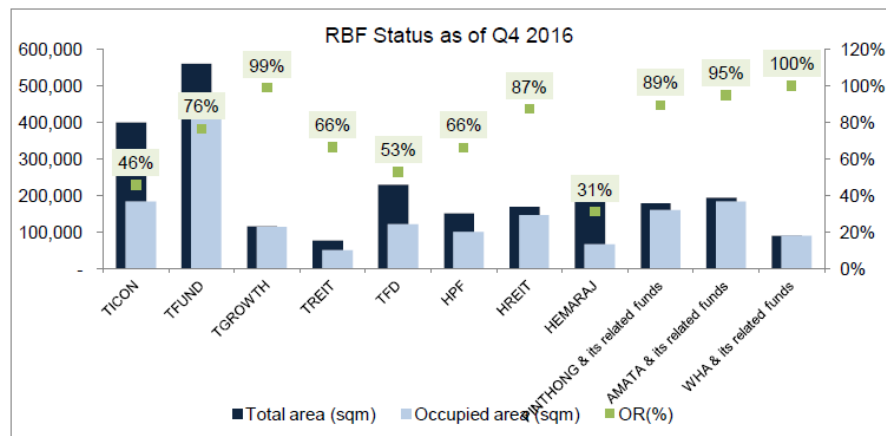


Source: CBRE Research, Q4. 2016

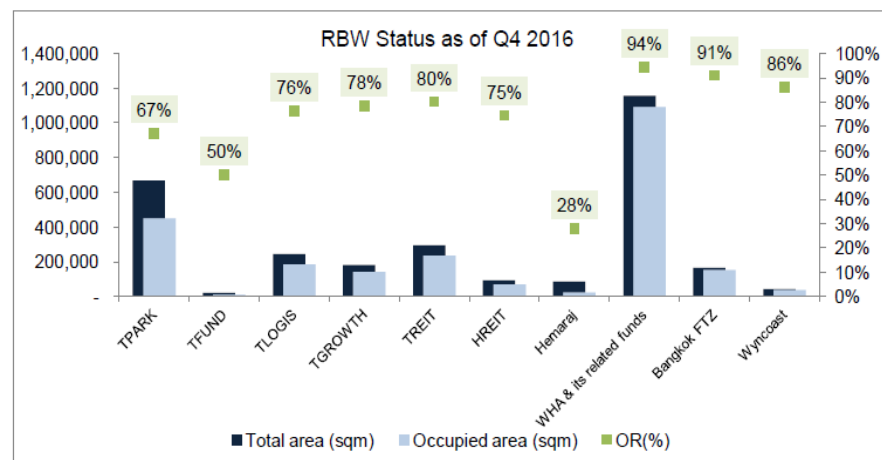
- Remark: 1) Hemaraj refers to Hemaraj Land and Development PCL., property fund and REIT managed by Hemaraj
 2) WHA refers to WHA Corporation PCL., property fund and REIT managed by WHA
 3) TICON refers to TICON Industrial Connection PCL., property fund and REIT managed by TICON
 4) Amata Summit refers to Amata Summit Ready Built Co.,Ltd and REIT managed by Amata Summit
 5) Pinthong refers to Pinthong Industrial Park PCL. and property fund managed by Pinthong

(3) Occupancy Rate

The total of take-up of RBFs in 2016 was 1,638,287 sq.m., accounting for 69% occupancy rate. Demand and supply of RBFs by developers was summarized as figure.



The total of take-up of RBFs in 2016 was 2,398,195 sq.m., accounting for 81% Occupancy rate. Demand and supply of RBW by developers was summarized as figure.



(4) Asking Rents

Asking Rents of RBFs and RBWs by developer is classified as follows;

Developers	Q1/2016	Q2/2016	Q3/2016	Q4/2016
Hemaraj	190-200	190-200	190-200	190-210
TICON	180-250	170-250	160-250	170-250
TFD	180-250	180-250	180-250	180-250
Pinthong	130-2020	130-200	130-220	130-200
Amata Summit	230-250	230-250	230-250	240-260

Source: CBRE Research, Q4. 2016

Asking Rents of RBWs

Developers	Q1/2016	Q2/2016	Q3/2016	Q4/2016
Hemaraj	150-175	150-175	150-175	140-160
TPARK	130-195	130-195	130-195	130-195
WHA	155-165	155-165	155-165	155-165
Prospect	160-180	175-180	175-180	170-190
Amata Summit	230-250	230-250	230-250	240-260

Source: CBRE Research, Q4. 2016

11. Risk factors

11.1 Risks due to the REIT or operation of the REIT.

- (1) *Risk arisen from provision of rental for the renewal of 30 years lease term or property lease contract is renewed for another 30 years.*

As property lease contract which the REIT has entered into with owner of each property ("the lessor"), the lease term is 30 years. When such lease term is expired, the lessor has agreed that the REIT shall be entitled to renew lease contract for another 30 years, although the REIT is eligible to renew the lease contract as the lessor has specified in the lease contract that rental fee of the renew lease term of property which the REIT has invested initially for another 30 years and registration cost of lease right totally 505.5 million Baht, if the REIT cannot raise fund sufficiently for the defined rental, the trust fund cannot exercise its right to renew such lease contract or there is any cause which the lease cannot be renewed such as any intentional breach of contract of lessee or there is law amendment or legal practice of lease contract or assignee of the leased property who is the third party, does not require performance of the contract or entering to bankruptcy process or rehabilitation of lessee etc.

However, in providing rental for the renewed lease term, the REIT can decide to renew the lease contract by notifying the lessor for acknowledgement in advance during 21st – 25th year of the lease term. Therefore, the REIT will have sufficient time in considering fund raising approximately 5-10 years in order to find source of investment funds to pay rental and registration cost of the lease right for the renewed the lease term totally Baht 505.5 million whether it is loan and/or capital and/or accumulative savings obtained from business profits. During the foregoing period, if the REIT agrees to raise fund additionally and/or get a loan and/or use accumulative savings which may affect to proportion of the REIT unitholding of the REIT unitholders and/or proportion of debt and/or investment return which the REIT unitholders may obtain.

Moreover, to reduce risks which the REIT cannot exercise its right to renew such lease contract due to other reasons as specified in the foregoing, the REIT has defined conditions of the lease contract that each lessor shall confirm not to sell, distribute or transfer the proprietary right of the leased property in order to maintain status of the lessor according to the lease contract. Besides, the REIT shall allow the lessor to apply for mortgage with the REIT under mortgage amount which would not exceed the average estimated price of

appraisal value between 2 (two) appraisal companies which asset valuation of the leased property is prepared by Income Approach on the date the REIT has invested initially or in the case of the highest mortgage amount of any plot of land is defined by implacable law for 10 (ten years) from the commenced date of lease term, the parties agree increase mortgage amount equally to the highest amount which is defined by the implacable law at that moment which would not exceed the average estimated price of appraisal value between 2 (two) appraisal companies which asset valuation of the leased property was prepared by Income Approach on the date the REIT has invested initially as guarantee of performance of the lease contract and remedy of any damage which the REIT may be affected in case of the REIT cannot utilize the leased property under the lease contract likewise.

If there is any case as specified in the foregoing, and the lessor cannot remedy within the defined period as specified in the lease contract which caused the REIT cannot exercise its right to renew the lease contract, the REIT is entitled to claim damages due to such cause as well as being eligible to terminate the lease contract and/or enforce of any property which is mortgaged under this lease contract promptly and the lessor shall return the advance rental which is remained in proportion of the remained lease term as well as other money or benefits which the lessor has received on behalf of the REIT including cost of lacking benefits which the REIT may utilize the leased property according to the remained lease term including the renewed lease term.

The highest mortgage amount as defined by the current implacable law is as follow:

Industrial Estate Authority of Thailand (IEAT) Law has defined that the highest mortgage amount of land and building is not exceeded the estimated price of land which is used in registration of right and juristic act of Department of Lands including building price as defined by Building Estimated Price of IEAT or the price which is defined or approved by IEAT Committee.

Although the REIT is a preferential creditor over any property which is mortgaged under the mortgage amount (which may be lower than the actual damage), however, in case the REIT's damages are more than the mortgage amount, the REIT is still entitled to claim damages and/or other expenses arisen from the lessor's default if such implementation shall take time and/or the lessor cannot remedy all damage of the REIT.

(2) *Risk due to conflict of interest*

The REIT Manager, which is a subsidiary company of Hemaraj Land and Development Public Company Limited (Hemaraj), has appointed Hemaraj as the major shareholder of the REIT Manager to be the Property Manager which the REIT has invested as defined by the company's strategy and policy and Hemaraj still has relations with the REIT as the lessor of the REIT's initial investment.

Moreover, Hemaraj and the others are subsidiary companies of Hemaraj, possessing lands and warehouse building, distribution center or Ready-Built Factory for lease which are located in the same industrial estate/logistics park where the REIT has invested and Hemaraj has been the Property Manager of HPF too. Hemaraj shall conduct administration and providing benefits from HPF's properties which have similar type and located nearby properties which the REIT has invested. Roles of Hemaraj towards the REIT both the Property Manager and the lessor of the REIT's initial investment, may cause conflict of interest against the REIT whether selection of land and warehouse building, distribution center or Ready-Built factory for lease and providing for the REIT including providing new lessees.

However, the REIT Manager is well aware of conflict of interest which may happen, therefore, the REIT Manager has defined regulatory guidelines in administration of the assets for the Property Manager to prevent such problem may occur. During acting as the Property Manager of the REIT, Hemaraj shall agree with the REIT every time when there is interested customer in leasing land and warehouse building, distribution center or Ready-Built factory, Hemaraj shall present all vacant properties which their specifications meet customer requirement for customer to consider and making decision without separation whether such properties belong to either party though as well as rental of buildings can be comparative both in size, location, form and lease term which shall be similar for transparency and providing information for customers sufficiently in order to make decision except the REIT shall consider other implementation which is appropriate for the REIT's benefits.

Moreover, the property management fee which Hemaraj shall receive from acting as the Property Manager having the same structure as the property management fee which Hemaraj receives from HPF as HPF's Property Manager and Hemaraj, as the Property Manager, shall prepare reports and present to the REIT Manager as specified in appointment of Property Manager Agreement or as defined concurrently by the REIT and the Property Manager.

- (3) *Risks arisen from the REIT cannot utilize from property of the project as the other party does not comply with investment contract and the property management of the REIT.*

In investment and the property management of the REIT, the REIT shall enter into Master Lease Agreement, Movable Sales and Purchase Agreement and Undertaking Agreement with the and/or other agreements that related to investment and management of the REIT for the purpose of providing the REIT's benefits and binding the contractual parties in compliance with provisions of the contract.

Although there are provisions in the foregoing contracts, the other party may be in breach of the contract or there is any situation that caused termination or being in breach of the contract. In this case, the REIT is entitled to terminate the contract, claiming damages including any benefit lacking cost though, causes of the other party's breach of the contract which may cause the REIT lacking any benefit or being unable to force the other party to comply with provisions of such contract such as being unable to force the other party to comply with provisions of the contract or the other party does not pay damages as claimed by the REIT. Therefore, the REIT may bring the case to process of judgment by submission the case to the court for consideration and the company cannot expect the period of legal proceedings until completion and compensation which the REIT may receive for remedy of damage. Moreover, result of the case depends on court judgment, although the court judgment is in the REIT's favour, the REIT shall encounter difficulty in enforcement of judgment. Therefore, the REIT unitholders may have the risk not to receive return of investment less than expected or within the expected period.

As the investment of the REIT is property leasing business by providing such leased area to interested lessee for sublease. Although registration right of lease of such property lease has been registered to related Officer of Department of Lands, the REIT may encounter risk due to breach of the contract in case of the lessors or the s of the properties perform differently from the terms and conditions of the lease agreement which the lease right has been registered though as well as the REIT cannot utilize part or all of the leased properties because the leased properties are seized or confiscated by the court order, the lessor is declared temporary or absolute receivership or bankruptcy by court or being under dissolution or liquidation process or rehabilitation is declared by the court order which the lease contract between the REIT and the s of the property is terminated. Such situation may affect to the REIT as the REIT shall not be entitled to take the leased properties for sublease and the REIT may lose income arisen from sublease rental of lessees in

Hemaraj Industrial Estate Project/Hemaraj Logistics Park Project which the REIT's rate of return may be adversely affected.

To prevent such risks and rendering opportunity for the REIT and to receive indemnification which may happen, the REIT shall provide the implementation to mitigate such risks by specifying the conditions in Master Lease Agreement with the of the lessors that the lessors cannot provide remedy within the defined period as specified in the Master Lease Agreement or if the REIT cannot exercise the right to renew the Master Lease Agreement with the lessors, the REIT is entitled to claim damages from the lessors due to such reasons and/or being eligible to terminate the Master Lease Agreement and/or enforce of the property that mortgaged under the Master Lease Agreement promptly. And the lessors shall return the advance rental which is remained in proportion of the remained lease term including money or other benefits which the lessors have received on behalf of the REIT as well as benefits lacking cost which the REIT cannot utilize the leased property for the remained lease term including the renewed lease term. However, such implementation cannot remedy all damages of the REIT.

Besides, if Hemaraj, as a contractual party, does not maintain proportion of the REIT unitholding which constitutes the REIT to breach of the the REIT's loan agreement, the REIT may have risk which cannot repay principal and/or interest which is due as defined in the loan agreement or if there is any other breach of the loan agreement (which is caused by default, including in case of Hemaraj and/or the subsidiary company of Hemaraj is not the Property Manager) which the lessors may bring legal proceedings against the REIT or exercise the right as defined by the agreement due to non-compliance with the loan agreement such as enforcement of the agreement on providing part or all of the REIT's collateral in making loan etc. Such situation may affect to the REIT and caused the REIT is not entitled to sublease the leased properties which constitute the REIT loses income arisen from sublease rental of lessees and the REIT's rate of return may be adversely affected.

(4) Risks arisen from damage of rooftop area lease contract to operate Solar Rooftop Project

As WHA Utilities and Power Public Company Limited (WHAUP) and subsidiary companies which are currently the subsidiary company that Hemaraj holds shares 99.99%, are developing business regarding Solar Rooftop Project. WHAUP shall sublease rooftop areas of the REIT's properties which the REIT has invested initially for operating business of Solar Rooftop Project.

During modification or installation of Solar Rooftop equipment, it may cause damage to the property which the REIT has invested initially. Therefore, WHAUP agrees to provide Contractor All Risk Insurance during installation of Solar Rooftop equipment in order to operate Solar Rooftop Project. Such insurance shall cover any damage which may happen during the installation of equipment or modification of rooftop as well as providing Property All Risk Insurance covering Solar Rooftop Project including Public Liability Insurance. However, the damage amount is more than the sum insured or it is not specified in Insurance Policy, WHAUP, as the sub-lessee, agrees to be responsible for indemnify damage of the property which the REIT has invested initially.

Although the lessors allow sub-lessee to utilize rooftops to operate business of Solar Rooftop Project, the REIT shall notify sub-lessee installation of equipment to operate business of such project in the future as the operation of such project may affect to utilization of the leased areas of lessee because lessee may terminate the contract or the contract is not renewed which will be negative effect to the REIT's income.

(5) *Risks arisen from the s are entitled to construct the expandable area which is connected to the property invested by the REIT.*

The property that invested by the REIT is Detached Building located on some plots of land in Hemaraj Eastern Seaboard Industrial Estate (HESIE) where the tenant is entitled to construct expandable area. It means Plot of Land for land and building which is consisted of Unexpanded Leased Area and Expandable Area which is an empty land that the tenant can request Hemaraj Eastern Seaboard Industrial Estate Co., Ltd. (HESIE Co., Ltd.) to construct building in Expandable Area. If there is an exercise of such right, HESIE Co., Ltd. shall conduct construction and collecting rental of the expandable area from the completed date of the construction. In the REIT's case, the REIT shall invest initially particularly in Unexpanded Leased Area while Expandable Area is still belonged to HESIE Co., Ltd.as the expandable area has not constituted any income yet.

The asset owners, as the lessors and/or any person, who has been assigned by the lessors as the construction contractor, is entitled to make entry-exit the connected area to construct building in the expandable area which is connected to the leased building of the REIT where the tenant must exercise the right over the expandable area merely under conditions of property lease agreement.

Therefore, when the s are notified by the tenant regarding construction of building in the expandable area which is connected to the leased building of the REIT in the expandable area, the construction of building in

the expandable area may affect to utilization of lessee and it may cause damage to the property which is initially invested by the REIT. However, in case of construction of building in the expandable area causes damage to any person or building or in case of the asset owner violates any law, rules, or other regulations of related government authorities, the asset owner shall be liable to pay all damages solely. Moreover, the asset owner and/or construction contractor shall provide Contractor All Risk Insurance covering any damage caused by such construction.

(6) *Risks which may happen due to the REIT getting loans*

Due to this fund raising, the REIT has required getting long term loan which was approximately Baht 2,325 million or it is equal to 29% of asset value which the REIT has invested initially to be used as part of source of investment funds to invest in properties. Therefore, the REIT may have risks due to such loan which may be arisen from the fluctuation of economic situation and interest rate because floating interest rate according to loan agreement may be changed during the duration of loan contract and it shall affect to the performance of the REIT which may cause insufficient liquidity of the REIT in paying interest and principal as well as it shall affect to the REIT's ability in paying return of investment to the REIT unitholders. Moreover, in case of the REIT cannot pay interest and/or principal as defined in loan agreement or the REIT is in breach of other provisions under loan agreement, lender may bring legal proceeding against the REIT or exercise the right to claim as specified in the contract due to non-compliance with loan agreement such as exercising the right in enforcement of the agreement regarding forfeit part or all of collaterals of the REIT's loan etc. Besides, In case of Refinancing, the REIT may have risks because the duration of the new agreement or some provisions in new loan agreement are not as good as the older one or in case of additional loan, it may have some provisions which restrict working performance of the REIT. Risks due to the aforementioned loans may affect to liquidity of the REIT as well as ability of the REIT in paying return of investment to the REIT unitholders or the return of investment of the REIT unitholders shall be reduced.

The REIT Manager is well aware of such risks and shall manage the REIT by considering these risks by preparing procedures in following up the REIT's working performance and other external factors including considering trends of interest rate regularly. Moreover, the REIT Manager shall consider in using financial instruments to reduce those risks such as interest rate exchange transaction service or any action with creditor such as extension of repayment period request, request for reduction of hindered condition in the

REIT's management etc. The REIT shall implement as specified in the foregoing by considering related laws and optimum benefits of the REIT unitholders significantly.

(7) *The REIT shall depend on the asset owner or representative of the asset owners in providing some public utilities services*

Provision of some public utilities services for the property which the REIT has invested initially in accordance with the standard of developer of Industrial estate project/Hemaraj Logistics Park which is announced in industrial estate project/Hemaraj Logistics Park where the REIT has invested initially, are located such as provision of central public utilities services of industrial estate project/Hemaraj Logistics Park, water used in industry, wastewater treatment service which are provided by service provider who is either owner of property and acting as developer of industrial estate or developer of logistics park project (as the case may be) or any person who is assigned by owner of property. The REIT Setlor cannot guarantee that developer of industrial estate project/Hemaraj Logistics Park or any person shall comply with its obligation as specified in any service contract perfectly whether or not. If any contractual party is in breach of such contract, the service provider may revoke providing any service to lessee of the property which the REIT has invested initially which shall be an obstruction of utilizing the REIT's properties and it may have negative effect significantly to business, financial position, working performance and business opportunity of the REIT.

(8) *Risks which may happen when the REIT provides lessee with lower rental to compensate income during rental compensation period and the REIT may encounter risks which cannot find lessees after the end of rental compensation period according to contract.*

The asset owner agrees to compensate rental to the REIT when there is not any lessee during the period of 3 years from the invested date of the REIT and rate of compensated rental shall be divided into types of the leased property.

However, during the rental compensation period, if the REIT can release the lease property to new lessee whether its rental is higher or lower than the compensated-rental rate, it shall be deemed as risks in implementing the REIT's business to have an opportunity to obtain higher or lower income. In case of new rental is lower than the compensated-rental rate or the rental compensation period is expired but the REIT cannot find new lessee for such leased area or receiving rental which is lower than the compensated rental rate, the REIT may obtain lower income which business performance of the REIT shall be affected.

11.2 Risks related to properties which the REIT has invested

(1) *Risk due to higher competition which provision of new lessee, occupancy rate and rental rate shall be affected*

The REIT has main income from lending the leased areas and providing related services to other entrepreneurs who are lessees of warehouse building or Ready-Built factory. Lending business of such of warehouse building or Ready-Built factory has higher competition as other entrepreneurs may construct the same buildings in the area which is near the location of the REIT's properties. Therefore, there is competition in finding new lessees, renewal of lease contract of the existing lessees and reduction of rental rate to attract lessees which are affected significantly to business performance, working performance and financial position of the REIT.

However, the REIT's properties, which are located in industrial estate/Hemaraj Logistics Park, Chonburi and Rayong province, are appropriate locations as it is deemed as one of national main industrial centers and having transportation which leads to other regions conveniently. Therefore, such factors can mostly attract interested entrepreneurs to lease the REIT's properties as well as Hemaraj is the property manager with high experiences and skills in real estate development and management particularly in lending land and warehouse building or Ready-Built factory which shall be the significant factor to enhance potential of the REIT's properties to compete with other entrepreneurs.

(2) *Risks due to concentration of lessees and/or industry and /or nationality of lessees*

Top 5 lessees of properties invested by the REIT account to 35.83% of the total income and the biggest lessee is approximately 9.97% of total income as of 31 December 2016. Therefore, if any of such major lessee cannot pay rental or terminates lease contract or cannot renew lease contract, it shall constitute negative effect to the REIT's income. In addition, type of lessee under lease agreement has concentrated to industry and nationality. Most of lessees operate business in automotive industry and logistics which the proportion of income is calculated approximately 54.65% and 19.08% respectively. Also most of lessees are Japanese and Australian which the proportion of income are calculated approximately 24.67% and 15.58% respectively. If there is any changing of industrial structure or international relations problem, it may affect to rental paying ability or termination of lease contract of these lessees which depends on automotive industry and Japanese lessees significantly and the REIT's business shall be affected accordingly. However, the REIT Manager

believes that the industrial structure of Thailand, particularly automotive industry and related industries, has developed infrastructures highly when compared to neighbouring countries. As Thailand is an important Automotive Manufacturing Hub and still having investment potential and investors are still interested to move and/or to expand production base in Thailand. Therefore, the opportunity that major lessees cannot pay rental, terminate lease agreement or do not renew lease agreement in the same time as well as all major lessees shall be affected by the industrial structure which has been changed in the same time and constituted negative effect to the REIT, is hardly possible.

(3) *Risks due to finding new lessees when the REIT's lease term is nearly expired*

As properties invested by the REIT is right of leasing land and building, the REIT shall encounter risks in finding new lessees when the lease term is nearly expired because the lease term is another factor which lessee shall consider in order to enter into the lease contract of land and warehouse building, distribution center or Ready-Built factory. However, in making the lease contract of land and warehouse building, distribution center or Ready-Built factory with lessee which is mostly standard contract and duration of the contract is not exceed 3 years. Such risk may happen merely in the last 3 years before expiry of the lease contract of the REIT's properties, moreover, some lessees require leasing factory and warehouse in short term, executive of real estate expects to find new lessee in the last 3 years before the lease term of the REIT is expired.

(4) *Property valuation conducted by appraiser may have risk in loss due to impairment of property and the REIT shall decrease capital in order to pay return of investment to unitholders*

The REIT shall invest in right of leasing real estate totally is not exceeded Baht 8,018.60 million which is higher than the minimum estimated price conducted by independent appraiser approximately 15.16% as financial consultant and the REIT Manager consider that the maximum investment is appropriate because: 1) Estimation of return of investment in the first is in appropriate level. 2) There is difference between discount rate of appraiser and the estimated rate of return of investors.

However, the determination of terminal value, which the REIT shall invest initially, depends on various factors such as economic condition, capital market, rate of return of the REIT /Property Fund which can be compared, rate of return of similar financial product at the moment and investors demand.

Due to accounting standard, value of the REIT's property in the first year shall refer to value of properties which the REIT has invested but value of the properties in the following years, shall refer to the estimated price of dependent appraiser. If the value invested by the REIT is higher than the estimated price of dependent appraiser in the following years, the REIT may have risks due to loss arisen from the impairment of property according to accounting valuation and Net Asset Value (NAV) of the REIT reduces accordingly. Such loss is the disclosed loss according to accounting standard which the REIT's cash flow and ability of paying return of investment of unitholders shall not be affected at all as the REIT shall record accounting entry as unrealized net loss and unrealized gain of the REIT and the REIT shall pay part of return of investment the REIT unitholders and some part which obtained from capital decrease in order to repay capital of excessive liquidity arisen from the reduced value of such property and the REIT Manager shall consider appropriately for optimum benefit of the REIT unitholders.

(5) *Risks due to investment in right of leasing real estate which the value shall be reduced according to the remained lease term*

The REIT has invested in right of leasing property which the value shall be reduced according to the remained lease term due to valuation of lease right, changing of lease rate and/or rental rate or due to other causes which are beyond the REIT's control as changing of the lease right value shall affect significantly to value of assets and net value of assets of the REIT.

(6) *Risks due to deteriorated building, utilization throughout the lease right term and renewal of the lease term shall be reduced and/or risk due to the reserved fund used for major repair or renovation of properties which the REIT has invested initially, shall not be sufficient.*

As of 31 December, 2016, the average year of factory and warehouse buildings which are invested initially by the REIT is 4 – 10 years (there are 2 units of attached factory which invested initially by the REIT are approximately 13-15 years) and the REIT shall invest in lease right for 30 years and renewal right for another 30 years (totally 60 years).

If the REIT does not provide maintenance and repair including renovation appropriately, buildings shall be deteriorated or some buildings which are more than 10 years, their current condition is deteriorated than other buildings or buildings, which are obsolete both in form and utilization, cannot utilize throughout the lease right term or renewal of lease right (30+30 years) appropriately and the REIT business performance shall be

affected by negative effect. In case of the reserved fund of the REIT is not sufficient for repair and/or renovation of property condition in order to maintain competitive potential, it shall constitute negative effect to business performance, financial position and ability in paying return of investment to the REIT unit holders.

However, maintenance and repair/renovation of properties in order to maintain their condition for economic utilization appropriately throughout the lease right term or renewal of lease right (30+30 years), the REIT Manager prepares action plan to reserve repair cost and maintenance cost continuously, according to experiences of real estate management in the past, the improvement, repair and/or major maintenance such as building painting, improvement/replacement of air conditioner, fire protection system, rooftop, transformer, shall be made in every 6 – 20 years. The REIT Manager shall prepare budget plan in order to estimate expenses in improvement, repair and/or replacement of property by reserving fund to be used in improvement and repair property condition every year by consideration of action plan of management of real estate and/or related specialists.

In addition, in case of the reserved fund is not sufficient, the REIT shall provide the appropriate source of investment funds (such as loans, bond etc.) to be used in improvement and repairing property in good condition which is appropriate for utilization in order to reduce negative effect to business performance of the REIT and paying return of investment to the REIT unitholders.

(7) *Risks due to Land Use and Operation Permit in industrial estate*

The REIT, lessees or sub lessees shall apply for and obtain Land Use and Operation Permit in industrial estate appropriately, if the REIT, lessees or sub lessees cannot obtain such permit or the permit is revoked or the permit is not renewed, it shall constitute negative effect to the REIT, lessees or sub-lessees which means terms, condition as well as provisions of lease contract or sub-lease contract shall not be complied with and the business perform of the REIT may be adversely affected accordingly.

In case of lessee or sub-lessee comply with terms and conditions of lease contract or sub-lease which constituted termination of the contract, the REIT is entitled to terminate lease contract or sub-lease contract. During the period which the REIT is trying to find new contractual party to replace lessee or sub-lessee, in case of can negotiate with new contractual party successfully, the REIT is entitled to claim damages as defined by law due to breach of the contract caused by lessee or sub lessee. If the REIT cannot find new contractual party to lease or to sub lease the invested property within appropriate period or cannot negotiate

with new contractual party in new lease contract which specified beneficial provisions for the REIT, income of the REIT shall be interrupted or reduced which may constitute negative effect to the REIT's business performance.

Moreover, in case of Hemaraj and the other asset owners, who are lessors of properties invested by the REIT, cannot renew Land Use and Operation Permit in industrial estate when such permit is expired and it shall constitute negative effect to the REIT significantly, Hemaraj and the asset owners cannot utilize lands in lending the REIT and the REIT cannot sub lease such land which shall constitute negative effect to the REIT's business performance. However, the REIT has defined in lease contract and agreement which is entered into between Hemaraj and the asset owners who shall maintain status of licensee of land Use and Operation Permit in industrial estate. Therefore, if there is any incident, the REIT is entitled to claim damages arisen.

12. Fee & Expenses Charged to the REIT

Table of Fees & Expenses charged to the REIT

For the period from 21 November 2016 (date of registration) to 31 December 2016

Fee & Expenses	Amount Unit: Baht	Percentage of Net Asset Value ^{/1}
REIT Manager Fee	1,455,440	0.03
Trustee Fee	1,455,440	0.03
Registra Fee	268,944	0.00
Property Management Fee	1,234,127	0.02
Other Expenses	3,028,090	0.05
Finance cost	10,499,900	0.18

Remarks:

^{/1} Net Asset Value as of 31 December 2016

13. Details of Unit Trust

Amount of capital investment	5,693,600,000 บาท
Par Value	Bath 10 per unit
Number of unit trust	569,360,000 units
Type of unit trust	Unredeemable
Offering Price	Baht 10
Net Asset Value as of 31 December 2016	Baht 10.0779

List of the first 10 Trust unitholders as the closing date of share register book on 6 January 2016

No.	Name of Trust Unitholders	No. of Unit (s)	%
1	Hemaraj Land And Development PLC.	85,404,491	15.00
2	The South East Group	29,670,021	5.21
	• <i>The South East Life Insurance Co., Ltd.</i>	23,491,739	4.13
	• <i>South East Insurance Plc.</i>	6,178,282	1.09
3	HSBC (Singapore) Nominees PTE Ltd.	15,917,404	2.80
4	TISCO Master Pooled Fund	15,140,000	2.66
5	MORGAN STANLEY & CO. INTERNATIONAL PLC	10,000,000	1.76
6	Thanachart Property and Infrastructure Flexible Fund	9,618,396	1.69
7	Thanachart T-Property Fund	7,564,173	1.33
8	TMB Property Income Plus Fund	5,660,815	0.99
9	MFC Property Dividend Fund	5,180,949	0.91
10	TISCO Master Pooled Fund	5,109,400	0.90
Total		189,265,649	33.24

14. Distribution Payment Policy and Restrictions

Regulations, policies and procedures for distribution payment to unitholders

- 1) The REIT Manager shall pay distribution to unitholders no less than 90 (ninety) percent of adjusted net profit of the accounting year. The distribution to be paid to unitholders shall be separated to year-end distribution and interim distribution (if any) in each quarter. In this regard, the REIT Manager shall pay distribution to unitholders no more than 4 (four) times per an accounting year. Unless the REIT has increased its capital, the REIT may pay distribution more than 4 (four) times per an accounting year for the benefit of existing unitholders (payment of distribution shall start during the first accounting period of the REIT, if the REIT has sufficient profit for distribution payment in such accounting period.)

However, adjusted net profit under the previous paragraph shall be profit adjusted by the following items:

- a) Deduction of unrealized gain from appraisal or appraisal review of the REIT's asset value. And adjustment by other items under the guidelines of the Office of SEC to be in accordance with the REIT's cash status.
 - b) Deduction of money reserved for settlement of loan or obligation from the REIT's loan under the amount specified in the information statement and prospectus or annual report, as the case may be.
- 2) In case the REIT has deficit, the REIT Manager may not pay distribution to unitholders.
 - 3) In case distribution is paid to unitholders in each accounting period, the REIT Manager shall announce distribution payment to unitholders and close the unitholders register book to identify unitholders who are eligible for distribution payment, and shall pay such distribution to unitholders within the following period:
 - a) Year-End Distribution

The REIT Manager shall pay year-end distribution within 90 (ninety) days from the end of accounting period by paying within 30 (thirty) days from the closing date of unitholders register book to prescribe rights of unitholders who are eligible for distribution payment.

Additional condition:

Unless for distribution payment in the first accounting year, for consideration of annual distribution payment, fixing of distribution rate shall be at the discretion of the REIT Manager. If the value of announced distribution payment per unit trust during any year is lower or equivalent to Baht 0.10 (zero point one zero), the REIT Manager reserves the right to not pay distribution in such occasion and to accumulate such distribution to be paid together with distribution in the next occasion. However, the aforementioned condition shall not contradict Clause 1).

b) Interim Distribution

The REIT Manager shall pay interim distribution in each quarter (if any) within 90 (ninety) days from the end of accounting period for the most recent quarter prior to distribution payment. Payment shall be made within 30 (thirty) days from the closing date of unitholders register book.

Additional condition:

For consideration of interim distribution payment, fixing of distribution rate shall be at the discretion of the REIT Manager. If the value of announced distribution payment per unit trust during any quarter is lower or equivalent to Baht 0.10 (zero point one zero), the REIT Manager reserves the right to not pay such distribution and to accumulate such distribution to be paid together with distribution in the next occasion.

For the said distribution payment policy, the REIT Manager shall act in accordance with this Agreement. Unless the Office of SEC and/or other competent agencies has otherwise amended, added, announced, prescribed, ordered, approved and/or extended, the REIT Manager shall act accordingly.

4) Distribution payment to unitholders shall be in accordance with the following rules:

- a) Unitholders who are eligible for distribution payment shall be unitholders whose names appear in the unitholders register book of the REIT as of the closing date of unitholders register book for distribution payment in accordance with unitholding of each unitholder. If it appears that any person or group of person holds the REIT's unit trusts exceeding the ratio prescribed by the notifications of the Office of SEC, such person or group of persons shall not be eligible for distribution payment for the portion the exceeds the ratio prescribed by notifications of the Office of SEC only.
- b) The REIT Manager shall announce distribution payment to unitholders and close unitholders register book to identify unitholders who are eligible for distribution payment and distribution rate via information disclosure system of the Stock Exchange and may announce by one of the following methods:

- (1) To deliver notification to unitholders whose names appear in the unitholders register book of the REIT as of the closing date of unitholders register book; or
 - (2) To post announcement in a public location at all offices of the REIT Manager; or
 - (3) To announce via the REIT Manager's website; or
 - (4) To announce in at least 1 (one) newspaper.
- c) The REIT Manager shall proceed to withhold tax, at the rate of 10 (ten) percent or other rate prescribed by the law, from the distribution paid to natural person unitholders.
- d) The REIT Manager shall proceed to pay distribution by crossed cheque payable in the name of unitholder only and deliver via post to the address of unitholder as specified in the unit trust subscription order; or deposit money into unitholder's savings account as informed. Unitholder shall be responsible for the transfer fee incurred and burden of risk from currency exchange (if any). The REIT Manager shall deduct such fees and expenses from the money to be delivered.
- e) In case unitholder does not exercise the right to receive a certain amount of distribution within the claim enforcement period pursuant to the Civil and Commercial Code, the REIT shall have the title of such money and the REIT Manager shall not use such amount of distribution for business other than for the benefit of the REIT.

Restrictions, Conditions and procedures of distribution payment to unitholders

There shall be restriction of right to receive distribution for unitholder or the same group of persons of the said unitholder who holds units exceeding the ratio or inconsistent with the regulations prescribed by securities law. Such unitholder or the same group of persons of unitholder shall receive distribution only in the amount pursuant to unitholding ratio prescribed by securities law. The REIT Manager shall calculate to identify unit trusts eligible for distribution payment of each unitholder in such group of persons. Division by unitholding proportion of each unitholder (Pro Rata Basis) shall be used as calculation base for distribution payment.

However, unless the Office of SEC has otherwise announced, prescribed, ordered or extended, such distribution, which could not be paid to unitholders, shall belong to other unitholder pursuant to unitholding ratio. The REIT Manager shall consider such distribution allocation to unitholder eligible for payment in such occasion or other occasion.

15. Transactions between the REIT and the REIT Manager and Related Persons to the REIT and the REIT Manager and Related Persons to Trustee

Investment of the REIT in properties which the REIT has invested initially and the REIT invests in such main properties later; it is expected to have connected transactions between the REIT and Hemaraj Land and Development Public Company Limited (“Hemaraj”) as well as subsidiary companies of Hemaraj which are deemed as related persons to the REIT Manager. As Hemaraj is a major shareholder and having authority to control the REIT Manager and acting as the Property Manager, moreover, there are connected transactions between the REIT and the company because the company shall act as the REIT Manager. Summary of such transactions shall be specified in the following table, juristic person/company which may have conflict in term of relations is as follow:

Juristic person/company which may have conflict	Relations
1. Hemaraj Land and Development Public Company Limited	– Being a major shareholder of the REIT Manager as Hemaraj holds totally 99.99% of the issued and paid shares of the REIT – Having authority to control the REIT Manager – Being an executive of HREIT’s real estate
2. Hemaraj REIT Management Co., Ltd.	– Being the REIT Manager – Being a subsidiary company of Hemaraj
3. Hemaraj Eastern Seaboard Industrial Estate Co., Ltd.	– Being a subsidiary company which is a major shareholder of the REIT Manager as Hemaraj holds totally 99.99% of the issued and paid shares of the REIT Manager as well as holding totally 99.99% of the issued and paid shares of Hemaraj Eastern Seaboard Industrial Estate Co., Ltd.
4. Eastern Seaboard Industrial Estate (Rayong) Co., Ltd.	– Being a subsidiary company of Hemaraj which is a major shareholder of the REIT Manager as Hemaraj holds totally 99.99% of the issued and paid shares of the REIT Manager as well as holding totally 60.00% of the issued and paid shares of Eastern Seaboard Industrial Estate (Rayong) Co., Ltd.

Juristic person/company which may have conflict	Relations
5. SME Factory Co., Ltd.	Being a subsidiary company which is a major shareholder of the REIT Manager as Hemaraj holds totally 99.99% of the issued and paid of the REIT Manager totally 99.99% of the issued and paid shares of SME Factory Co., Ltd.
6. WHA Utilities and Power Public Company Limited ("WHAUP")	Being a subsidiary company of Hemaraj which is a major shareholder of the REIT Manager as Hemaraj holds totally 99.99% of the issued and paid shares of the REIT Manager as well as holding totally 99.99% of the issued and paid shares of WHA Utilities and Power Public Company Limited

15.1 Connected transactions of investment in all projects of the REIT

Juristic person/company which may have conflict	Type of connected transactions	Necessity and reasonability of transaction	Opinion of the REIT Manager on price and condition
Hemaraj Land and Development PLC.	The REIT Manager appoints Hemaraj to be the Property Manager of the REIT.	Hemaraj operates real estate development business and lending Ready-Built Factory and Ready-Built Warehouse with high standard and highly skilled company with more than 10 years experiences in operating such business. Hemaraj familiarizes and understands the initial assets which the REIT has invested. Therefore, it is deemed that	Hemaraj shall collect Property Management fee as the Property Manager of the REIT which is consisted of management fee 2% of business performance income from year 1-5 and 5% of business performance income from year 6 onwards and agent fee in the rate 0.5 month in case of existed lessee renews lease contract for another 3 years or more

Juristic person/company which may have conflict	Type of connected transactions	Necessity and reasonability of transaction	Opinion of the REIT Manager on price and condition
		Hemaraj the qualified company which is appropriate to be an the Property Manager of the REIT.	and in the rate 1.0 month in case of new lessee make lease contract for 3 years or more (in case of lease term is less than 3 (three) years, the Property Manager is entitled to receive the agent fee by calculating in proportion of the actual lease term which is compared to lease term standard 3 (three) years). – Structure of property management fee is consistent to normal business which is the same as the structure of property management fee that Hemaraj has received from Hemaraj Industrial Property and Leasehold Fund (HPF) and it is in similar level of the property management fee of TICON Freehold and Leasehold Real Estate Investment Trust (“TICON”) (but commencement of executive appointment contract of both HPF and TREIT are different) which the Property Manager shall be inspired

Juristic person/company which may have conflict	Type of connected transactions	Necessity and reasonability of transaction	Opinion of the REIT Manager on price and condition
			income earning and managing cost efficiently. The REIT shall pay property management fee to Hemaraj in the rate that reflects normal expense used in normal and actual property management (employment term of the Property Manager is 10 years and renewal of the contract for another 10 years each under condition which is beneficial for the REIT. As it is the appropriate period which the REIT Manager and the Property Manager can prepare plan in utilizing properties continuously. In addition, it is provided that working performance of the Property Manager shall be considered periodically throughout duration of the contract by using criteria and performance indicators which are deemed as reasonable principles which can compare to other REITs and other property funds which have invested in the same property.

Juristic person/company which may have conflict	Type of connected transactions	Necessity and reasonability of transaction	Opinion of the REIT Manager on price and condition
WHA Utilities and Power Public Company Limited ("WHAUP") and/or subsidiary company of WHAUP and representative of WHAUP	The REIT allows WHAUP to sublease rooftop areas to operate business in Solar Rooftop Project (solar power project which is installed on rooftop located or operated in Solar Rooftop Project area). WHAUP can transfer sub-lease right to entrepreneurs who operate business in Solar Rooftop Project.	The REIT gains benefits from an opportunity to obtain rental from subleasing rooftop areas in operating Solar Rooftop Project. WHAUP agrees to enter rooftop sublease contract in order to operate business in Solar Rooftop Project.	- WHAUP agrees to sublease rooftop areas as rooftop leasing shall refer to the leased rooftop where sub-lessee actually uses at least 85% of the leased rooftop area which can be functional and rate of sublease rental is 3 Baht/square meter/month and the sublease rental shall be increased 6% every 3 years. - If sub-lessee and/or entrepreneur, who operates business in Solar Rooftop Project, commences business in Solar Rooftop Project, the contractual party shall allow sub-lessee to renew rooftop lease contract to operate business for 9 occasions (during 8 occasions are 3 years each term and in the 9th occasion is 1 year term) and/or renewal of the contract which is equal to the period of time which sub-lessee and/or entrepreneur of Solar Rooftop Project is entitled to purchase and sales electricity as specified in related

Juristic person/company which may have conflict	Type of connected transactions	Necessity and reasonability of transaction	Opinion of the REIT Manager on price and condition
Hemaraj REIT Management Co., Ltd.	The REIT appoints Hemaraj REIT Management Co., Ltd. as the REIT Manager	– Directors and executives of Hemaraj REIT Management Co., Ltd. have skills and experiences in management of investment and utilization of real estate as well as having knowledge and understanding in properties; factory building and warehouse type thoroughly. Therefore, Hemaraj REIT Management is appropriate to be the REIT Manager. – Hemaraj REIT Management Co., Ltd. is a	contract or renewal of the contract as agreed mutually by the contractual parties. – Conditions of rooftop lease such as rental rate of the actual use area, rental rate, rate of rental increase, renewal of lease contract shall be consistent to the actual business opportunity, these are deemed as general conditions in doing business, rental and rental increase shall be consistent to market price and reasonability. – Hemaraj REIT Management Co., Ltd. shall collect REIT Management fee which is consisted of base fee commission fee of the REIT's properties acquisition and sales as follow: ● Base fee – in the rate which is not exceeded 0.25% per annum of total asset value (TAV) of the REIT and ● Commission fee of the REIT's property acquisition

Juristic person/company which may have conflict	Type of connected transactions	Necessity and reasonability of transaction	Opinion of the REIT Manager on price and condition
		subsidiary company of Hemaraj which is a leader in real estate development business and lending Ready-Built Factory and Ready-Built Warehouse Project as well as having experiences and skills in such business which can support operating business of Hemaraj REIT Management Co., Ltd. efficiently.	– In case of properties of related persons to the REIT Manager – in the rate which is not exceeded 0.75% of the acquired the REIT's properties value – In case of other person's properties – in the rate which is not exceeded 1.00% of the acquired the REIT's properties value ● Commission fee of selling the REIT's properties – in the rate which is not exceeded 0.50% of the selling the REIT's properties value – Structure of REIT Management fee of the REIT Manager shall be consistent to normal business. REIT Management fee of the REIT Manager both base fee and commission fee of the REIT's properties acquisition and sales, can be compared with the same service fee of other REIT Managers which has invested in the same type of property.
1. Hemaraj Land and	1. Being the asset owners of the REIT's initial	– In investing in the REIT's initial investment,	– In investing in the REIT's initial investment, the

Juristic person/company which may have conflict	Type of connected transactions	Necessity and reasonability of transaction	Opinion of the REIT Manager on price and condition
Development PLC. 2. Eastern Seaboard Industrial Estate (Rayong) Co., Ltd. 3. Hemaraj Eastern Seaboard Industrial Estate Co., Ltd. and 4. SME Factory Co., Ltd. (which are collectively referred to as "Asset Owners")	investment and selling movable assets in the projects as follow: ● Eastern Seaboard Industrial Estate (Rayong) (ESIE) Project ● Hemaraj Eastern Seaboard Industrial Estate (HESIE) Project ● Hemaraj Chonburi Industrial Estate (HCIE) Project ● Hemaraj Logistics Park 1 Project ● Hemaraj Logistics Park 2 Project ● Hemaraj Logistics Park 4 Project As the asset owners shall be responsible for paying land and property tax related to the leased property before the commenced date of lease term and throughout the period of 3 years from the commenced date of lease term.	the REIT shall invest in Ready-Built Factory and Ready-Built Warehouse Project which are potential as it is located near to major transportation and world class leading customers who are both national and international lessees. Therefore, it shall be deemed that such project has income earning potential and return of investment for the REIT and the REIT unitholders including properties which the REIT shall invest additionally in the future.	REIT invests in higher price than the estimated price in the minimum value of property conducted by independent appraiser that is not exceeded 15.16% which is deemed as an acceptable investment as it constitute the REIT can make an investment and being entitled to lend the potential Ready-Built Factory and Ready-Built Warehouse. Therefore, it is deemed that such project has high potential to constitute value-added to the REIT and the REIT unitholders in the futures.
1. Hemaraj Land and Development (Plc.) 2. Eastern Seaboard	2. The Asset owners agree to compensate rental to the REIT due to lacking of lessee for the period of 3 years from the	– As properties which shall be invested by the REIT, are rather new with average of 4.01 years as of 31 December, 2016,	– The REIT shall be compensated rental income which has been calculated from the current of each type of the leased property

Juristic person/company which may have conflict	Type of connected transactions	Necessity and reasonability of transaction	Opinion of the REIT Manager on price and condition
Industrial Estate (Rayong) Co., Ltd. 3. Hemaraj Eastern Seaboard Industrial Estate Co., Ltd. and 4. SME Factory Co., Ltd. (which are collectively referred to as "Owners of properties")	commenced date of lease term and rental shall be defined average rental which is calculated by functional area and be divided by type of the leased property which means Attached Building Factory, Detached Building Factory and warehouse, the rental rates are 190 Baht/square/month meter, 200 Baht/square meter/month and 155 Baht/square meter/month respectively. Moreover, during the period of 5 (five) from the date which lease right has been registered, the asset owners shall be responsible for paying the actual expenses which are related to improvement and/or replacement of properties invested by the REIT.	having lease rate approximately 82.73% of all areas of all leased buildings which increase continuously after completion of the properties, to constitute confidence in rate of return of investors, owners of properties agree to compensate rental income for the period of 3 (three) years from the date which the REIT has invested in properties.	(as of 1 April, 2016)

15.2 Connected transactions of providing public utilities service in each project

Juristic person/company which may have conflict	Type of connected transactions	Necessity and reasonability of transaction	Opinion of the REIT Manager on price and condition
1. Developer of industrial estate project/Hemaraj Logistics Park and/or 2. WHA Utilities and Power Public Co.,Ltd. ("WHAUP")	Developer of industrial estate project/Hemaraj Logistics Park and/or WHAUP will be service providers of public utilities and some services such as water used in industry, wasted water treatment service etc., for properties which the REIT have invest. As Developer of industrial estate project/Hemaraj Logistics Park and/or WHAUP may request to use or pass through or entering to properties invested by the REIT in order to install or repair public utilities for benefits for properties invested by the REIT.	Provision of public utilities and some services of by developer of industrial estate project and/or Hemaraj Logistics Park and/or WHAUP shall be consistent to standard which developer of industrial estate project / Hemaraj Logistics Park has announced to use in industrial estate project / Hemaraj Logistics Park. Request to use or passing through or entering to properties invested by the REIT in order to install or repair public utilities, shall be implemented as developer of industrial estate project / Hemaraj Logistics Park or service provider of such public utility which shall be beneficial for properties invested by the REIT.	Developer of industrial estate project/Hemaraj Logistics Park and/or WHAUP provide services in normal price and condition in doing business and it shall be the same price and condition which has been provided to lessees who are not related persons.

16. Trustee Report



TRUSTEE REPORT

February 24, 2017

To Unit holders of Hemaraj Leasehold Real Estate Investment Trust

SCB Asset Management Company Limited, as the Trustee of Hemaraj Leasehold Real Estate Investment Trust ("REIT") which is managed by Hemaraj Reit Management Co., Ltd. ("HRM") has performed duties as the REIT manager.

We would like to inform you that for the period of November 21, 2016 to December 31, 2016, HRM had managed the REIT properly and efficiently as well as in compliance with applicable laws, regulations and the trust deeds in a way that protects interests of the REIT and unit holders as a whole.

Yours faithfully,

SCB Asset Management Company Limited



(Miss Pijitra Trirattanathada, Miss Aon-anong Chaithong)

Trustee

บริษัทหลักทรัพย์จัดการกองทุน ไทยพาณิชย์ จำกัด (สำนักงานใหญ่)
ชั้น 7-8 อาคาร 1 ไทยพาณิชย์ปาร์ค พลาซ่า เลขที่ 18 ถนนรัชดาภิเษก แขวงจตุจักร เขตจตุจักร กรุงเทพฯ 10900
โทรศัพท์ 0 2949 1500 โทรสาร 0 2949 1501

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17. Financial Highlights

17.1 Financial Status and Operating Results of the REIT

The following are the audited financial reports

1) Balance Sheet as of 31 December 2016

(Unit: Baht)

Item	2016	%
Asset		
Investment at fair value		
(at cost in 2016 : Baht 7,975 million)	7,974,991,417	97.24
Cash and cash equivalents	193,036,872	2.35
Accounts receivable and other receivable	18,832,657	0.23
Prepaid expenses	1,463,097	0.02
Deferred expenses	3,663,881	0.04
Deferred income from operating lease agreement	9,244,838	0.11
Refundable VAT	136,372	0.00
Other assets	16,537	0.00
Total assets	8,201,385,671	100.00
Liabilities		
Deposits received from customers	149,660,670	1.82
Borrowing from financial institutions - net	2,286,224,232	27.88
Accrued expenses	17,040,873	0.21
Other liabilities	10,476,078	0.13
Total liabilities	2,463,401,853	30.04
Net assets		

Item	2016	%
Net assets represented by		
Capital received from unitholders	5,693,600,000	69.42
Retained earnings	44,383,818	0.54
Net assets value	5,737,983,818	69.96

2) Statement of Income for the period from 21 November 2016 (date of registration) to 31 December 2016

(Unit: Baht)

Item	2016	%
Investment income		
Rental and service income	52,774,213	84.67
Rooftop rental income	456,399	0.73
Compensate rental income	8,793,136	14.11
Interest income	302,011	0.48
Total income	62,325,759	100.00
Expenses		
Management fee	1,455,440	2.34
Trustee fee	1,455,440	2.34
Registrar fee	268,944	0.43
Property management fee	1,234,127	1.98
Other expenses	3,028,090	4.86
Total expenses	7,442,041	11.94
Net investment income before financial costs	54,883,718	88.06

Financial costs

Interest expenses	10,499,900	16.85
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Item	2016	%
Net investment income	44,383,818	71.21
Increase in net assets from operations of the period	44,383,818	71.21

3) Statement of Cash Flows for the period from 21 November 2016 (date of registration) to 31 December 2016

(Unit: Baht)

Item	2016
Net cash used in operating activities	(7,772,539,423)
Net cash provided by financing activities	7,965,576,295
Net increase in cash and cash equivalents	193,036,872
Cash and cash equivalents at the beginning of the period	-
Cash and cash equivalents at the end of the period	193,036,872

4) Key Financial Ratios

Item	2016
Net assets at the end of the period (Baht)	5,737,983,818
Ratios of total expenses to average net assets during the period (%)	0.13
Ratios of investment income to average net assets during the period (%)	1.09
Weighted average net assets during the period (%)	138.99
Net asset value during the period (Baht)	5,737,983,818

17.2 Analysis of Financial Status and Operating Results of the REIT

1) *Financial Position*

1.1) Assets

As of 31 December 2016, the REIT had the total assets of THB 8,201.39 million, which were mainly the investment in properties at fair value of THB 7,974.99 million or 97.24 percent of the total assets.

1.2) Liabilities

As of 31 December 2016, the REIT had the total liabilities of THB 2,463.40 million, which were mainly long-term borrowing of THB 2,286.22 million or 92.81 percent of the total liabilities, and the deposit for rental and service of THB 149.66 million or 6.08 percent of the total liabilities. The long-term loan was provided from Siam Commercial Bank is for HREIT's initial investments in properties with the conditions of the principal repayment within November 2021. The interest will be repaid quarterly and the interest rate equals to the MLR minus the fixed interest rate per annum.

1.3) Unit holders' equity

As of 31 December 2016, the REIT had the total unitholders' equity of THB 5,737.98 million which comprised of the unitholder's capital of THB 5,693.6 million and the retained earnings of THB 44.38 million.

2) *Operating Results*

For the period of 21 November 2016 (Establishment date) to 31 December 2016, totaling 41 days of operation, the REIT had the net investment income of THB 44.38 million which comprised of the total income of THB 62.33 million and the total expenses of THB 17.94 million. The total income comprised of the rental and service income accounting for THB 52.77 million, the rooftop rental income accounting for THB 0.46 million, the interest income accounting for THB 0.30 million and the compensation of rental income received from Hemaraj Land and Development Public Company Limited, Hemaraj Eastern Seaboard Industrial Estate Company Limited, Eastern Seaboard Industrial Estate (Rayong) Company Limited and SME Factory Company Limited accounting for THB 8.79 million. The total expenses comprised of REIT management fee of THB 1.46 million, Trustee fee of THB 1.46 million, Property management fee of THB 1.23 million and other expenses of THB 3.03 million comprising of amortization of deferred expenses, consulting and professional fee, building maintenance expenses and commission fee etc.

Independent Auditor's Report

To the Unitholders Hemaraj Leasehold Real Estate Investment Trust

My opinion

In my opinion, the financial statements of Hemaraj Leasehold Real Estate Investment Trust present fairly, in all material respects, the financial position as at 31 December 2016 and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

What I have audited

I have audited the accompanying financial statements, the balance sheet and details of investments as at 31 December 2016, and the statements of income, changes in net assets and cash flows, and significant financial information for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Basis for opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the Trust in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matter

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. I determine one key audit matter: Revenue recognition from rental and service income. The matter was addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on the matter.

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Key audit matter**How my audit addressed the key audit matter****Revenue recognition**

Refer to accounting policy No. 2.8 revenue recognition in the note to the financial statements, the Trust recognised the rental and service incomes in the Statement of Income by using the straight line method over the rental and service term agreement.

The Trust recognised the rental and service incomes amount Baht 52.77 million from 101 units of the factories and warehouses located in Chonburi and Rayong provinces. In the light of a number of agreements, variety of rental and service rate and condition of the contract renewal on each agreement, the Trust recognised the monthly rental and service incomes based on rental and service rates as specified in agreement and adjusted the straight-line method for step-up rate contracts. The variety of agreements in terms of rate and renewal option highly impacted to the accuracy of rental and service incomes presented in the Statement of Income.

I focused on the accuracy of the rental and service incomes due to the complexity of particular conditions, terms, rental and service rates were varied to each agreement. It was required a detailed understanding of the contractual arrangements to ensure that rental and service incomes were accurately applied according to the specific circumstance.

I performed the understanding of accounting practice and record, then evaluated the design and operating effectiveness of key controls in relation to the recognition of revenue. I particularly focused on controls over the invoicing process, and determined that the result of testing of those controls provided me with audit evidence that rental and service incomes had been recorded accurately and appropriately. The transactions were recorded in the correct period including the accuracy of the amounts billed to customers and related rental and service agreements.

I tested that the revenue recognized to amounts invoiced to customers and the subsequent cash receipts from those customers, and noted no material exceptions noted.

I tested the detailed rental and service income based on straight-line adjustments by obtained and go through the rental and service agreements. I then tested accuracy of straight-line adjustments.

Based on my above procedures, I found no material issues arising from my work.

Other information

The REIT Manager are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the REIT Manager.

Responsibilities of the management for the financial statements

The REIT Manager is responsible for the preparation and fair presentation of the financial statements in accordance with TFRSs, and for such internal control as the REIT Manager determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the REIT Manager is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the REIT Manager either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

The REIT Manager is responsible for overseeing the Trust's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the TRUST's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the REIT's management.
- Conclude on the appropriateness of the REIT Manager use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the TRUST's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the REIT Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the REIT Manager with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with the REIT's management, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers ABAS Ltd.



Chanchai Chaiprasit

Certified Public Accountant (Thailand) No. 3760

Bangkok

21 February 2017

Hemaraj Leasehold Real Estate Investment Trust

Balance Sheet

As at 31 December 2016

	Notes	Baht
Assets		
Investments at fair value (at cost in 2016: Baht 7,975 million)	7	7,974,991,417
Cash and cash equivalents	8	193,036,872
Accounts receivable and other receivable		18,832,657
Prepaid expenses		1,463,097
Deferred expenses	9	3,663,881
Deferred income from operating lease agreement		9,244,838
Refundable VAT		136,372
Other assets		16,537
Total assets		8,201,385,671
Liabilities		
Deposits received from customers		149,660,670
Borrowing from financial institutions - net	10, 13	2,286,224,232
Accrued expenses		17,040,873
Other liabilities		10,476,078
Total liabilities		2,463,401,853
Net assets		5,737,983,818
Net assets represented by		
Capital received from unitholders	11	5,693,600,000
Retained earnings	11	44,383,818
Net assets value		5,737,983,818
Net assets value per unit (Baht)		10.0779
Unit outstanding at the end of year (Units)		569,360,000

The notes to the financial statements on pages are an integral part of these financial statements.

Hemaraj Leasehold Real Estate Investment Trust
Statement of Details of Investments
As at 31 December 2016

Type of investments	Areas (Square meters)	Cost Baht	Fair value Baht	% of fair value
Investments in properties (Note 7)				
1. Hemaraj Eastern Seaboard Industrial Estate				
Location Pluak Daeng District, Rayong Province and Sriracha District, Chonburi Province	109,732	3,706,795,961	3,706,795,961	46.48
2. Eastern Seaboard Industrial Estate (Rayong)				
Location Pluak Daeng District, Rayong Province	41,980	1,363,364,875	1,363,364,875	17.10
3. Hemaraj Chonburi Industrial Estate				
Location Sriracha District, Chonburi Province	15,660	508,371,102	508,371,102	6.37
4. Hemaraj Logistics Park 1				
Location Sriracha District, Chonburi Province	16,820	425,780,818	425,780,818	5.34
5. Hemaraj Logistics Park 2				
Location Sriracha District, Chonburi Province	50,996	1,310,894,762	1,310,894,762	16.44
6. Hemaraj Logistics Park 4				
Location Pluak Daeng District, Rayong Province	26,126	659,783,899	659,783,899	8.27
Total investments in properties	261,314	7,974,991,417	7,974,991,417	100.00

The notes to the financial statements on pages are an integral part of these financial statements.

Hemaraj Leasehold Real Estate Investment Trust

Statement of Income

For the period from 21 November 2016 (date of registration) to 31 December 2016

	Notes	Baht
Investment income		
Rental and service income		52,774,213
Rooftop rental income	13	456,399
Compensate rental income	13	8,793,136
Interest income	13	302,011
Total income		<u>62,325,759</u>
Expenses		
Management fee	12, 13	1,455,440
Trustee fee	12, 13	1,455,440
Registrar fee	12	268,944
Property management fee	12, 13	1,234,127
Other expenses	14	<u>3,028,090</u>
Total expenses		<u>7,442,041</u>
Net investment income before financial costs		54,883,718
Financial costs		
Interest expenses		<u>10,499,900</u>
Net investment income		<u>44,383,818</u>
Increase in net assets from operations of the period		<u><u>44,383,818</u></u>

The notes to the financial statements on pages are an integral part of these financial statements.

Hemaraj Leasehold Real Estate Investment Trust

Statement of Changes in Net Assets

For the period from 21 November 2016 (date of registration) to 31 December 2016

	<u>Note</u>	<u>Baht</u>
Increase in net assets from operations during the year		
Net investment income		<u>44,383,818</u>
Increase in net assets from operations during the year		44,383,818
Capital received from unitholders	11	<u>5,693,600,000</u>
Increase in net assets during the period		5,737,983,818
Net assets at the beginning of the period		<u>-</u>
Net assets at the end of the period		<u><u>5,737,983,818</u></u>

The notes to the financial statements on pages are an integral part of these financial statements.

Hemaraj Leasehold Real Estate Investment Trust

Statement of Cash Flows

For the period from 21 November 2016 (date of registration) to 31 December 2016

	Notes	Baht
Cash flows from operating activities		
Increase in net assets from operation during the period		44,383,818
Adjustments to reconcile net increase in net assets		
from operations to net cash provided by (used in)		
operating activities:		
Purchases of investments in properties	7	(7,974,991,417)
Increase in accounts receivable and other receivable		(18,832,657)
Increase in prepaid expenses		(1,463,097)
Increase in deferred income from operating lease agreement		(9,244,838)
Increase in refundable VAT		(136,372)
Increase in other assets		(16,537)
Increase in deposits received from customers		149,660,670
Increase in accrued expenses		17,040,873
Increase in other liabilities		10,476,078
Amortisation of units issuance expenses	9	84,156
Financial cost - interest expenses		10,499,900
Net cash used in operating activities		<u>(7,772,539,423)</u>
Cash flows from financing activities		
Cash received from unitholders	11	5,693,600,000
Cash received from borrowing financial institutions	10	2,325,000,000
Cash paid for units issuance	9	(3,748,037)
Cash paid for upfront fee from borrowing	10	(38,775,768)
Cash paid for financial cost - interest expenses		<u>(10,499,900)</u>
Net cash provided by financing activities		<u>7,965,576,295</u>
Net increase in cash and cash equivalents		193,036,872
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at the end of the period	8	<u><u>193,036,872</u></u>

The notes to the financial statements on pages are an integral part of these financial statements.

Hemaraj Leasehold Real Estate Investment Trust**Significant Financial Information****For the period from 21 November 2016 (date of registration) to 31 December 2016**

	Baht
Information on operating results (per unit)	
Net assets value at the beginning of the period	-
<u>Add</u> Capital from unitholders	10.0000
Income from investing activities:	
Net investment income	0.0779
Net unrealised loss from investment valuation	-
Total income (expense) from investing activities	<u>0.0779</u>
Net assets value at the end of year	<u><u>10.0779</u></u>
Ratio of net profit to average net assets during the period (%)	0.01
Significant financial ratios and additional significant information	
Net assets at the end of the period (Baht)	5,737,983,818
Ratios of total expenses to average net assets during the period (%)	0.13
Ratios of investment income to average net assets during the period (%)	1.09
Ratios of weighted average investment purchases and sales during the period to average net assets during the period (%)*	138.99
Weighted average net asset value during the period (Baht)	5,737,983,818

Additional information

- * The value of investment purchases and sales during the period does not include cash at bank and is calculated by a weighted average basis over the accounting period.

The notes to the financial statements on pages are an integral part of these financial statements.

Hemraj Leasehold Real Estate Investment Trust
Notes to the Financial Statements
For the period from 21 November 2016 (date of registration) to 31 December 2016

1. Business nature of Hemraj Leasehold Real Estate Investment Trust

Hemraj Leasehold Real Estate Investment Trust ("the Trust") is incorporated in accordance with the Trust for Transactions in the Capital Market Act, B.E. 2550 on 21 November 2016 with Hemraj REIT Management Company Limited acting as the REIT Manager and SCB Asset Management Company Limited acting as the trustee of the trust, with its stated objective being to seek funds (includes Borrowing) after deduct all expenses , investing in property leasehold rights and moveable property generating benefit from such properties in which the Trust invest or possess whatsoever lease, relevant service or other process for the benefit of the property and create the revenue and return to the Trust and the unitholders. This includes the investment in other asset, whether directly or indirectly or other securities or seek other interest by other means as stipulated in the Trust deed, securities laws or other relevant laws.

On 28 November 2016, the Stock Exchange of Thailand approved the listing of the Trust's investment trusts and permitted their trading from 28 November 2016 onwards.

The Trust is managed by Hemraj REIT Management Company Limited ("the REIT Manager"), SCB Asset Management Company Limited acts as the Trustee and Hemraj Land and Development Public Company Limited acts as the Property Manager.

These financial statements have been approved by authorised directors of the Management Company on 21 February 2017.

2. Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

2.1 Basis of preparation

These financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Financial Reporting Standards issued under the Accounting Professions Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission. In addition, the financial statements have been prepared under the basis and format as required by the Thai Accounting Standard No.106 "Accounting for Investment Companies. The primary financial statements (i.e. balance sheet, statement of details of investments, statements of income, changes in net assets, cash flows and significant financial information) are prepared in the full format as required by the Securities and Exchange Commission.

The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying The Trust's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

An English version of the financial statements have been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

Hemaraj Leasehold Real Estate Investment Trust**Notes to the Financial Statements****For the period from 21 November 2016 (date of registration) to 31 December 2016**

2. Accounting policies (Cont'd)**2.2 Revised financial reporting standards**

The Trust has applied the revised financial reporting standards which are effective on 1 January 2016 and relevant to the Trust. The application of those financial reporting standards does not have significant impact to the Trust.

The Trust has not yet early adopted the revised financial reporting standards which are effective on 1 January 2017.

2.3 Cash and cash equivalents

Cash and cash equivalents include savings and current account deposits with banks. The Trust defines cash equivalents as deposits with financial institutions with maturity of three months or less from the date of acquisition.

2.4 Investments**Investments in properties**

Investments in properties are stated at fair value with no depreciation charge. The initial costs of properties have been stated at fair value of the acquisition price. (As described in Thai Accounting Standard No. 106 Accounting for Investment Companies.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Valuation of investment in properties invested by the Trust follows valuation method as specified in the agreements established trust. Except for the valuation of real estate investment trust, whether directly or indirectly, in the period from the date of investment in real estate until the day before the first review of the valuation of the property shall be calculated based on the transaction price instead acquiring. (Notification of the Capital Market Supervisory Board No. Tor Chor. 7/2559).

The fair value is based on the appraisal value determined by the independent professional appraisers licensed by the Securities and Exchange Commission Thailand. The Management Company will conduct an appraisal of the properties every two years from the date of the appraisal for the purchase or lease of the properties or when there are changes that materially affect the value of such Investment properties and will update appraisals with a review every year after the date of the latest appraisal. The Management Company will not appoint any Appraiser to appraise the property or leased property for more than two consecutive times.

A change in the fair value of investment property will be recognised in the statement of income as an unrealised gain or loss as of measurement date.

2.5 Deferred expenses

Deferred expenses comprise the capital unit issuance costs and other directly related expenses as incurred. Deferred expenses are amortised as an expense over a period of 5 years on a straight line basis.

Hemaraj Leasehold Real Estate Investment Trust**Notes to the Financial Statements****For the period from 21 November 2016 (date of registration) to 31 December 2016**

2. Accounting policies (Cont'd)**2.6 Deposits received from customer**

Customers agree to deposit with the Trust in cash. The security deposit shall be held as security for securing the performance by customers under rental and service agreements. Within 60 days after customers have duly surrendered vacant possession of leased property in clean and good condition to the Trust, the Trust shall return to customer the security deposits without interest, less any unpaid amount and damages occurred to leased property.

2.7 Borrowing

Borrowing is recognised initially at the fair value, net of transaction costs incurred. Borrowing is subsequently stated at amortised cost using the effective yield method.

2.8 Revenues recognition

Rental income and service income under operating lease agreement are recognised by using the straight-line method over the rental and service term agreement. Rental and service income which is recognised by straight-line method but is not due for collection is presented under "Deferred income from operating lease agreement" at the end of year.

Interest income and expenses are recognised on an accrual basis.

2.9 Income taxes

The Trust is exempted from Thailand corporate income tax. No provision for corporate income tax has been made in financial statements.

2.10 Distribution

For distribution payment to unitholders, The REIT manager will approve to pay Distribution and set unitholders register's book closed date.

Hemaraj Leasehold Real Estate Investment Trust
Notes to the Financial Statements
For the period from 21 November 2016 (date of registration) to 31 December 2016

3. Distribution policy

The Trust has a policy to pay distributions to unitholders as follows:

- (1) The REIT Manager shall pay distributions to unitholders that, in aggregate, amount to not less than 90% of adjusted net profit for the year, with such distributions to be divided into a year-end distribution and an interim distribution (if any). The REIT Manager shall pay distributions to unitholders not more than 4 times a year, unless the Trust increases capital.

The adjusted net profit means the net profit of the Trust determined on a cash basis including loan repayments made in accordance with loan agreements and other due commitment (if any).

- (2) In case the Trust has accumulated losses, the REIT Manager will not pay the distributions to the unitholders.

In considering the payment of interim distribution, if the value of interim distribution per unit to be paid is lower than or equal to Baht 0.10, the REIT Manager reserves the right not to pay distribution at that time and to bring such distribution forward for payment together with the next distribution payment.

The REIT Manager will arrange to pay distribution as mentioned to the unitholders by 90 days after the closing of the financial period.

4. Critical accounting estimates and judgements

The Trust makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

Fair value of investments in properties

The fair value of investments in properties that are not traded in an active market is determined by using discounted expected future cash flows received from investments in properties by the appropriate discount rate which reflect related risks. The Trust engages independence appraiser to assess the fair value of properties.

5. Capital risk management

The Trust's objectives when managing capital are to safeguard the Trust's ability to continue as a going concern in order to provide returns for unitholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Trust may adjust the amount of distribution paid to unitholders, return capital to unitholders, issue new shares to reduce debt.

Hemaraj Leasehold Real Estate Investment Trust
Notes to the Financial Statements
For the period from 21 November 2016 (date of registration) to 31 December 2016
6. Financial risk management
6.1 Financial risk factors

As at 31 December 2016, the principal financial risks faced by the Trust are interest rate risk, credit risk, and liquidity risk. The Trust has no currency risk because there is no transaction in foreign currency.

6.1.1 Interest rate risk

Interest rate risk is the risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial instruments. The financial assets that potentially subject the Trust to the interest rate risk deposit with banks and borrowing from financial institutions.

6.1.2 Credit risk

Credit risk is the risk that counterparties might not discharge their obligation causing the Trust to incur a financial loss. Credit risk arises from risk in the collectability of lease rental from counterparties.

The Trust has no significant concentrations of credit risk because the Trust has tenants who are in various business and good financial position. Additionally, the Trust has a policy to collect in advance rental deposits from customers as a collateral in case of default. The Management Company is of opinion that the Trust does not have credit risk other than that provided in the allowance for doubtful accounts as presented in the financial statements. The estimate for allowance for doubtful accounts (if any) encompasses consideration of past collection experiences, customers' deposits and other factors such as the local economic conditions.

6.1.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of funding from the unitholders and borrowing from financial institution which are sufficient for the activities.

7. Investments at fair value

As at 31 December 2016, the summary of investments at fair value is as follows:

	Investments in properties Baht
At 1 January 2016	-
Purchases of investments	7,974,991,417
Sales of investments	-
Change in fair value of investment	-
At 31 December 2016	<u>7,974,991,417</u>

Hemaraj Leasehold Real Estate Investment Trust**Notes to the Financial Statements****For the period from 21 November 2016 (date of registration) to 31 December 2016****7. Investments at fair value (Cont'd)**

On 23 November 2016, the Trust has entered into the Leasehold Agreement of Land, Warehouse, Ready-Built Factory, construction and other properties which are component parts of land, and buildings, tools, equipments, infrastructures and other assets related to and necessary for the use of land and buildings, including Rooftop Rent and relevant area of Solar Roof project for 30 years from investing date with right to renew the Leasehold Agreement 30 years and Moveable Property Agreement. The Trust paid for the acquisition cost and related expenses totaling Baht 7,975 million and received the ownership of those properties on 23 November 2016.

Investment in properties

The Trust has invested in properties 3 Industrial Estate and 3 Logistic Park projects. The details of investments are as follows:

1) Hemaraj Eastern Seaboard Industrial Estate

Leasehold in lands and factories 29 units with the total area 109,732 square meters including construction and other properties which are component parts of land, and buildings, tools, equipments, infrastructures and other assets related to and necessary For the use of land and buildings in the project and utilisable rooftops 58,560 square meters.

2) Eastern Seaboard Industrial Estate (Rayong)

Leasehold in lands and factories 34 units with the total area 41,980 square meters including construction and other properties which are component parts of land, and buildings, tools, equipments, infrastructures and other assets related to and necessary For the use of land and buildings in the project and utilisable rooftops 21,780 square meters.

3) Hemaraj Chonburi Industrial Estate

Leasehold in lands and factories 17 units with the total area 15,660 square meters including construction and other properties which are component parts of land, and buildings, tools, equipments, infrastructures and other assets related to and necessary For the use of land and buildings in the project and utilisable rooftops 8,014 square meters.

4) Hemaraj Logistics Park 1

Leasehold in lands and factories 2 units with the total area 16,820 square meters including construction and other properties which are component parts of land, and buildings, tools, equipments, infrastructures and other assets related to and necessary For the use of land and buildings in the project and utilisable rooftops 9,936 square meters.

5) Hemaraj Logistics Park 2

Leasehold in lands and factories 11 units with the total area 50,996 square meters including construction and other properties which are component parts of land, and buildings, tools, equipments, infrastructures and other assets related to and necessary For the use of land and buildings in the project and utilisable rooftops 28,440 square meters.

6) Hemaraj Logistics Park 4

Leasehold in lands and factories 8 units with the total area 26,126 square meters including construction and other properties which are component parts of land, and buildings, tools, equipments, infrastructures and other assets related to and necessary For the use of land and buildings in the project and utilisable rooftops 14,570 square meters.

Hemaraj Leasehold Real Estate Investment Trust

Notes to the Financial Statements

For the period from 21 November 2016 (date of registration) to 31 December 2016

7. Investments at fair value (Cont'd)

Investment in properties (Cont'd)

Properties	Acquisition date	Acquisition cost Baht	Fair value as of 31 December 2016 Baht	Unrealised gain (loss) from investment valuation Baht
Hemaraj Eastern Seaboard Industrial Estate (HESIE)	23 November 2016	3,706,795,961	3,706,795,961	-
Eastern Seaboard Industrial Estate (Rayong) (ESIE)	23 November 2016	1,363,364,875	1,363,364,875	-
Hemaraj Chonburi Industrial Estate (HCIE)	23 November 2016	508,371,102	508,371,102	-
Hemaraj Logistics Park 1	23 November 2016	425,780,818	425,780,818	-
Hemaraj Logistics Park 2	23 November 2016	1,310,894,762	1,310,894,762	-
Hemaraj Logistics Park 4	23 November 2016	659,783,899	659,783,899	-
		<u>7,974,991,417</u>	<u>7,974,991,417</u>	<u>-</u>

8. Cash and cash equivalents

As at 31 December 2016, the Trust has the details of cash and cash equivalents as follow:

	2016	
	Principal Baht	Interest rate per annum %
Bank		
Saving accounts		
Siam Commercial Bank Public Co., Ltd.	193,021,872	0.375
Petty cash	15,000	
Total cash and cash equivalents	<u>193,036,872</u>	

9. Deferred expenses

The capital unit issuance costs are recorded as deferred expenses and are amortised as expense over a period of 5 years on a straight-line basis. Details movements are as follows:

	2016 Baht
Beginning balance	-
Addition during the period	3,748,037
Amortisation during the period	<u>(84,156)</u>
Ending balance	<u>3,663,881</u>

Hemaraj Leasehold Real Estate Investment Trust
Notes to the Financial Statements
For the period from 21 November 2016 (date of registration) to 31 December 2016
10. Borrowing from financial institutions - net

As at 31 December 2016, the Trust has borrowings from a financial institutions in Thailand in a total amount of Baht 2,325 million. The details are as follows:

On 23 November 2016, the Trust had contracted with a financial institutions for acquiring the initial properties and/or refinancing the loan that the Trust used for acquiring the initial properties. The borrowing facility is Baht 2,325 million. Total maturity period is 5 years and the maturity date is on 22 November 2021, with one time payment (the repayment for principle shall be partially paid based on condition as specified in the agreement) The loans have interest rates for first four year not over than MLR - 2.35% per annum and at the last year not over than MLR-2.00% per annum and paid by quarter.

The borrowings are secured over the following:

- Secured by mortgage leasehold rights which not lower than 2 times of loan amount;
- The conditional assignment of rights under insurance policies and endorse the lender to have mutually benefits; and
- The conditional assignment of transferred collection rights of rental agreement over 3 years to liabilities under borrowing from financial institution.

The Trust is under the debt covenant criteria over the loan agreement which requires the Trust to maintain the financial ratio and other requirement in accordance with the loan agreement.

As at 31 December 2016, the Trust's maintenance of Fund Interest Bearing Debt to EBITDA Ratio complies with its debt covenants.

The borrowing from financial institutions is as follows:

	2016	
	Book value Baht	Fair value Baht
Long-term bank borrowing	2,325,000,000	2,325,000,000
<u>Less</u> Deferred upfront fee from borrowing	(38,775,768)	(38,775,768)
Borrowing from financial institution - net	<u>2,286,224,232</u>	<u>2,286,224,232</u>

Maturity of long-term borrowing from financial institution:

	2016 Baht
Less Than 5 years	2,325,000,000
Between 5 years and 10 years	-
More than 10 years	-
	<u>2,325,000,000</u>

The movements in the borrowing can be analysed as follows:

	2016 Baht
Beginning balance	-
Addition	2,325,000,000
<u>Less</u> Upfront fee from borrowing	(39,525,000)
<u>Add</u> Amortised upfront fee from borrowing	749,232
Ending balance	<u>2,286,224,232</u>

The borrowing has effective interest rate at the Balance Sheet date of 4.17%.

Hemaraj Leasehold Real Estate Investment Trust
Notes to the Financial Statements
For the period from 21 November 2016 (date of registration) to 31 December 2016
11. Unitholders' equity

As of 31 December 2016, there are 569,360,000 trust units of Baht 10 par value registered, issued and paid-up.

Movements in capital account are as follows:

	31 December 2016	
	Number of trust units	Amount Baht
Trust units registered, issued and paid-up	569,360,000	5,693,600,000
Beginning balance	-	-
Issue of trust units	569,360,000	5,693,600,000
Ending balance	569,360,000	5,693,600,000

Movements in retained earnings are as follows:

	For the period from 21 November 2016 (date of registration) to 31 December 2016
Beginning balance	-
Net investment income	44,383,818
Ending balance	44,383,818

12. Expenses

The management fee, trustee fee, registrar fee and property management fee, are calculated as follows:

Management fee

The Management Company is entitled to receive a monthly management fee from the Trust at a rate not exceeding 0.75% per annum (exclusive of value added tax) of the net asset value of the Trust as calculated by the Management Company and verified by the Trustee.

Acquisition fee

The Management Company will receive an acquisition fee at a rate not exceeding 0.75% of the acquired properties of the Trust in case of the properties from related persons of the Management Company and not exceeding 1.0% of the acquired properties of the Trust in case of the properties from others.

Hemaraj Leasehold Real Estate Investment Trust**Notes to the Financial Statements****For the period from 21 November 2016 (date of registration) to 31 December 2016****12. Expenses (Cont'd)****Trustee fee**

The Trustee is entitled to receive a monthly remuneration at a rate not exceeding 0.75% per annum (exclusive of value added tax) of the net asset value of the Trust as calculated by the Management Company and verified by the Trustee.

Registrar fee

The fee for the Investment Unit Registrar shall be at a rate not exceeding 0.50% per annum of capital received from unit holders.

Property management fee

Fee and expenses of the Property Manager shall be payable to the Property Manager on a yearly basis according to the Property Management Agreement between the Trust and the Property Manager (exclusive of value added tax). The rate shall not exceed 3.0% per annum of the net assets value of the Trust.

13. Related party transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Trust, including holding entities, subsidiaries and fellow subsidiaries are related parties of the Trust. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Trust that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Trust and close members of the family of these individuals and entities associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The relationship among major related parties can be summarised as follows:

- Hemaraj REIT Management Company Limited is a REIT manager of the Trust.
- SCB Asset Management Company Limited is the trustee of the Trust.
- Siam Commercial Bank Public Company Limited is a parent company of trustee company of the Trust.
- Hemaraj Land and Development Public Company Limited is the unitholder, parent company of the management company and property manager of the Trust.
- Hemaraj Eastern Seaboard Industrial Estate Company Limited is a subsidiary of Hemaraj Land and Development Public Company Limited.
- SME Factory Company Limited is a subsidiary of Hemaraj Land and Development Public Company Limited.
- Eastern Seaboard Industrial Estate (Rayong) Company Limited is a subsidiary of Hemaraj Land and Development Public Company Limited.
- WHA Utilities and Power Public Company Limited is a subsidiary of Hemaraj Land and Development Public Company Limited.

Hemaraj Leasehold Real Estate Investment Trust
Notes to the Financial Statements
For the period from 21 November 2016 (date of registration) to 31 December 2016

13. Related party transactions (Cont'd)

The following significant transactions were carried out with related parties:

a) Income and expenses

For the period from 21 November 2016 (date of registration)
To 31 December 2016

Baht

Income

Rental and service income

Hemaraj Land and Development Public Company Limited	1,542,952
Hemaraj Eastern Seaboard Industrial Estate Company Limited	2,657,175
SME Factory Company Limited	2,045,794
Eastern Seaboard Industrial Estate (Rayong) Company Limited	2,547,216
WHA Utilities and Power Public Company Limited	456,399

Interest income

Siam Commercial Bank Public Company Limited	302,011
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Expenses

Management fee

Hemaraj REIT Management Company Limited	1,455,440
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Trustee fee

SCB Asset Management Company Limited	1,455,440
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Property management fee

Hemaraj Land and Development Public Company Limited	1,234,127
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Finance cost

Interest expenses

Siam Commercial Bank Public Company Limited	10,499,900
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Hemaraj Leasehold Real Estate Investment Trust
Notes to the Financial Statements
For the period from 21 November 2016 (date of registration) to 31 December 2016

13. Related party transactions (Cont'd)

The following significant transactions were carried out with related parties: (Cont'd)

b) Outstanding balances

	2016 Baht
<u>Deposit at bank</u>	
Siam Commercial Bank Public Company Limited	193,021,872
<u>Accounts receivable and other receivable</u>	
Hemaraj Land and Development Public Company Limited	1,542,952
Hemaraj Eastern Seaboard Industrial Estate Company Limited	2,657,175
SME Factory Company Limited	2,045,793
Eastern Seaboard Industrial Estate (Rayong) Company Limited	2,547,216
WHA Utilities and Power Public Company Limited	360,315
<u>Accrued expenses</u>	
Hemaraj REIT Management Company Limited	1,488,550
SCB Asset Management Company Limited	1,488,550
Hemaraj Land and Development Public Company Limited	2,614,987
<u>Financial institution borrowing</u>	
Siam Commercial Bank Public Company Limited	2,286,224,232

14. Other expenses

	2016 Baht
Amortisation of deferred expenses	84,156
Consulting and professional fee	406,403
Other expense	2,537,531
Total other expenses	3,028,090

Hemaraj Leasehold Real Estate Investment Trust
Notes to the Financial Statements
For the period from 21 November 2016 (date of registration) to 31 December 2016
15. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as that makes strategic decisions.

The Trust operates in business which is the investment in property and the business is only operated in Thailand. Income and expenses from this segment are the same amount with the statement of income. Therefore, the presentation of segment information is not necessary.

16. Commitments

As at 31 December 2016, the Trust entered into the long-term agreement for management fee and trustee fee. The future aggregate minimum payments under these agreements are as follows:

	2016 Baht
No later than 1 year	20,500,000
2 - 5 years	82,000,000
Over 5 years	512,500,000
Total	<u>615,000,000</u>



บริษัท เหมราช รีท แมนเนจเม้นท์ จำกัด
HEMARAJ REIT MANAGEMENT COMPANY LIMITED

ชั้นที่ 27 อาคารยูเอ็มทาวเวอร์ เลขที่ 9 ถนนรามคำแหง

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