

รายงานประจำปี

2560

Annual Report 2017



ทรัสต์เพื่อการลงทุนในอสังหาริมทรัพย์ แกรนด์ โฮสพิทาลิตี้

Grande Hospitality Real Estate Investment Trust (GAHREIT)



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FINANCIAL HIGHLIGHTS

Grande Hospitality Real Estate Investment Trust

(UNIT: THB)

DETAIL:	2017*
INCOME STATEMENT	
Rental and service income	28,827,972
Interest income	111,969
Total income	28,939,941
Total expenses	(2,398,562)
Net income from investment	26,541,379
BALANCE SHEET	
Cash at banks and investment in securities	14,339,952
Investment in properties	1,746,409,000
Other assets	111,072,636
Total assets	1,871,821,588
Total liabilities	90,280,209
Net assets	1,781,541,379
SIGNIFICANT FINANCIAL RATIO	
Total trust units at end of the period	175,500,000 trust units
Par value per trust units	10.00 THB/trust units
Net asset value per trust units	10.15 THB/trust units
Ratio of total expenses to average net assets value during the period (%)	0.14%
Ratio of total investment income to average net assets value during the period (%)	1.63%
Ratio of net gain to average net asset value during the period (%)	1.49%

REMARK: (*) for the period started 10 October 2017 through 31 December 2017

TRUSTEE'S OPINION



BBL ASSET MANAGEMENT CO., LTD.
บริษัทหลักทรัพย์จัดการกองทุนรวม บัวหลวง จำกัด

Trustee's Opinion

19th February 2018

To : Unitholders of Grande Hospitality Real Estate Investment Trust

Whereas, BBL Asset Management Company Limited ("BBLAM") acting as the Trustee of the Grande Hospitality Real Estate Investment Trust ("GAHREIT") which managed by One Asset Management Limited ("ONEAM") as the REIT manager during accounting period from 10th October 2017 to 31st December 2017.

In our opinion, ONEAM has performed its duties in managing the GAHREIT appropriately in accordance with the objectives specified in the Trust Deed and the Trust for Transactions in Capital Market Act B.E. 2550.

Yours Faithfully,

BBL Asset Management Co., Ltd.,

Trustee of Grande Hospitality Real Estate Investment Trust

(Mr. Thawatchai Lueangsurarungse)

Senior Vice President

(Mr. Chukiet Wiriyakorkitkul)

Senior Vice President

PART 1 INFORMATION OF THE REIT

Grande Hospitality Real Estate Investment Trust

1. GENERAL INFORMATION

1.1. SUMMARY OF THE REIT

Name of REIT (Thai)	ทรัสต์เพื่อการลงทุนในอสังหาริมทรัพย์ แกรนด์ โฮสพิทาลิตี้
Name of REIT (English)	Grande Hospitality Real Estate Investment Trust
Abbreviation	GAHREIT
REIT Manager	One Asset Management Limited (“ONEAM”)
Trustee	BBL Asset Management Company Limited (“BBLAM”)
Financial Advisor	Baker Tilly Corporate Advisory Services (Thailand) Limited
Registered Capital	THB 1,755,000,000
Term of REIT	The REIT has indefinite term and is not redeemable.

2. POLICIES, OVERALL BUSINESS OPERATIONS AND PROCUREMENT OF BENEFITS

2.1. OBJECTIVES, VISIONS, GOALS AND STRATEGIES FOR THE OPERATION OF THE REIT

Background and Objectives of the REIT

Grande Hospitality Real Estate Investment Trust (“GAHREIT or the “REIT”) is a real estate investment trust (“REIT”) which is established with the purpose of investing in the freehold right of the immovable properties, land, building and constructions which are components of the building and construction as well as system, fixtures and facilities. Moreover, the REIT invests in the freehold right of the movable properties, furniture, equipment, tools and decoration that are attached and unattached including any other equipment for the objective of decorating and facilitating hotel guests and/or customers of the Sheraton Hua Hin Resort & Spa Project which is located and/or attached outside area or inside of the Sheraton Hua Hin Resort & Spa Project. Further, this includes the right related to the properties which are necessary and appropriate for the operation of the Sheraton Hua Hin Resort &

Spa Project from Honor Business Company Limited (“Honor Business”) to procure its benefit from such immovable properties and movable properties by way of leasing out of such invested properties by the REIT, and by performing any other relevant and necessary acts in accordance with the regulations and letters announced by Office of the Securities and Exchange Commission (the “Office of SEC”). The REIT invested in the immovable properties and movable properties with the aggregate value of THB 1,750 million.

One Asset Management Limited, in its capacity as the REIT Manager, has the objective of procuring benefits from the investment for trust unitholders. After the REIT has invested in the freehold right of core properties, the REIT shall be the owner of the land, building, construction and movable properties of the Sheraton Hua Hin Resort & Spa Project. Furthermore, the REIT procures the benefits of the invested properties by leasing out to Honor Business for a total lease term of 15 years (“Initial Lease Term”). Upon the expiry of the Initial Lease Term, and if Honor Business intends to renew the lease agreement, the REIT agrees to grant Honor Business the right to request for negotiation with the REIT for renewing the lease agreement prior to other party (Right of First Refusal) by giving a written notice to the REIT prior to the beginning of the 2nd year of the last renewal for the period of Initial Lease Term under the lease agreement and shall be entitled to renew the term at least 5 times for 3 years (“Second Lease Term”). In addition, Honor Business appoints Starwood Asia Pacific Hotels & Resort Pte. Ltd., a subsidiary of Marriott International, Inc., as a hotel operator.

2.2. SIGNIFICANT CHANGES AND DEVELOPMENT OF THE REIT IN THE ACCOUNTING YEAR

In the accounting period started from 10 October 2017 to 31 December 2017, there was a significant event in connection with the REIT’s operation where the REIT has invested in the right on the land, building, constructions which are component of the building and construction as well as system, fixtures and facilities as well as the freehold right in the movable properties, furniture, equipment, tools and decoration that are attached and unattached of the Sheraton Hua Hin Resort & Spa Project on 12 October 2017.

2.3. RELATIONSHIP WITH MAJOR TRUST UNITHOLDERS

On 29 December 2017, the major trust unitholder of the REIT is Social Security Office which holds 19.50% of the total trust units. The Social Security Office has no relationship with the REIT.

2.4. INFORMATION OF THE INVESTED PROPERTIES

General Information of the Sheraton Hua Hin Resort & Spa Project

Illustration of the Sheraton Hua Hin Resort & Spa Project



Source: Grande Asset Hotels & Property Public Company Limited

Illustration of the Layout of Sheraton Hua Hin Resort & Spa Project



Source: Grande Asset Hotels & Property Public Company Limited

The Sheraton Hua Hin Resort & Spa Project and began the operation in August 2007. It is situated on Cha-Am beach, approximately 200 kilometers away from Bangkok, comprising of 2 unadjacent lands (land title deed 84312 and land title deed 84321) with total land area of approximately 27 rai 3 ngarn 59 square wah. Moreover, the Sheraton Hua Hin Resort & Spa Project has total building and construction area of approximately 46,205 square meters, comprising of eight 2-storey

guest buildings surrounded by lagoon-style swimming pool with the area of 5,700 square meter and 560-meter long.

Location

The Sheraton Hua Hin Resort & Spa Project is located at 1573 Phet Kasem Road (Thailand Route 4), Cha-Am Sub-district, Cha-Am District, Phetchaburi Province 76120, opposite to Fly Now Factory Outlet. Furthermore, the Sheraton Hua Hin Resort & Spa Project is 125-meter wide beachfront project within approximately 4.5 kilometers of Hua Hin's airport and within 10 kilometers of Hua Hin's Railway Station.

As the Sheraton Hua Hin Resort & Spa Project is located 200 kilometers away from Bangkok, it can be reached by private car, shuttle bus or van which takes approximately 2 hours drive or by boarding the train which takes approximately 4-5 hours.

Hotel's Guest Rooms

The Sheraton Hua Hin Resort & Spa Project has a total of 240 guest rooms available for operation which can be categorized into 7 types of guest rooms as follows:

No.	Type of Guest Room	Room Area (sq.m.)	No. of Rooms
	Deluxe Room Type		
1	Garden View	49.00	58
2	Garden Terrace	49.00	56
3	Lagoon View	49.00	52
4	Lagoon Access/Access Club	49.00	54
5	Ocean Front	49.00	8
	Suite Room Type		
6	Lagoon Suite	98.00	4
7	Ocean Suite	98.00	8
Total Guest Rooms			240

Illustration of the Rooms Available for Operation



Source: www.sheratonhuahin.com

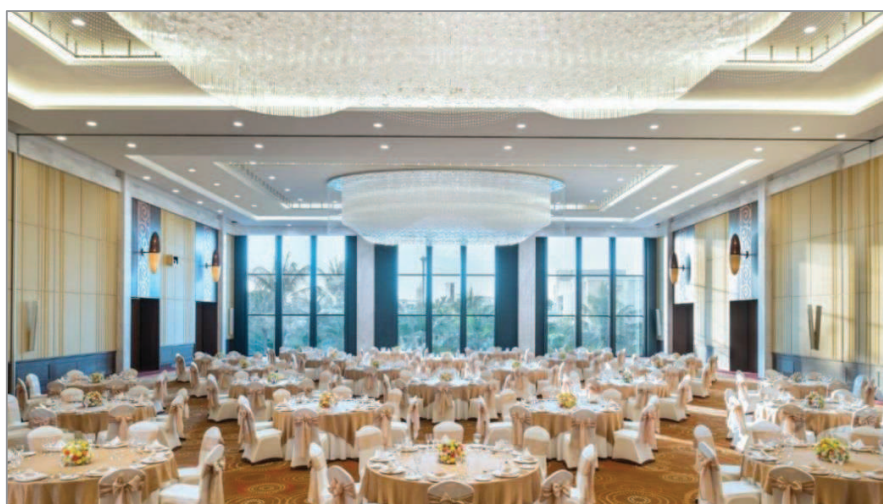
Facilities

The details of Sheraton Hua Hin Resort & Spa Project's facilities are as follows:

No.	Facilities	Detail
Meeting and Events		
1	The Chandelier	Open for service in November 2015, comprising a total area of 892 square meter and 7.6-meter-high ceiling, making it a great solution for events as it can accommodate up to 1,000 guests and provides sound proof technology. Moreover, it is certified by the Thai Convention and Exhibition Bureau ("TCEB").
2	Grand Ballroom	The total area is 525 square meter with 7.3 meter high ceiling which can accommodate up to 500 guests.
3	@ Black	Provides private events and parties with a total area of 393 square meters which can accommodate up to 200 guests.
4	State Room	Comprising of 3 small meeting rooms with a total 217.5 square meter.
Restaurant and Bar		
5	The Deck	Offering breakfast buffet and A la carte menu featuring Thai and International dishes for lunch and dinner.
6	InAzia Restaurant	Offering Thai and Asian cuisine which was selected as

No.	Facilities	Detail
		Thailand's Best Restaurant by Thailand Tatler 5 magazine for 5 consecutive years.
7	Salas Pool Restaurant	Offering Thai and Italian cuisine by the pool.
8	Luna Lanai Seafront Restaurant	Offering Thai cuisine and seafood BBQ which is companied by a sea view.
9	Sundara Lounge	Offering refreshing drinks and light snacks for welcoming guests.
	Others	Business Center, Mini-bar by the pool, Spa, Fitness, Sauna and steaming room, Kid's Club, Tennis Court, Laundry services

Illustrations of the Chandelier





Source: www.sheratonhuahin.com

Utilities System

The Sheraton Hua Hin Resort & Spa Project's utilities system includes electrical system, communication system, sanitation system, air-conditioning system, elevator system, swimming pool system, fire prevention and response system, safety and security system, gas and laundry system and kitchen and cool room system.

Land and Building

The Sheraton Hua Hin Resort & Spa Project's land is located at Phet Kasem Road (Thailand Route 4), Cha-Am Sub-district, Cha-Am District, comprising of 2 unadjacent lands as follows:

No.	Title Deed No.	Parcel No.	Sub-District No.	Sub-District Name	District	Province	Area (Rai-Ngarn-Square Wah)
1	84312	42	36767	Cha-Am	Cha-Am	Phetchaburi	27-0-2
2	84321	48	36660	Cha-Am	Cha-Am	Phetchaburi	0-3-57
Total							27-3-59

The details of the building and any constructions which are built on the land of the Sheraton Hua Hin Resort & Spa Project are as follows:

No.	Detail	No. of Floors	Size (MxM)	Gross Area (sq.m.)
1	Main Building	2	90.00 x 100.05	13,135
2	Hotel Building Block 1	2	24.80 x 40.50	1,848
3	Hotel Building Block 2	2	24.80 x 40.50	1,848
4	Hotel Building Block 3	2	24.80 x 40.50	1,848
5	Hotel Building Block 4	2	19.30 x 33.35	1,658
6	Hotel Building Block 5	2	24.80 x 49.50	2,270
7	Hotel Building Block 6	2	24.80 x 40.50	1,848
8	Hotel Building Block 7	2	24.80 x 40.50	1,848
9	Hotel Building Block 8	2	19.30 x 33.35	1,658
10	Salas Pool Restaurant	1	6.00 x 20.95	156
11	Luna Lanai Beach Bar & Restaurant	1	9.00 x 25.55	216
12	Kid's Club	1	6.00 x 16.00	152
13	The Chandelier and Parking Lot	5	39.40 x 42.55	5,252
14	Engineering Workshop Building	2	10.00 x 21.00	187
Total Building Area				33,924
15	Other Constructions such as swimming pool, elephen pool, swimming pool for kids, tennis court, concrete field and parking lot, walk way and bridges, concrete wall and dam, and pavilion for kids			12,281
Total Building & Other Constructions Area				46,205
16	Utilities system related to the building and constructions such as electrical system, communication system, sanitation system, fire prevention and response system, air-conditioning system, gas system, swimming pool system, elevator system, waste water system, lighting and sound system.			

Value Derived from the Appraisal Report or the Latest Reviewed Appraisal Report

Both appraisers have evaluated the core properties of the REIT's investment where summary of detail are as follows:

Appraiser	Appraisal Value	Date of Appraisal Value	Method	Date of Appraisal Report
Knight Frank Chartered (Thailand) Co., Ltd.	THB 2,079 million	15 February 2017	Income Approach	8 May 2017
The Valuation & Consultant Co., Ltd.	THB 1,878 million	28 February 2017	Income Approach	6 May 2017

2.5. PROCUREMENT OF BENEFITS

The REIT has the objective of investing in properties to procure benefits to the trust unitholders where appropriate management policies are established in order to manage the REIT's assets for the best interests and benefits of the trust unitholders. Furthermore, the REIT shall procure the benefits of the invested properties by leasing out to Honor Business. In addition, Honor Business has appointed Starwood Asia Pacific Hotels & Resorts Pte. Ltd., a subsidiary of Marriott International, Inc., as a hotel operator. The Trustee of the REIT is BBL Asset Management Company Limited.

2.5.1. SUMMARY OF KEY TERMS OF THE PROPERTY LEASE AGREEMENT

Topic	Detail
Lessor	BBL Asset Management Co., Ltd. in its capacity as Trustee of Grande Hospitality Real Estate Investment Trust ("REIT")
Lessee	Honor Business Co., Ltd. (the "Lessee" or "Honor Business")
Leased Properties	(1) Land which is located in Cha-Am Sub-district, Cha-Am District, Petchburi Province, having an approximate area of 27 rai 3 ngarn 59 square wah under 2 land title deeds where the Sheraton Hua Hin Resort & Spa Project is located including utilities systems and the component parts of such land which Honor Business is the owner and/or has the right of occupation and use in

Topic	Detail
	<p>the operation of the Sheraton Hua Hin Resort & Spa Project.</p> <p>(2) Buildings and any constructions constructed on the land to be purchased where the Sheraton Hua Hin Resort and Spa Project is located, including but not limited to the main building, the hotel building, the Sales Pool Restaurant, the Luna Lanai Beach Bar and Restaurant, Kid's Club building, the Chandelier building, the parking building, the engineering workshop building, the swimming pool, the tennis courts and the component parts of such buildings which the total area is approximately 46,205 square meters. Moreover, including any systems and fixtures, facilities and any other components of the building and land to be purchased and are currently used for the operation of the Sheraton Hua Hin Resort & Spa Project.</p> <p>(3) Furniture, tools, appliances and equipments that are attached and unattached decorations including any other equipment that are for the purpose of decoration or facilitating the guests and/or the guests of the Sheraton Hua Hin Resort & Spa Project, located in and/or attached inside or outside area of the Sheraton Hua Hin Resort & Spa Project. Furthermore, including any rights regarding to or relating to the movable properties that are necessary and appropriate for use in the operation of the Sheraton Hua Hin Resort & Spa Project such as equipment and appliances in the guestroom, equipment and appliances in the kitchen room, equipment and appliances in the conference room and equipment and appliances for the use of restaurant. The details of movable properties are as specified in the agreement.</p> <p>((1) - (3) together are the "Leased Properties" under this agreement)</p>

Topic	Detail
Lease Term	Period of 3 years from the date of signing this agreement (“Lease Term”), unless either party or both parties agree to exercise the right to renew this agreement in accordance with the terms and conditions of this agreement.
Rental Payment	<ul style="list-style-type: none"> ■ The Lessee agrees to pay the rental of leased properties to the REIT on a monthly basis where the Lessee agrees to pay the rental within 45 days of the last day of each month (“Rental Payment Due Date”) where the detail of rental payment and rental calculation for the immovable properties and movable properties are in accordance with this agreement unless both parties agree otherwise. ■ In the event that the Lessee fails to pay the rental within the Rental Payment Due Date under this agreement, the REIT has the right to select the options for proceeding as follows: <ol style="list-style-type: none"> (1) The REIT has the right to terminate this agreement but, however, if the Lessee has paid the outstanding rental in full for each period before the REIT exercises the option to terminate this agreement, then it shall be deemed that the REIT does not exercise the right to terminate the agreement for the failure to pay the rental in that period. (2) The REIT has the right to deduct the Deposit (as specified in this agreement) in the same amount in full of the outstanding rental payments as for rental payment to be paid. However, the Lessee has the duty to top-up additional fund to the Deposit so that the total Deposit amount is the same as specified in this agreement within the period and conditions as prescribed in this agreement. In the event that the Lessee does not top-up additional

Topic	Detail
	<p>fund to the Deposit so that the total deposit amount is the same within the period as specified in this agreement, the REIT can exercise the right to terminate this agreement immediately.</p> <p>Nevertheless, if the Lessee defaults on the rental payment for 3 or more times (despite whether the REIT exercise the right to deduct the Deposit as for the outstanding rental payment or not), the REIT can exercise the right to terminate this agreement immediately.</p>
Deposit	<ul style="list-style-type: none"> ■ The Lessee agrees to provide Deposit in the form of cash at the date of execution of this agreement in the amount of THB 88,000,000 (eighty eight million baht) where the Deposit is divided into 2 parts, as follows: <ol style="list-style-type: none"> (1) Part 1: THB 58,000,000 (fifty eight million baht) (“Main Deposit”) which will be held by the REIT throughout the lease term (first 3 years) and throughout the renewal term of this agreement. (2) Part 2: THB 30,000,000 (thirty million baht) (“Additional Deposit”) which will be held by the REIT throughout the Lease Term (first 3 years) and throughout the renewal of the Initial Lease Term of this agreement (4 times for 3 years each) where both parties agree that if, within the lease period (first 3 years), the Lessee has not default on any rental payment as prescribed in this agreement and the Lessee’s earning before interest, tax, depreciation and amortization (EBITDA) for the period of 2019 and 2020 incurs no loss, then the REIT agrees to return the Additional Deposit to the Lessee upon the last day of the lease period (first 3 year). However, if within

Topic	Detail
	<p>the lease period (first 3 years), the Lessee is unable to fulfill all of the conditions for returning of the Additional Deposit, the REIT shall hold the Additional Deposit for each period that the lease agreement is renewed for the Initial Lease Term. If, within the period of renewal of this agreement for the Initial Lease Term, the Lessee has not default on any rental payment as prescribed in this agreement and the Lessee's earning before interest, tax, depreciation and amortization (EBITDA) for the period of 3 years ended incurs no loss, for each renewed period, then the REIT shall return all of the Additional Deposit to the Lessee upon the expiration of the period for which this agreement has been renewed for the Initial Lease Term.</p> <p>For the purpose of clarification, in consideration of the Lessee's earning before interest, tax, depreciation and amortization (EBITDA) for each fiscal year for each period, the REIT shall consider from the audited financial statement. The Lessee shall receive the Additional Deposit back after the REIT has considered the audited financial statement of the Lessee.</p> <p>The Main Deposit and the Additional Deposit collectively referred to as the "Deposit".</p> <p>In the future, the Lessee may request to change the form of the Deposit into other form under the discretion of the REIT for approval. However, before the approval</p>

Topic	Detail
	<p>of the REIT, the REIT shall pass such resolution to the Trust Unitholders' Meeting for approval with the vote of not less than 3/4 (three-fourths) of the total votes of trust unitholders being present at the meeting and entitled to vote. The Lessee agrees to be responsible for expenses related to the Trust Unitholders' Meeting in consideration of this subject.</p> <ul style="list-style-type: none"> ■ The REIT shall hold the Deposit during the term as prescribed in this agreement as a guarantee of the Lessee's performance of this agreement, including but not limited to the rental payment or any damages or losses that affected the REIT from violation, failure to comply, omission or failure to maintain any provisions in respect to the Lessee's part as provided in this agreement. ■ In the event that the amount of the Deposit that the Lessee provides is lower than the amount specified in this agreement or in the event that the REIT deducts the Deposit in the same amount in full of the outstanding rental payments as for rental payment to be paid. The Lessee has the duty to top-up additional fund to the Deposit so that the total deposit amount is the same as specified in this agreement within the 15 days period from the date of the receipt of the written notice from the REIT or from the date the REIT deducts the Deposit amount for payment as determined in this agreement (as the case may be) ("Deposit Top-up Due Date"). Both parties agree that the REIT will charge interest on the default of Deposit top-up at the rate of 7.5% per annum upon the Deposit Top-up Due Date until the date that the Lessee top-up additional deposit to the amount in full as prescribed in this agreement.

Topic	Detail
	<ul style="list-style-type: none"> ■ The REIT shall pay the interest received from the Deposit to the Lessee equals to the amount that the REIT receives interest from the Deposit. Moreover, the REIT shall pay the interest on the Deposit to the Lessee at least 1 (one) time each year after deduction of fees, expenses, and tax related to the receipt and/or payment of the said interest on the Deposit (“Interest on Deposit”). ■ The REIT shall return the Deposit at the termination of this agreement (with interest equal to the amount that the REIT received from the Deposit on the day the REIT returns the Deposit to the Lessee) after the deduction of fees, expenses and taxes related to the said Deposit including any amount that is still outstanding to the REIT and after the deduction of damages to the leased properties caused by the violation, failure to comply or omission or failure to maintain any provisions in respect of the Lessee’s part as provided in this agreement.
Renewal of Lease Agreement and Rental in the Event of Renewal of Lease Agreement for the Initial Lease Term	<p>Each party has the option to renew the lease agreement by written notice to the other party at least 6 months in advance before the expiry of the Lease Term under this agreement.</p> <p>Each party has the right to renew the Lease Term for 4 times for 3 years each (“Initial Lease Term”). Each party can require the other party to renew the lease agreement and if the right to renew the lease agreement is exercised, as aforesaid, the other party agrees to renew the lease agreement according to the period mentioned earlier, in accordance with all of the following conditions:</p> <ol style="list-style-type: none"> 1. The REIT or the Lessee (as the case may be) has complied with the material terms specified in this lease agreement and has not breached the representations given under this lease agreement;

Topic	Detail
	<p>2. In the event that the Lessee exercised the right to renew the lease agreement, Honor Business and Grande Asset, as a party to the Undertaking Agreement between the REIT and Honor Business and as a party to the Undertaking Agreement between the REIT and Grande Asset (as the case may be) or any other agreements executed between Honor Business and the REIT in all respects, have complied with the material terms and conditions of the Undertaking Agreement between the REIT and Honor Business and the Undertaking Agreement between the REIT and Grande Asset (as the case may be) or any other agreement executed between Honor Business and the REIT in all respects;</p> <p>3. Rental for the Initial Lease Term shall be in accordance with the details specified in the <u>Rental and Rental Payment for the Initial Lease Term Clause</u>, unless the parties shall agree otherwise; and</p> <p>4. Other terms and conditions shall be as specified in this lease agreement, except the calculation of rental rates for the renewal of the lease agreement during such Initial Lease Term shall be in accordance with the details specified in the <u>Rental and Rental Payment for the Initial Lease Term Clause</u>, the terms and conditions shall comply with the regulations of the Office of the SEC.</p>
Detail of Rental and Rental Payment for the Initial Lease Term	<p>The Lessee agrees to pay rental for the leased properties to the REIT for the use of leased properties as fixed rental. The details of rental are as follows:</p> <p><u>Rental for Immovable Properties and Movable Properties for the Initial Lease Term</u></p> <p>The Lessee agrees to pay rental for immovable properties</p>

Topic	Detail																																		
	<p>and movable properties for the Initial Lease Term in annual aggregate amount from the date of this lease agreement which comes into effect. The annual rental amounts are payable monthly in proportion to the rental throughout the term of the lease agreement and the renewed lease agreement during the Initial Lease Term in each year as follows:</p> <p><u>Annual Rental for Immovable Properties and Movable Properties</u></p> <table> <tr> <th>Year</th><th>Annual rental (THB)</th></tr> <tr><td>Year 1</td><td>116,000,000</td></tr> <tr><td>Year 2</td><td>116,000,000</td></tr> <tr><td>Year 3</td><td>116,000,000</td></tr> <tr><td>Year 4</td><td>122,960,000</td></tr> <tr><td>Year 5</td><td>122,960,000</td></tr> <tr><td>Year 6</td><td>122,960,000</td></tr> <tr><td>Year 7</td><td>130,337,600</td></tr> <tr><td>Year 8</td><td>130,337,600</td></tr> <tr><td>Year 9</td><td>130,337,600</td></tr> <tr><td>Year 10</td><td>138,157,856</td></tr> <tr><td>Year 11</td><td>138,157,856</td></tr> <tr><td>Year 12</td><td>138,157,856</td></tr> <tr><td>Year 13</td><td>146,447,327</td></tr> <tr><td>Year 14</td><td>146,447,327</td></tr> <tr><td>Year 15</td><td>146,447,327</td></tr> <tr> <td>Total Rental</td><td>1,961,708,350</td></tr> </table>	Year	Annual rental (THB)	Year 1	116,000,000	Year 2	116,000,000	Year 3	116,000,000	Year 4	122,960,000	Year 5	122,960,000	Year 6	122,960,000	Year 7	130,337,600	Year 8	130,337,600	Year 9	130,337,600	Year 10	138,157,856	Year 11	138,157,856	Year 12	138,157,856	Year 13	146,447,327	Year 14	146,447,327	Year 15	146,447,327	Total Rental	1,961,708,350
Year	Annual rental (THB)																																		
Year 1	116,000,000																																		
Year 2	116,000,000																																		
Year 3	116,000,000																																		
Year 4	122,960,000																																		
Year 5	122,960,000																																		
Year 6	122,960,000																																		
Year 7	130,337,600																																		
Year 8	130,337,600																																		
Year 9	130,337,600																																		
Year 10	138,157,856																																		
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Total Rental	1,961,708,350																																		

Topic	Detail																												
	<p><u>Proportion of Rental Payable of Immovable Properties and Movable Properties in Monthly Basis Based on the Seasonality of the Sheraton Hua Hin Resort & Spa Project's Operation</u></p> <table> <tr> <th>Month</th><th>Monthly Rental (Proportion of Annual Rental)</th></tr> <tr> <td>January</td><td>14</td></tr> <tr> <td>February</td><td>12</td></tr> <tr> <td>March</td><td>8</td></tr> <tr> <td>April</td><td>6</td></tr> <tr> <td>May</td><td>6</td></tr> <tr> <td>June</td><td>4</td></tr> <tr> <td>July</td><td>6</td></tr> <tr> <td>August</td><td>4</td></tr> <tr> <td>September</td><td>4</td></tr> <tr> <td>October</td><td>10</td></tr> <tr> <td>November</td><td>12</td></tr> <tr> <td>December</td><td>14</td></tr> <tr> <td>Total</td><td>100</td></tr> </table> <p>However, in the event the REIT examined the financial status of the Lessee from documents that the Lessee is obligated to provide to the REIT under this agreement and if the REIT finds out any change which could materially and adversely impact the rental payment by the Lessee, the REIT may consider reducing the number of days that the</p>	Month	Monthly Rental (Proportion of Annual Rental)	January	14	February	12	March	8	April	6	May	6	June	4	July	6	August	4	September	4	October	10	November	12	December	14	Total	100
Month	Monthly Rental (Proportion of Annual Rental)																												
January	14																												
February	12																												
March	8																												
April	6																												
May	6																												
June	4																												
July	6																												
August	4																												
September	4																												
October	10																												
November	12																												
December	14																												
Total	100																												

Topic	Detail
	<p>Lessee shall pay the rental to the REIT to be less than 45 days from the last day of each month.</p> <p>In the event that the lease agreement does not start on the first day of the month and/or does not end at the last day of the month, the rental of that month shall be calculated in proportion to the number of days the lease agreement takes effect for that month relative to the total number of days in that month. The REIT and the Lessee may agree to adjust the monthly fixed rental payment in line with the capability of the Sheraton Hua Hin Resort & Spa Project to generate income for each month.</p>
Lease Agreement Renewal and Rental in the Event of Lease Agreement Renewal for the Right to Renew the Lease in the Second Period	<p>Apart from the right to renew the lease agreement upon completion of the Initial Lease Term, if the Lessee desires to renew the lease agreement, the REIT agrees to grant the Lessee the right to request for negotiation with the REIT for renewing the lease agreement prior to other party (Right of First Refusal) by giving a written notice to the REIT prior to the beginning of the 2nd year of the last renewal period of Initial Lease Term under this agreement and will be entitled to renew the term at least 5 times for 3 years ("Second Lease Term"). However, if there is a written notice for the request of renewing the lease agreement, the REIT agrees to enter into negotiation with the Lessee under the all conditions as follows:</p> <ol style="list-style-type: none"> (1) The REIT or the Lessee (as the case may be) has complied with the material terms of this lease agreement and has not breached the representations given under this lease agreement; (2) Honor Business and Grande Asset as the parties to the

Topic	Detail
	<p>Undertaking Agreement between the REIT and Honor Business or the Undertaking Agreement between the REIT and Grande Asset (as the case may be) or any other agreements executed between Honor Business and the REIT, has complied with the material terms and conditions of the Undertaking Agreement between the REIT and Honor Business and the Undertaking Agreement between the REIT and Grande Asset (as the case may be) or any other agreements executed between Honor Business and the REIT, in all respects; and</p> <p>(3) Both parties agree to commence negotiations on the terms and conditions which may include rental rates of the Second Lease Term promptly at the discretion of the REIT which shall be considered together with the Lessee. However, in the event that both parties are unable to agree on the terms and conditions which may include the rental rates of unit the Second Lease Term prior to the beginning of the 3rd year of the last renewal for the period of Initial Lease Term, the right to commence negotiations of the Second Lease Term shall be terminated. Moreover, the terms and conditions shall comply with the regulations of the Office of the SEC.</p>
<p>Right to Use Land and/or Related-Utilities that are Necessary to Operate the Sheraton Hua Hin Resort & Spa Project</p>	<ul style="list-style-type: none"> ▪ From the date of this agreement, as long as the Lessee remains its status as Lessee under this agreement and the lease agreement has been renewed, the Lessee has the right to use the land title deeds which are land subject to servitude (burdened land) to the land in favor of the land where the leased properties are located (benefited property) ("Servitude Land") so that the REIT has the right to fully use the properties to be purchased and actually use or has the right to use the properties, the common facilities, and any utilities within the

Topic	Detail
	<p>Sheraton Hua Hin Resort & Spa Project in the same way before Honor Business transfer the ownership of the Sheraton Hua Hin Resort & Spa Project to the REIT and for the benefit of the operation of the Sheraton Hua Hin Resort & Spa Project in which the REIT received the right of Servitude Land from the Undertaking Agreement between the REIT and Grande Asset and the Undertaking Agreement between the REIT and Honor Business, detail as follows:</p> <ul style="list-style-type: none"> a) Title Deed No. 5838 with the total area of approximately 3-0-29 rai for the use of roads, walkways, driveways, entrances and exits, electricity, water, telephone, sewers; b) Title Deed No. 84313 with the total area of approximately 0-1-86 rai for the use of roads, walkways, driveways, entrances and exits, electricity, water, telephone, sewers; c) Title Deed No. 84310 with the total area of approximately 0-0-14 rai for the use of roads, walkways, driveways, entrances and exits, electricity, water, telephone, sewers; d) Title Deed No. 58936 with the total area of approximately 1-1-59 rai for the use of roads, walkways, driveways, entrances and exits, electricity, water, telephone, sewers; e) Partial of Title Deed No. 6098 with the area of approximately 0-0-06 rai for the use of tennis court's lamp pole; f) Partial of Title Deed No. 84320 with the area of approximately 0-0-08 rai for the use of tennis court's lamp pole; g) Title Deed No. 62249 with the total area of approximately

Topic	Detail
	<p>0-1-48.9 rai for the use of the Sheraton Hua Hin Resort & Spa Project's signage where it is located.</p> <p>Details of the Servitude Land are shown in Part 2 of Clauses 2.4 "Servitude Land" of the Prospectus</p> <ul style="list-style-type: none"> ■ From the date of this agreement, as long as the Lessee remains its status as Lessee under this agreement and the lease agreement has been renewed, the Lessee has the right to use the facilities and any other utilities for the operation of the Sheraton Hua Hin Resort & Spa Project before Honor Business transfers the ownership of the Sheraton Hua Hin Resort & Spa Project to the REIT (collectively as "Utilities"), despite whether there is the registration of burdened properties or not, in which the REIT received the right of Servitude Land from the Undertaking Agreement between the REIT and Grande Asset and the Undertaking Agreement between the REIT and Honor Business. ■ From the date of this agreement, as long as the Lessee remains its status as Lessee under this agreement and the lease agreement has been renewed, the Lessee agrees to be responsible for the utilities expenses, for instance water and electricity expenses, that is used by the Lessee and the Lessee agrees to be responsible for repairing and maintaining the servitude land and utilities in good condition with the expenses incurred by the Lessee. In the case that Lessee does not repair and maintain, the REIT or person assigned by the REIT may carry out maintenance or repairs for the Lessee, the Lessee agrees to reimburse such expenses to the REIT immediately upon the REIT's notification, including compensation for such reimbursement at 7.5% per annum of such reimbursement until the date that the REIT has received such reimbursement from the

Topic	Detail
	<p>Lessee in full. For the purpose of this clause, the Lessee shall not refer to the agreements that the REIT has with Honor Business and Grande Asset (in their capacity as the grantor of right of Servitude Land and Utilities) under the Undertaking Agreement between the REIT and Grande Asset and the Undertaking Agreement between the REIT and Honor Business in the case that the REIT will repair and maintain the Servitude Land and Utilities as the reason for not performing this agreement of repairing and maintaining the Servitude Land and the Utilities that are necessary for the Servitude Land and the Utilities to be in good condition or when requested by the REIT or REIT's agent at the Lessee' expense.</p>
Lease Assignment and Subleasing	<p>During the term of this agreement:</p> <ul style="list-style-type: none"> ■ the Lessee shall not assign the rights and/or obligations under this agreement to any other person without having the prior consent in writing from the REIT. ■ the Lessee shall not allow the whole or part, or material part, of the leased properties to be used by or sublet to other persons for use in the operation of the Sheraton Hua Hin Resort & Spa Project without having the prior consent in writing from the REIT.
Key Terms Under the Agreement	<ul style="list-style-type: none"> ■ The Lessee is a limited company duly incorporated and existing under Thai law having registered capital not less than THB 50,000,000. ■ The major shareholders of the Lessee is Grande Asset Hotels and Property Public Company Limited ("Grande Asset") and any Grande Asset's designated person(s) approved by the REIT. ■ The Lessee has the authority to enter into agreements, perform agreements, grants rights, create documents and any other things as specified in and in connection

Topic	Detail
	<p>with this agreement and the said actions are not contrary to the company's objectives and articles.</p> <ul style="list-style-type: none"> ■ During the Lease Term under this agreement or each renewed leased term in case of lease agreement renewal, the Lessee has obtained permits for the transaction of any business required in connection with the operation of the Sheraton Hua Hin Resort & Spa Project and the said permits are obtained lawfully and are still valid, have not been cancelled, revoked, or expired, and there is not dispute with any government authority whatsoever. Moreover, the Lessee shall fully comply with the terms and conditions set out in the permits and has not carried out any acts in violation of the laws relating to such permits which could pose a risk of such permits being revoked or could cause adverse effect on the leased properties or the parties' performance of this agreement. ■ The Lessee has no legal dispute with any person that has or could have a material adverse impact on the execution and performance of this agreement, including the transaction of the Sheraton Hua Hin Resort & Spa Project and has no cause or conflict, lawsuit and claims for damages by or against other persons, including but not limited to any event that may adversely affect the Lessee's ability to fully perform this agreement or may adversely affect the leased properties. ■ The Lessee agrees to be responsible for property tax, local tax, stamp duty, any other relevant tax and fees and any other expenses (as the case may be) in connection with the lease agreement of the leased properties.
Lessee's Responsibilities	<ul style="list-style-type: none"> ■ To keep the leased properties in good conditions or appropriate for operation as per the objectives specified

Topic	Detail
	<p>in this agreement. The Lessee agrees to be responsible for the maintenance (including the major maintenance) and leased properties renovations as well as the procurement of furniture, tools, equipment which are necessary and appropriate for use in the operation of the Sheraton Hua Hin Resort & Spa Project. Furthermore, for minor repairs and repairs that are necessary for use of the leased properties as well as any acts required to keep the leased properties in good condition so that they can be used in the project and as requested by the REIT at the Lessee's own expense.</p> <ul style="list-style-type: none"> ■ As of the date of the execution of this agreement and while Lessee has the status as the Lessee under this agreement and renewed lease agreement, the Lessee agrees to carry out any acts which are necessary and appropriate for the procurement of financial support from Grande Asset or any other person (including the procurement of reserves for the expenses incurred in case the Lessee has cash flow problems or does not have enough money for the expenses incurred in the operation of the business under the Sheraton Hua Hin Resort & Spa Project including, but not limited to, the cost of maintenance, repairs or renovation of leased properties) so that the Lessee is able to operate the Sheraton Hua Hin Resort & Spa Project with the objective under this agreement. Honor Business has agreed that any money lent or financial support from Grande Asset shall be deemed as subordinated debt which Honor Business shall pay only when Honor Business has paid all its debt to the REIT and/or other creditors unless obtained the consent from the REIT or Honor Business has sufficient cash flow to operate the Sheraton Hua Hin Resort & Spa Project which Honor

Topic	Detail
	<p>Business shall use the cash flow to operate the Sheraton Hua Hin Resort & Spa uninterruptedly or Honor Business has reserved sufficient fund to repay all debts to the REIT and/or other creditors in the period that Honor Business repays such subordinated debt to Grande Asset.</p> <ul style="list-style-type: none"> ■ The Lessee shall not construct, alter or enlarge any structure that is the main structure, design or building plans on the leased properties except REIT's prior written consent has been obtained and in accordance with any related laws. Further, the REIT and the Lessee shall mutually agree on the terms and conditions in relation to the construction, alternation or enlargement of any structure that is the main structure, design or building plans on the leased properties when the Lessee inform the REIT the intention to proceed. ■ The Lessee shall not create any additional obligation or encumbrance, including encumbrance in connection with the Lessee's properties, including but not limited to subletting, assignment of the lease agreement or any other right as well as selling and/or leasing any other property which would affect the operation of the Sheraton Hua Hin Resort & Spa without the prior consent in writing of the REIT. ■ The Less shall not incur any debt, financial obligation or borrowing from any parties (including financial institutions) in a total amount of THB 5,000,000 (five million baht only) at any one time including guarantee of any persons, except for the loan from Grande Asset or subsidiary of Grande Asset for the normal business operation of the Sheraton Hua Hin Resort & Spa Project and are in accordance with the general conditions. ■ The Lessee shall not declare dividend, pay dividend or

Topic	Detail
	<p>declare to pay the shareholders in any forms except the Lessee has sufficient reserves for the payment of rental under this agreement for each accounting period considered for dividend payment.</p> <ul style="list-style-type: none"> ■ The Lessee shall not reduce the registered capital less than THB 50,000,000 (fifty thousand million baht only), merge with other entity or establish or invest in other entity for operating or cooperating with other juristic person in any case with the prior written consent from the REIT. ■ The Lessee shall procure and maintain any other properties other than the leased properties necessary for the operation of the Sheraton Hua Hin Resort & Spa Project (“Operating Equipment”) related to and necessary for the operation of the Sheraton Hua Hin Resort & Spa Project and after the termination of this agreement, the Lessee shall deliver the Operating Equipment to the REIT without any compensations. ■ The Lessee agrees to maintain the permits or any documents from the relevant government authority required for the operation of the Sheraton Hua Hin Resort & Spa Project and shall comply strictly with such terms and conditions. ■ At the expiry or the termination of this agreement, the Lessee shall return the leased properties to the REIT in good condition including delivery of necessary assets for the operation and management of the Sheraton Hua Hin Resort & Spa Project and assets that at least have the similar design or quality to the leased properties (in the case that there is a replacement to the leased properties) that is appropriate for operation in accordance with the objective of this agreement. However, if (a) the leased properties are lost, decayed

Topic	Detail
	<p>or unable to deliver due to force majeure event or (b) the leased properties are totally decayed or unable to deliver due to normal use or expiry date of the leased properties then the Lessee is not required to return back that leased properties to the REIT.</p>
Insurance	<p>As of the date of the execution of this agreement and throughout the term of this agreement, the Lessee shall procure insurance to be taken out with an insurance company that is acceptable to the REIT in an amount that is adequate in accordance with the standard of insurance in the same type of business or in the amount required by the REIT as follows:</p> <p>(1) Property All Risks Insurance by taking out adequate and appropriate insurance cover for the leased properties which the REIT is the owner of or has the right of occupation against the perils to the leased properties with insurance coverage based on replacement costs, excluding cost of land. Whereby, the REIT shall be named as the co-insured and co-beneficiary with the Lessee in the insurance policies made for the leased properties. In case it is allowed under the conditions of the insurance policies the REIT and the Lessee agree that in the event that the amount of money received from a claim under the insurance policies does not exceed 3,000,000, then the REIT agrees and consents that the insurer shall pay such amount to the Lessee directly, provided that the Lessee shall use such money for the restoration of the leased properties only.</p> <p>(2) Business Interruption Insurance for damage to the leased properties with insurance coverage based on the total income that the Lessee expects to receive</p>

Topic	Detail
	<p>coverage period which the insurance coverage shall not be less than the total sum of the rent payable to the REIT and the fixed operating cost and the Lessee's expected net profit not less than 2 years. Whereby, the REIT's name shall be stated as the co-insured and co-beneficiary with the Lessee in the insurance policies for the rental that the REIT is entitled to receive under this agreement. In case it is allowed under the conditions of the insurance policies, the Lessee agrees and consents that the insurer shall pay such rental to the REIT directly.</p> <p>(3) Comprehensive General Liability Insurance with the insured amount based on the agreed terms and conditions among the Lessee, Hotel Operator and the REIT whereby insurance coverage is based on the possibility of damage to the third party and the REIT shall be named as the co-insured and co-beneficiary with the Lessee in the insurance policies for third party liability of the REIT.</p> <p>The Lessee agrees to be responsible for any insurance premiums, expenses or fees incurred as a result of or in connection with the procurement of insurance and/or the assignment of rights under the insurance policies that have been made and are currently in effect as of the date of this agreement.</p>
<p>Leased Properties are Damaged or Destroyed</p>	<p>■ In the event that the leased properties have been fully or materially damaged for any reason to the extent that the leased properties cannot be used for the continued operation of the Sheraton Hua Hin Resort & Spa Project, the REIT reserves the right to:</p> <p>(1) use the primary compensation received from the insurer for the reconstruction and provision of the leased properties so that the Lessee can use the</p>

Topic	Detail
	<p>reconstructed leased properties for the continue of operation of the Sheraton Hua Hin Resort & Spa Project as usual whereby during such reconstruction and provision of the substitute leased properties, the parties agree that the rights and obligations of the parties under this agreement shall remain in effect until the said process are completed; or</p> <p>(2) exercise the right to terminate this agreement whereby the REIT shall not be deemed to be in breach of this agreement and the REIT is not liable to pay any compensation to the Lessee.</p> <ul style="list-style-type: none"> ■ In the event that the leased properties are partially damaged for any reason and part of the leased properties can still be used for the continued operation of the Sheraton Hua Hin Resort & Spa Project, this agreement shall still be in effect with respect to the undamaged an useable leased properties whereby such properties shall still be deemed as the leased properties under this agreement and the REIT shall consider the suitable rental for the undamaged and still usable leased properties and the REIT agrees to use the compensation received for the restoration of the leased properties to their original condition prior to the damage unless both parties shall agree otherwise. ■ Unless both parties shall agree other otherwise, in the event the construction costs or any expenses relating to or in connection with the construction and/or repairs of the leased properties mentioned above exceed the primary compensation received by the REIT, the REIT may request the Lessee to pay the costs of the construction and/or repairs of the leased properties that exceed the amount of such primary compensation the

Topic	Detail
	<p>REIT has received from the insurance company. Whereby, the REIT shall consider reimbursing the Lessee for the said excess by making deductions from the rental and/or reducing rental and/or other means in accordance with the conditions and period the REIT considers appropriate.</p> <p>However, for the purpose of clarity, this agreement between the REIT and the Lessee does not prejudice the REIT's right to claim damages, leased properties construction and/or repair costs which exceed the amount of such primary compensation that the REIT received from the insurance company from the person causing damage (if any).</p> <p>However, prior to exercising any of the foregoing rights by the REIT, the REIT reserves the right to propose the said under undertakings to the meeting of trust unitholders for their consideration and prior approval.</p> <ul style="list-style-type: none"> ■ For the purpose of this clause, "primary compensation" means the compensation from the insurance, excluding the compensation for business interruption insurance and/or any other additional insurance under which each party is the insured at such party's own expense unless both parties shall agree otherwise.
Events of Default	<p>Any of the following events is an event of default which entitles either party to terminate this agreement and/or claim damages from the other party.</p> <p>(1) Events of default by the Lessee's fault</p> <ul style="list-style-type: none"> ■ In the event the Lessee breaches or fails to comply with the terms or representations specified in this agreement in material respect, or Honor Business or Grande Asset breaches or fails to

Topic	Detail
	<p>comply with the obligations under Agreement to Purchase and to Sell Immovable Property, the Movable Property Purchase and Sale Agreement, Undertaking Agreement between the REIT and Honor Business, Undertaking Agreement between the REIT and Grande Asset or Rent Guarantee Agreement (as the case may be) or any other agreements executed by the REIT and Honor Business or breaches the representations specified in the Agreement to Purchase and to Sell Immovable Property, the Movable Property Purchase and Sale Agreement, Undertaking Agreement between the REIT and Honor Business, Undertaking Agreement between the REIT and Grande Asset or Rent Guarantee Agreement (as the case may be) or any other agreements executed by the REIT and Honor Business. Whereby, the Lessee or Grande Asset (as the case may be) is unable to remedy such breach and comply with the agreement within 60 days from the date it has been notified or learned of the event, or within any such period as agreed between the parties, except for the force majeure events. However, in the event that the Lessee defaults on rental payments and/or Deposit and/or any outstanding payments that the Lessee has the obligation to pay to the REIT under this agreement, the REIT shall have deemed to be entitled to terminate this agreement immediately, however, unless this agreement states otherwise.</p> <ul style="list-style-type: none"> ■ In the event the Lessee is put into receivership or is ordered bankrupt or is in the process of dissolution, liquidation or an application for the

Topic	Detail
	<p>Lessee's business reorganization is submitted to the court or the relevant government agency, which the REIT considers to have an impact on the Lessee's ability to pay debts or perform this agreement.</p> <ul style="list-style-type: none"> ■ In the event the Lessee ceases the whole or part of business operation which materially prevents REIT or the new lessee from being able to procure benefit from the leased properties. <p>(2) Events of default by the REIT's fault</p> <ul style="list-style-type: none"> ■ In the event that the REIT breaches or fails to comply with the material terms or representations under this agreement and the REIT is unable to remedy such breach and comply with the agreement within 60 days from the date it has been notified or learned of the event, or within any such period as agreed between the parties, except for where the failure to comply with the terms and conditions under this agreement results from the Lessee's failure to perform its obligations under this agreement or Honor Business or Grande Asset (as the case may be) as counter party of the Agreement to Purchase and to Sell Immovable Property, the Movable Property Purchase and Sale Agreement, Undertaking Agreement between the REIT and Honor Business, Undertaking Agreement between the REIT and Grande Asset or Rent Guarantee Agreement (as the case may be) fails to comply with the obligations under Agreement to Purchase and to Sell Immovable Property, the Movable Property Purchase and Sale Agreement, Undertaking Agreement between the REIT and

Topic	Detail
	<p>Honor Business, Undertaking Agreement between the REIT and Grande Asset or Rent Guarantee Agreement (as the case may be) or breaches the representations specified in the Agreement to Purchase and to Sell Immovable Property, the Movable Property Purchase and Sale Agreement, Undertaking Agreement between the REIT and Honor Business, Undertaking Agreement between the REIT and Grande Asset or Rent Guarantee Agreement (as the case may be).</p>
<p>Termination and Claim for Damages</p>	<ul style="list-style-type: none"> ■ In the event of default by the Lessee's fault or resolution of trust unitholders to dissolve the REIT whereby Grande Asset, as a trust unitholder, and related person of Grande Asset resolved to approve that the REIT to be dissolved. The REIT has the right to terminate this agreement by giving a written notice to the Lessee or filing a lawsuit for performance of this agreement and/or claiming for damages from the Lessee. The Lessee agrees to pay damages and/or any other expenses incurred as a result of the said event of default or dissolution of the REIT regardless of the REIT's exercise of right to terminate this agreement. ■ In the event of default by the REIT's fault, the Lessee has the right to terminate this agreement by giving a written notice to the REIT or filing a lawsuit for performance of this agreement and/or claiming for damages from the REIT. ■ If the following events occur, this agreement shall be terminated immediately: <ul style="list-style-type: none"> (1) Upon the expiry of the lease agreement and the lease agreement is not renewed in accordance with terms and conditions of this agreement or upon the expiry of the renewed lease agreement;

Topic	Detail
	<p>(2) Upon the parties' mutual agreement on the termination of this agreement; or</p> <p>(3) In the event the leased properties are expropriated according to an announcement or law on expropriation or other law whereby the REIT considers that such event has a material impact on the operation of the Sheraton Hua Hin Resort & Spa Project and nothing can be done to remedy, rectify or mitigate the impact on the operation of Sheraton Hua Hin Resort & Spa Project.</p> <p>In the event of termination of the agreement under clause (2) or (3), each party shall not be entitled to claim for damages, costs or money or any other form of benefit from the other party unless the parties agree otherwise.</p>
Force Majeure Events¹	<p>■ In this agreement a force majeure event means any event that occurs or causes an unpreventable harm even though the party who encounters or almost encounters such an event has taken appropriate care as any person in the same position would have had in the same situation. This also includes any promulgation of laws or any other action by the state that affects the performance of this agreement, and further includes but no limited to natural disasters such as fire, floods, tsunamis, earthquakes, unavoidable accidents, wars, legal restrictions, riots, acts of terrorism, plagues, or any</p>

¹ "Force Majeure Events" means any event that occurs or causes an unpreventable harm even though the party who encounters or almost encounters such an event has taken appropriate care as any person in the same position would have had in the same situation. This also includes any promulgation of laws or any other action by the state that affects the performance of this agreement, and further includes but no limited to natural disasters such as fire, floods, tsunamis, earthquakes, unavoidable accidents, wars, legal restrictions, riots, acts of terrorism, plagues, or any cause having the similar effects which cannot be controlled by the affected party.

Topic	Detail
	<p>cause having the similar effects which cannot be controlled by the affected party.</p> <ul style="list-style-type: none"> ■ In the event of force majeure event which materially and adversely affects the business and/or affairs of the Lessee including other business operators in the same industry where the Lessee is not at fault or does not contribute to that force majeure event and as a result the Lessee is unable to pay the rental in the amount or within the period specified in this agreement, the Lessee has the right to request the REIT to consider granting reliefs to the Lessee, including the request for postponements and/or rental reduction and/or rental extension of time to pay rental and/or any other proposals. However, the REIT has the sole discretion in such consideration whereby the REIT may take into consideration any factors it deems appropriate, including but not limited to the Lessee's revenue and that of the other operators in the same industry. <p>However, after such examination and consideration, if the request to postponements and/or rental reduction and/or rental extension of time to pay rental and/or any other proposals from the Lessee has a clear rehabilitation plan and period of time to generate income to pay rental to the REIT which shall be the sole discretion the REIT manager and trustee. Nevertheless, if the request to postponements and/or rental reduction and/or rental extension of time to pay rental and/or any other proposals from the Lessee does not have a clear rehabilitation plan and period of time to generate income to pay rental to the REIT, the REIT shall call a meeting of the trust unitholders to approve the said postponements and/or rental reduction and/or rental</p>

Topic	Detail
	extension of time to pay rental and/ or any other proposals from the Lessee whereby the Lessee shall present clear reasons for the trust unit holder's consideration.

2.5.2. IMPACT FROM CHANGING THE LESSEE

In the case that the REIT is required to change the lessee or exercise the right to terminate the immovable properties and movable properties lease agreement, the REIT may be exposed to risk in searching for the new lessee or if the REIT can find the new lessee, the REIT may still be exposed to risk in agreeing with the new lessee, provided that terms and conditions of the new lease agreement shall not be worse than the previous lease agreement. Thus, this may have an impact on the REIT's future income.

Nevertheless, in the case that the immovable properties and movable properties lease agreement is terminated before its normal terms, the REIT Manager shall proceed in conducting a process to select new lessee as soon as possible so that the properties of the REIT are continuously leased out with the best interest of the trust unitholders in consideration. Moreover, in the case that the REIT terminates the immovable properties and movable properties lease agreement due to the breach of conditions, as specified in the immovable properties and movable properties lease agreement, of the lessee, in addition to the right that the REIT has to sue the lessee to comply with the agreement and/or claim damages from the lessee, the REIT has the right to collect the deposits that the lessee has given to the REIT in respect to the immovable properties and movable properties lease agreement in order to minimize the possible impact that may happen to the REIT from losing its opportunity to continuously generate income.

2.5.3. LESSEE

(1) General Information

Name	Honor Business Company Limited
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Address	Exchange Tower, 32 th Floor, Sukhumvit Road, Klongtoey Sub-area, Klongtoey Area, Bangkok 10110
Company Registration No.	0105532062276
Telephone	02-204-9900
Facsimile	02-204-9999
Registered Capital	THB 125,000,000
Paid-up Capital	THB 125,000,000

(2) Experience of Management

Name	Mr. Paisit Kaenchan	
Position	Executive Director and Chief Executive Officer	
Job Experience	Apr 2016 – Present	Director and Executive Director Grande Asset Hotels & Property Public Company Limited
	Feb 2016 – Present	Chief Executive Officer Grande Asset Hotels & Property Public Company Limited
	May 2013 – Present	Independent Director & Audit Committee AEC Securities Public Company Limited Principal Hospitality Advisory Services (Thailand)
	2010 – 2016	Chief Representative - Hotel Development Thailand Marriott Hotels & Resorts Asia
	2010 – 2012	SEVP & Chief Investment Officer TCC Hotel Group and SEVP & Chief Operation Officer, TCC Land Development
	2007 – 2009	Chief Executive Officer Grande Asset Development Public

Jul 2006 – Dec 2006 Company Limited

Executive Vice President - Hotel
Management, The Erawan Group Public

1996 – 2006 Company Limited

Education

- Executive Master of Business Administration Sasin Graduate Institute of Business Administration
- Master of Development Administration Western Michigan University Michigan, U.S.A
- Master of Arts, Political Science Western Michigan University Michigan, U.S.A
- Bachelor of Arts, Political Science Thammasat University, Bangkok
- Thammasat Leadership Program Class 1 2012 Thammasat University, Bangkok
- Certificate in Hotel Real Estate Investment & Asset Management 2008 Cornell University, U.S.A
- Risk Management Committee Program (RMP) 4/2014 Institute of Directors (IOD), Bangkok
- Role of Compensation Committee Program (RCC) 18/2014
- Role of Nomination and Governance Committee Program (RNG) 6/2014
- Advance Audit Committee Program (AACP) 13/2013
- Director Certificate Program (DCP) 56/2005

(3) Past Performance of the Lessee

Balance Sheet (unit: THB thousand)	As of December 31		
	2015	2016	2017
Assets			
Total current assets	104,345	116,778	527,598
Total non-current assets	1,364,310	1,283,870	112,603
Total assets	1,468,655	1,400,648	640,201
Liabilities and Shareholders' Equity			
Total current liabilities	1,460,302	1,496,012	140,333
Total non-current liabilities	17,440	20,518	10,806
Total liabilities	1,477,742	1,516,530	151,139
Stockholders' Equity			
Total stockholders' equity	(9,087)	(115,882)	489,062

Source: Financial statement from Honor Business Company Limited

Income Statement (unit: THB thousand)	As of December 31		
	2015	2016	2017
Total Revenue	484,535	456,468	1,141,025
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)	73,443	68,935	760,653
Net Income (Loss) for the year	(127,381)	(106,795)	604,944

Source: Financial statement from Honor Business Company Limited

(4) The REIT Manager's Opinion on the Lessee's Ability to Perform on Lease Agreement

The REIT Manager views that the lessee has experienced team members and staffs in managing the immovable properties. Also, the lessee has standard of operation to continuously procure benefits from the immovable properties. Moreover, the lessee is the previous owner of the Sheraton Hua Hin Resort & Spa Project before the REIT was established. Thus, the lessee is experienced in managing the properties of the Sheraton Hua Hin Resort & Spa Project than any other lessee.

Based on the past performance of the core properties and strategies of the lessee, the REIT Manager expects that the income that will be received is sufficient to ensure that the lessee will be able to pay the fixed rental and perform in accordance with the lease agreement.

In addition, the REIT received the rental for the period started from 12 October 2017 (the date of signing of the property lease agreement) to 31 December 2017 under the property lease agreement from the lessee, detail as follows:

Detail:	For the period started from 12 December 2017 (the date of signing of the property lease agreement) to 31 December 2017		
	Contract Amount	Actual Amount	Variance
Immovable Properties Rental	THB 18,821,935	THB 18,821,935	THB 0
Movable Properties Rental (exclude VAT)	THB 18,821,935	THB 18,821,935	THB 0
Total	THB 37,643,870.97	THB 37,643,870.97	THB 0

2.5.4. SUMMARY OF RENT GUARANTEE AGREEMENT AND INFORMATION OF RENTAL GUARANTOR

(1) Summary of Rent Guarantee Agreement

Topic	Detail
Lessor	BBL Asset Management Company Limited, in its capacity as Trustee of Grande Hospitality Real Estate Investment Trust ("REIT")
Lessee	Honor Business Company Limited ("Honor Business")
Rental Guarantor	Grande Asset Hotels & Property Public Company Limited ("Grande Asset")
Agreement Between Parties	<ol style="list-style-type: none"> 1. Grande Asset agrees to be bound as guarantor of the income that REIT will receive from the Lessee and as joint debtor with the Lessee in the amount and for the period specified in the property lease agreement and undertaking agreement ("Guaranteed Income"). As long as Honor Business is the Lessee and in the event that Honor Business cannot pay the rentals or pay in full amount of the rentals pursuant to the property lease agreement, Grande Asset agrees to pay the shortfall rentals to REIT as prescribed in the property lease agreement. 2. All parties agree that in the event that Grande Asset fails to comply with the undertaking agreement with respect to income guarantee (except in the event of force majeure or not due to Grande Asset's fault pursuant to the details specified in the undertaking agreement), it shall be deemed that the Lessee has defaulted on the property lease agreement and the REIT shall be entitled to terminate the property lease agreement and/or claim damages from the Lessee.

(2) Performance of the Immovable Properties when Compared to the Guaranteed Rental Income

Detail:	For the period started from 12 December 2017 (the date of signing of the property lease agreement) to 31 December 2017	
	Performance of the Immovable Properties	Contract Amount
Operating Profit	THB 31,127,737	THB 37,643,871

Source: Performance of Honor Business Company Limited

(3) Performance of Rental Guarantee Agreement in the Previous Year

As Honor Business is still capable to manage its cash flow to cover its expenses, Honor Business did not request Grande Asset to perform with the provisions in the Rental Guarantee Agreement.

(4) Information of the Rental Guarantor

Grande Asset Hotels and Property Public Company Limited (“Grande Asset”) is registered on 21 April 1988 and listed on in the Stock Exchange of Thailand on 10 February 2004 under services industry and tourism and leisure sector. Currently, Grande Asset has registered capital of THB 5,000,000,000 of which comprises of 5,000,000,000 ordinary shares with par value of THB 1 per share. As of 31 December 2017, Grande Asset has paid-up capital of THB 2,889,039,237 of which comprises of 2,889,039,237 shares with par value of THB 1 per shares.

Grande Asset has put in place a hybrid business strategy (Hybrid) so as to conduct business in (1) real estate development for short and medium term revenue recognition and (2) invest in the hotel business which is investing in property to achieve long-term revenue recognition.

(5) Credit Rating of Rental Guarantor by Credit Rating Agency

Grande Asset received a company rating at “BB+” with “stable” outlook from a credit rating agency in Thailand namely TRIS Rating on 24 March 2017. The rating reflects

Grande Asset's experience in property development, its relationships with successful hotel brands and the competitiveness of its hotel properties' location.

(6) Summary of Financial Information of Grande Asset for 2015 to 2017

Balance Sheet (unit: THB thousand)	Consolidated, As of 31 December		
	2558	2559	2560
Assets			
Total current assets	1,935,706	2,689,902	4,327,786
Total non-current assets	3,947,774	4,999,451	4,957,016
Total Assets	5,883,480	7,689,353	9,284,802
Liabilities and Shareholders' Equity			
Total current liabilities	1,961,119	1,843,000	2,585,344
Total non-current liabilities	1,026,098	2,944,195	3,076,253
Total Liabilities	2,987,217	4,787,195	5,661,597
Stockholders' Equity			
Paid-up capital	2,889,039	2,889,039	2,889,039
Retained earnings	7,224	13,119	734,166
Total Stockholders' Equity	2,896,263	2,902,158	3,623,207

Source: Financial Statement of Grande Asset Hotel and Property Public Company Limited

Income Statement (unit : THB thousands, except for earnings per share is in THB)	Consolidated, As of 31 December		
	2558	2559	2560
Total income	1,386,068	1,453,855	2,935,803
Total expenses	1,423,251	1,341,130	2,036,669
Operating profit	(37,183)	112,724	899,134
Net Profit (Loss)	(120,479)	5,895	723,050
Net Profit (Loss) per share	(0.042)	0.002	0.241

Source: Financial Statement of Grande Asset Hotel and Property Public Company Limited

(7) Management Discussion and Analysis for the 2017 Results

a. Balance Sheet

Total Assets

As of 31 December 2017, Grande Asset's total assets were at THB 9,285 million, increased 21% from THB 7,689 million at the end of 2016, mainly due to the increase in cash and cash equivalent, mainly resulted from the increased in profit from operation. As a result, Grande Asset's cash and cash equivalents was up by THB 938 million.

Current Assets

As of 31 December 2017, Grande Asset's total current assets were at THB 4,328 million, up by 61% from THB 2,690 million at the end of 2016, mainly from the increase in cash and cash equivalents as mentioned above, increase in short-term loans to joint venture and interest receivable and cost of real estate development.

Non-current Assets

As of 31 December 2017, Grande Asset's total non-current assets were at THB 4,957 million, decreased by 1% from THB 4,999 million at the end of 2016, primarily due to normal business operation of Grande Asset.

Total Liabilities

As of 31 December 2017, Grande Asset's total liabilities were at THB 5,662 million, increased by 18% from THB 4,787 million at the end of 2016, mainly driven by the increase in current liabilities for current portion of long-term loans from financial institutions.

Current Liabilities

The current liabilities increased by 40% from as of 31 December 2016 to THB 2,585 million as of 31 December 2017, mainly from the increased in the current portion of long-term loans from financial institutions.

Non-current Liabilities

The non-current liabilities slightly increased by 4% from as of 31 December 2016 to THB 3,076 million as of 31 December 2017, due to the increase in debentures.

Shareholders' Equity

As of 31 December 2017, Grande Asset's total shareholder's equity were at THB 3,623 million, up by 25% from THB 2,902 million at the end of 2016, primarily due to the increase in profit for the year of Grande Asset.

b. Operating Results

Total Revenue

In 2017, Grande Asset's total revenues were at THB 2,935 million, up by 102% or THB 1,482 million from 2016, mainly driven by the increase in revenue from sales of real estate and gain on sales of assets to trust.

Total Expenses

In 2017, Grande Asset's total expenses were at THB 2,037 million, increased by 52% or THB 696 million from 2016, mainly due to the increased in cost of sales of real estate in the same portion as the increase in sales of real estate as mentioned above and the increase in selling expenses which was resulted from increasing of sale transfer units promotion, advertising and marketing for Hyde Sukhumvit 13 and Hyde Sukhumvit 11.

Profit from Operation

In 2017, profit of operation or profit before finance cost and income tax expenses of Grande Asset were at THB 899 million, up by 698% or THB 786 million from 2016, resulted mainly from the increase in total revenues.

Net Profit

In 2017, Grande Asset's net profit was at THB 723 million, increased by 12,165% or THB 717 million, primarily due to the increased in total revenues.

2.6. LOAN AND RELATED INFORMATION

The REIT has no loan for funding of the investment in the freehold right of the land, building and constructions and movable properties of the Sheraton Hua Hin Resort & Spa Project which have the aggregate value is at THB 1,750 million.

3. OVERVIEW OF HOSPITALITY INDUSTRY IN PRACHUAP KHIRI KHAN PROVINCE AND PHETCHABURI PROVINCE IN 2017 AND ITS OUTLOOK IN 2018

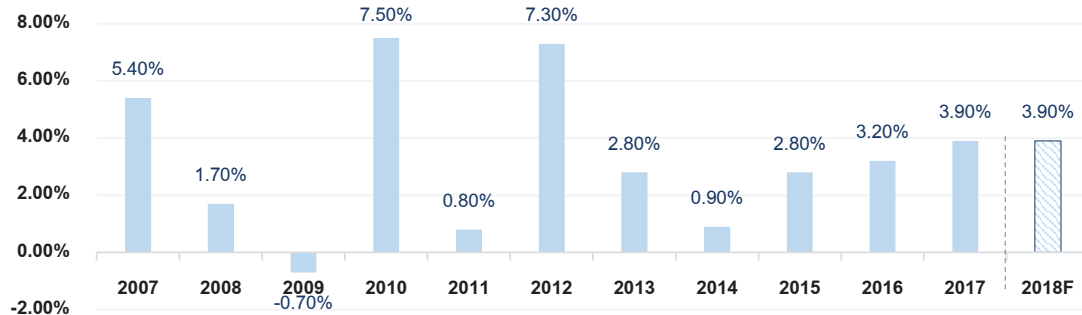
3.1. THAILAND BUSINESS OVERVIEW

In 2017, the Thai economy grew by 3.9% which is at a higher pace when compared to the previous year which expanded by 3.2%. This is mainly driven by exports growth, strong tourism growth and expansion of private consumption. The continual expansion of goods export in key export markets and in all product categories is due to the acceleration in world economic growth. Moreover, tourism sector has accelerated due to strong increase in tourists from all nationality where tourism sector remains the key growth engine to drive up the economy. Furthermore, the private consumption and private investment have gradually improved. However, public investment has decreased due to the reduction of budget, expenditure and postponement of some investment projects of state enterprises.

On domestic economic stability side, headline inflation in 2017 increased by 0.7% from last year mainly due to significant increase in the energy sector. The policy interest rate ending as of 2017 remains unchanged at 1.5%, as a result of accommodative monetary policy stance and support of economic recovery.

For 2018, Thai economy is expected to expand by 3.9%. The Bank of Thailand's Monetary Policy Committee (MPC) views that there will be an acceleration of the world economic growth which will be mainly driven by the exports sector and tourism sector. In addition, the Macroeconomic Strategy and Planning Office expects Thai economy to expand in the range of 3.6 – 4.6%, a continuing expansion from 2017, supported by the acceleration of the world economic growth, the acceleration of public investment as a result of the progress of key infrastructure projects and rising capital budget framework, the clearer private investment recovery and the improvement in employment and household income conditions.

Figure 3.1 GDP Growths (2007-2018F)

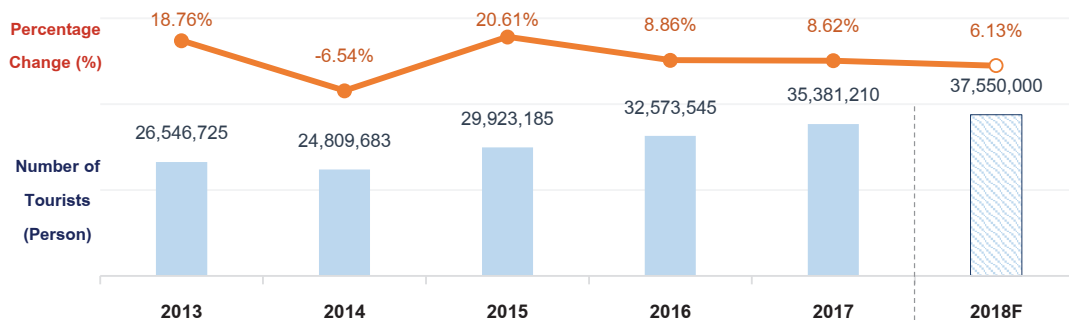


Source: Office of the National Economic and Social Development Board and Ministry of Finance

Thailand Tourism Industry

In 2017, Thailand recorded a number of foreign tourists by 35,381,210 tourists, an increase of 8.77% from last year. This can be attributed to the main tourists from Russia, India, Korea and China which increased by 23.50%, 18.2%, 16.72% and 11.97%, respectively. In 2018, Thailand is expected to attract foreign tourists by more than 37,550,000 tourists.

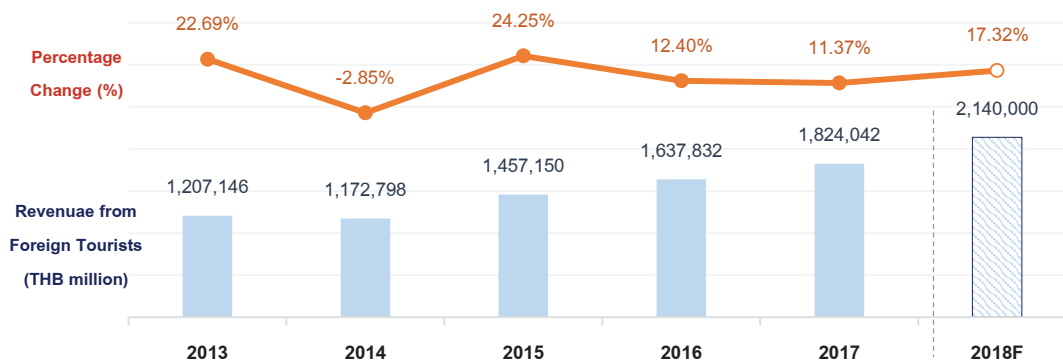
Figure 3.2 Number of Foreign Tourists (2013-2018F)



Source: Ministry of Tourism and Sports

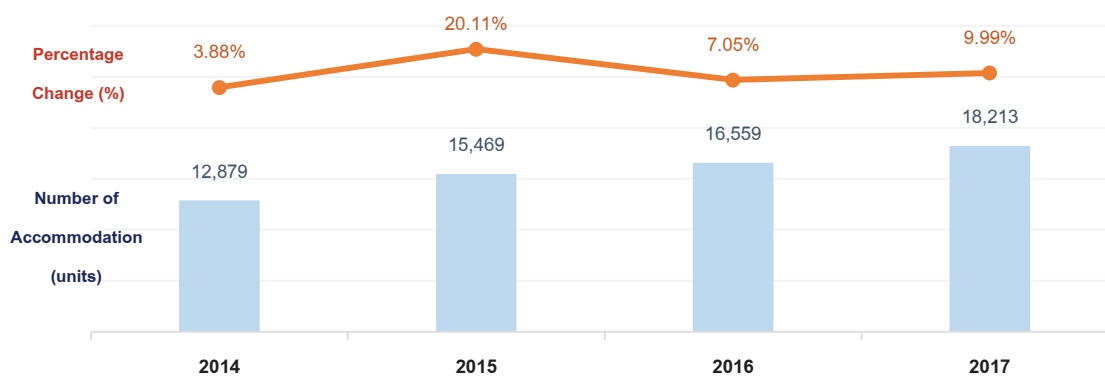
For the revenue from foreign tourists in 2017, Thailand generated a total revenues of THB 1,824,042 million, up by 11.66% compared to 2016. The tourists from Europe generated revenue of approximately THB 480,776 million, increased by 8.59% when compared to 2016. Moreover, the tourists from China generated revenue of approximately THB 524,451 million, up by 15.78% from 2016. Furthermore, it is expected that in 2018, there will be a total revenue from foreign tourists of THB 2,140,000 million.

Figure 3.3 Revenue from Foreign Tourist (2013-2018F)



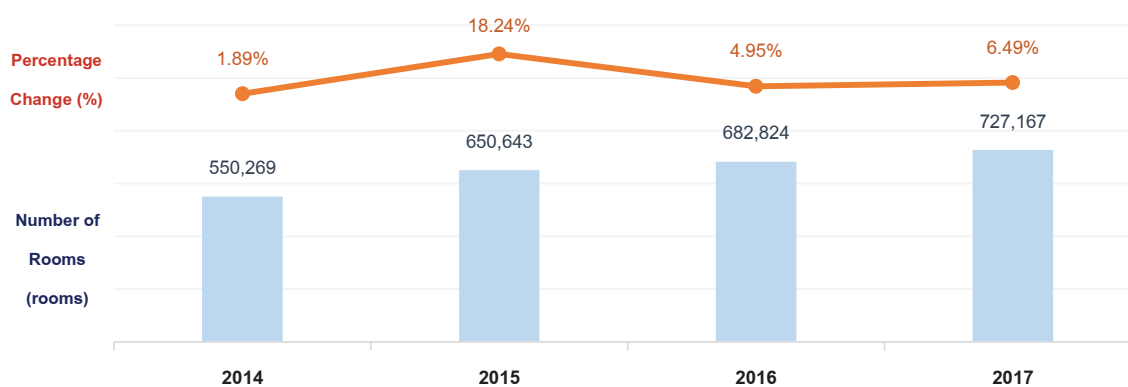
Source: Ministry of Tourism and Sports

Figure 3.4 Number of Accommodations in the Country (2014-2017)



Source: Ministry of Tourism and Sports

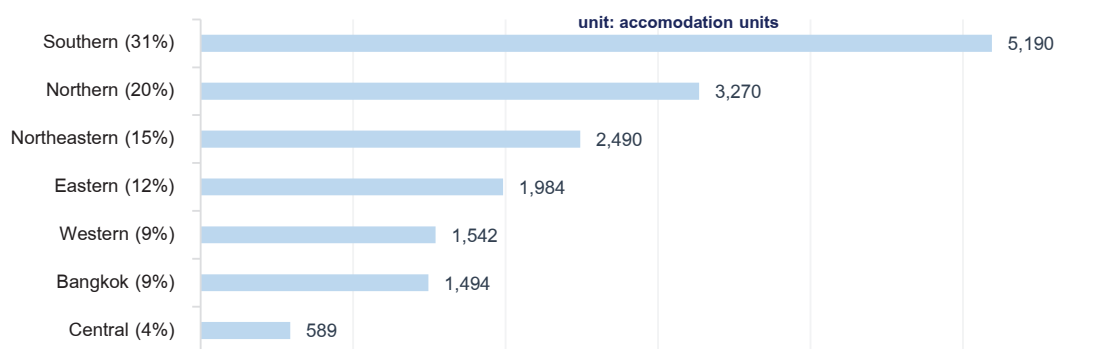
Figure 3.5 Number of Rooms in the Country (2014-2017)



Source: Ministry of Tourism and Sports

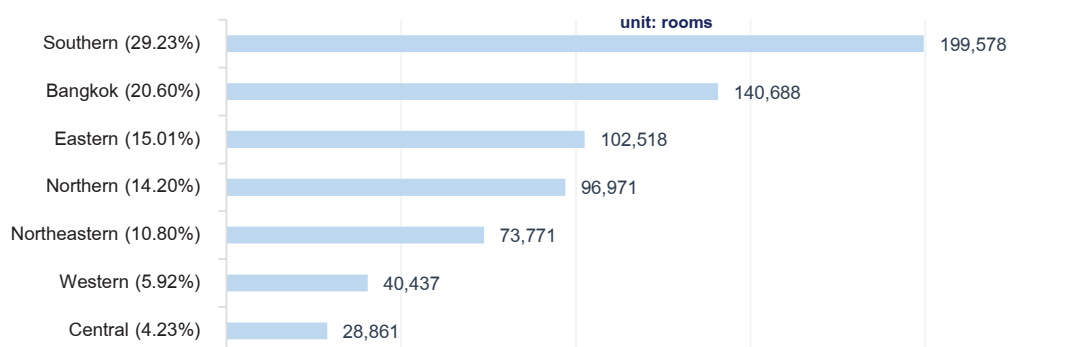
In 2017, Thailand has a total of 18,213 accommodation units, up from 16,559 units or up by 9.99%, as well as an increase in the number of rooms from 682,824 rooms in 2016 to 727,167 rooms in 2017, representing an increase of 6.49%. In 2016, Southern part of Thailand had the highest number of 5,190 accommodations, representing 31% of the total accommodation units. In addition, it had the highest number of 199,578 rooms or 29.23% of the total rooms.

Figure 3.6 Number of Accommodation Units by Region (2016)



Source: Ministry of Tourism and Sports

Figure 3.7 Number of Rooms by Region (2016)



Source: Ministry of Tourism and Sports

For Thailand's international tourism trend in 2018, it is expected to continue to expand along with global tourism industry. The main factors are from the new airline routes launched, the expansion of international low cost airlines, growth accelerated after the mourning period, natural disaster in many

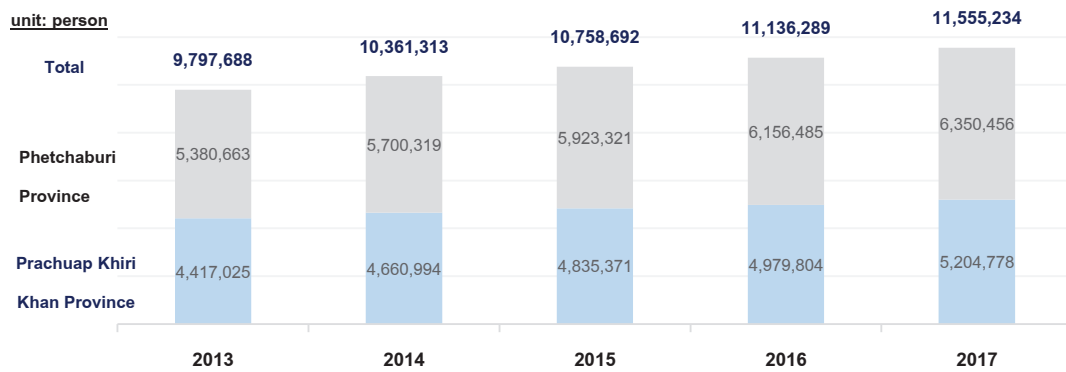
provinces and the release of safety measures by the International Civil Aviation Organization (ICAO). In addition, tourism industry has other positive factors, such as the Strategic Tourism of the Tourism Authority of Thailand, in particular, place an importance in creating a local tourism experience. Moreover, Ministry of Tourism and Sports aims to make Thailand as a Sports-Tourism hub and Medical and Wellness Tourism.

Based on the above positive factors, it is expected that tourism in Thailand will continue to expand in 2018, where the total revenue from tourism will be approximately THB 3 trillion, up by 9.00% from previous year. This comprises of revenue from foreign tourists of approximately THB 2 trillion and revenue from Thai tourists of approximately THB 1 trillion. Moreover, it expected that in 2018 there will be 38 million foreign tourists visiting Thailand.

3.2. OVERVIEW OF HOSPITALITY INDUSTRY IN PRACHUAP KHIRI KHAN PROVINCE AND PHETCHABURI PROVINCE

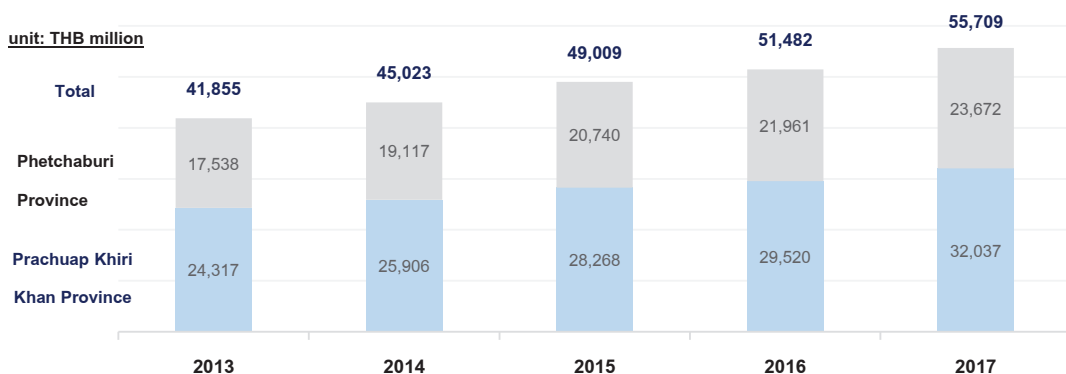
According to the Ministry of Tourism and Sports, in 2017, there were a number of Thai and foreign tourists of 5,204,778 tourists and 6,350,456 tourists that traveled to Prachuap Khiri Khan Province and Phetchaburi Province, respectively. The provinces experienced a continual growth in tourist arrivals throughout the period with a compound annual growth rate (CAGR) between 2013 and 2017 of 4.19% and 4.23%, respectively. In 2017, Prachuap Khiri Khan Province and Phetchaburi Province were able to generate revenue from tourism by THB 32,037 million and THB 23,672 million, respectively. The provinces experienced a continual growth in revenue from tourism throughout the period with a compound annual growth rate (CARG) between 2013 and 2017 of 7.14% and 7.79%, respectively.

Figure 3.8 Number of Tourist Arrivals in Prachuap Khiri Khan Province and Phetchaburi Province (2013-2017)



Source: Ministry of Tourism and Sports

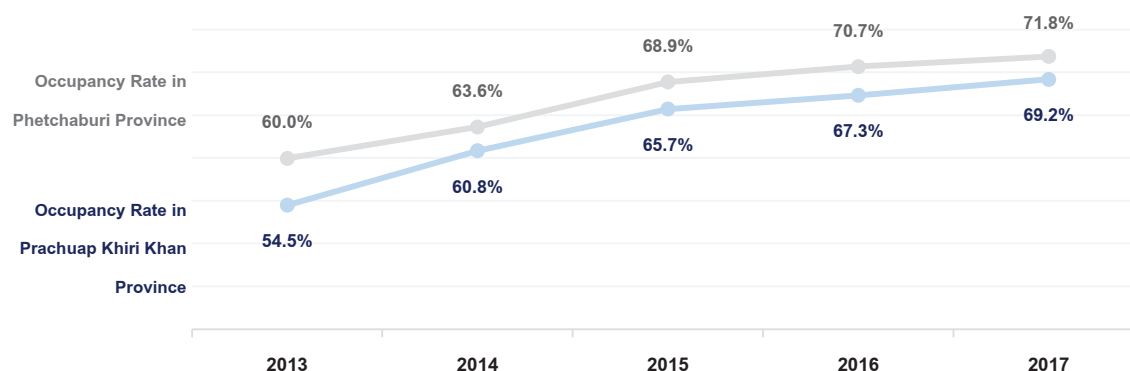
Figure 3.9 Revenue from Tourism in Prachuap Khiri Khan Province and Phetchaburi Province (2013-2017)



Source: Ministry of Tourism and Sports

According to the Ministry of Tourism and Sports in 2017, the average occupancy rate in Prachuap Khiri Khan Province and Phetchaburi Province were 69.2% and 71.8%, respectively. There were a total of 11.56 million visitors from Prachuap Khiri Khan Province and Phetchaburi Province, which generated a total revenue of THB 55,709 million in 2017.

Figure 3.10 Occupancy Rate in Prachuap Khiri Khan Province and Phetchaburi Province (2013-2017)

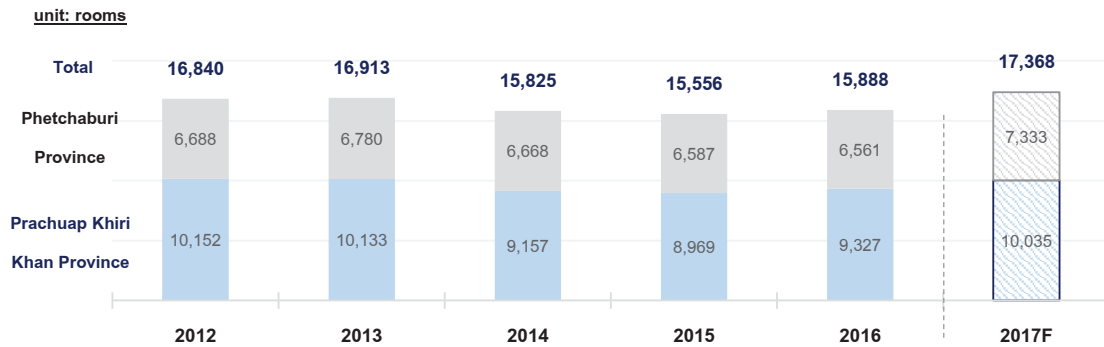


Source: Ministry of Tourism and Sports

The hospitality industry in Prachuap Khiri Khan Province and Phetchaburi Provinces continued to decline since 2012 when considering the hotel supply in both Prachuap Khiri Khan Province and Phetchaburi Province which are the competitors of the Sheraton Hua Hin Resort & Spa Project. For the period from 2012 to 2016, the number of rooms have steadily decreased, where, in 2016, the total number of rooms was at 15,888 rooms, a decrease of 952 rooms or 5.65% from year 2012. However, when considering the occupancy rate mentioned above, the number of rooms in both provinces have been increasing steadily between 2012 and 2016, which is the opposite trend of the decline in number of rooms in both provinces.

For 2017, according to Jones Lang LaSalle (Thailand) Co., Ltd, it is expected that there will be approximately additional 708 rooms and 772 rooms, respectively, from the opening of accommodation units in 2017.

Figure 3.11 Number of Rooms in Prachuap Khiri Khan Province and Phetchaburi Province (2012-2017F)



Source: Department of Tourism, Ministry of Tourism and Sports, Jones Lang LaSalle (Thailand) Co., Ltd

In 2018, tourism industry in Prachuap Khiri Khan Province and Phetchaburi Province is likely to grow, due to many factors such as the world economic expansion and the positive factors from the low-cost fare ticket from an increasing number of low-cost airlines and launch of new airline routes. Moreover, the tourism promotion strategies are in line with the demands of tourists which is part of the marketing plan of Tourism Authority of Thailand (TAT).

4. RISK FACTORS

4.1. RISK RELATING THE CORE PROPERTIES AND OPERATION

4.1.1. THE RISK FROM ECONOMIC VOLATILITY AND DOMESTIC TOURISM BUSINESS CONDITIONS

The operating result of Sheraton Hua Hin Resort & Spa Project may encounter risks resulted from economic volatility and domestic tourism industry's condition. Moreover, the tourism industry may be affected various factors such as volatility of Thai Baht, terrorism, politics, war, riot, protest, urban planning, demographic change, natural disaster, epidemics and etc.

However, the Sheraton Hua Hin Resort & Spa Project has diversified customers' allocation where the proportion of Thai and foreign customers are 50:50. Furthermore, the Sheraton Hua Hin Resort & Spa Project has collaborated with Thailand Convention and Exhibition Bureau ("TCEB") to attract foreign group customers to hold a meeting in Thailand. As a result, this may mitigate the risk arising from economic volatility and domestic tourism business conditions.

4.1.2. THE RISK FROM HIGHER COMPETITION IN THE HOTEL AND TOURISM INDUSTRY

The operating result of Sheraton Hua Hin Resort & Spa Project may encounter risks from the condition of the real estate market and/or increase in players in the market. This leads to a higher supply of accommodations units in the market and, therefore, resulting in higher competition. Currently, there are one direct competitor located nearby and four other competitors located in Hua Hin District with similar service quality. Nevertheless, the Sheraton Hua Hin Resort & Spa Project has remarkable features such as beachfront hotel and lagoon-style swimming pool with the area of 5,700 square meter and 560 meter long that surround the guest building which attract customers of all age groups. Moreover, the Sheraton Hua Hin Resort & Spa Project has large meeting and event facilities which are the key competency of the hotel.

4.1.3. THE RISK FROM NATURAL DISASTER, ACCIDENTS AND TERRORISM

The chances of natural disaster, accidents and terrorism to occur are low. However, if the incidents occurred at the location of the Sheraton Hua Hin Resort & Spa Project, then it may damage the properties of the REIT and may cause a loss of life and damages to properties of lessee and guests of the Sheraton Hua Hin Resort & Spa project.

However, the REIT will arrange for insurance policies to cover damages caused by natural disasters, accidents and other force majeure events to the invested properties with adequacy and appropriateness in accordance with the relevant laws at all time.

4.1.4. THE RISK RELATED TO COMPENSATION FROM INSURANCE

Despite that the REIT has arranged for insurance policies for the invested properties of the REIT, adequately and appropriately, in accordance with the relevant laws, the REIT may not be able to exercise the right to claim as provided in the insurance policies, whether in whole or in part, or there may be a delay in compensating for the damage as provided in the insurance policies, which is not the fault of the REIT.

Nevertheless, the REIT Manager shall act to arrange the REIT to be beneficiary or co-beneficiary under the insurance policies.

The REIT Manager views that the minimum coverage amount is adequate and appropriate as the minimum insured amount under the insurance policies cover the appraised value, using full replacement cost method before depreciation. It is sufficient to replace the properties if the properties are damaged. In addition, the insured amount under the business interruption insurance policy is adequate and appropriate as it covers the projected income of the properties and the rental to be received by the REIT from the lessee in accordance with the lease agreement.

4.1.5. THE RISK RELATED TO HOTEL BUSINESS LICENSES

According to the law, the hotel business licenses shall be renewed upon the expiry date. However, in the case that the Lessee's hotel business license is terminated, not renewed or the Lessee is unable to obtain the license, this may result in an adverse effect to the Lessee. For instance, the Lessee will not be able to operate the hotel business anymore, hence not

being able to pay the rental to the REIT and not performing on the terms and responsibilities under the property lease agreement. If the Lessee cannot resolve this issue by obtaining the hotel business license, then the REIT has the right to terminate the agreements and claims for damages in accordance with the law due to the default until the REIT can find the new lessee.

Apart from rules or regulations and guidelines for approval by agencies related to the hotel business license's renewal process, there may be changes in the future which may cause delay on application and not able to renew the license.

4.1.6. THE RISK OF COMPLIANCE WITH ENVIRONMENTAL LAWS AND ORDER MAY RESULT IN SIGNIFICANT COST TO THE REIT

The REIT may incur various expenses relevant to complying with environmental laws that relates to the operation of the Sheraton Hua Hin Resort & Spa Project. Furthermore, in the event of a change in the relevant environmental laws, the REIT may be charged for complying with such laws. However, currently, the Sheraton Hua Hin Resort & Spa Project has no disputes related to the environmental law.

4.1.7. THE RISK OF COMPLIANCE WITH GOVERNMENT ORDERS RELATING TO BUILDING AND CONSTRUCTIONS

The property of the REIT's investment which is part of the constructions received a construction permit from the relevant government agencies with conditions. The property is called the dam retaining wall and it is permitted under the construction permit and is registered as the structures built over waterways under the category as the seawall from the Marine Department with conditions.

However, there may be a chance of revocation of the registration or permit in some cases that lead to the demolition of the structures built over waterways. Therefore, the REIT, in its capacity as the owner of the property, may incur some expenses to comply with the orders of the relevant government agencies. Such expenses are expected to be low where the REIT has reserved sufficient capital.

Nevertheless, as long as Honor Business is the lessee under the lease agreement, Honor Business will be responsible for the annual fee to be paid to the relevant government agencies throughout the lease term. Currently, the fee costs about 5,000 – 6,000 baht per year.

4.1.8. THE RISK OF LAND EXPROPRIATION

The REIT may be exposed to risk in the event that the core properties are expropriated by the government officials, in which the REIT may not be able to procure benefits from the core properties. Moreover, in the event of land expropriation, the REIT may not be compensated or fully compensated as for the amount invested in the properties which could adversely affect the return of trust unitholders. Thereby, the return of the investment may not be in accordance with forecasted profit distributions and capital reduction.

According to the current information, the area in which the core properties are located is not specifically subject to such expropriation. Nevertheless, the REIT Manager cannot predict the probability of expropriation because the land expropriation depends on the government policy and the need for particular land areas at a certain time.

4.1.9. THE RISK FROM RENOVATION OF IMMOVABLE PROPERTIES

If there is a renovation or maintenance of the immovable properties, during the operation of the Sheraton Hua Hin Resort & Spa Project, it may have an effect on the operating performance. However, the hotel operator and the lessee shall plan and assign specific areas for renovation or maintenance to minimize the impact to the operation of the Sheraton Hua Hin Resort & Spa Project. In addition, the renovation or maintenance shall be according to the informed and approved notification from lessee or capital expenditures plans and estimate that the lessee has been approved by the REIT.

4.1.10. THE RISK FROM OVERCOSTING THAN THE FF&E'S RESERVE TO RENOVATE IMMOVABLE PROPERTIES

According to the Lease Agreement of the Sheraton Hua Hin Resort & Spa Project, Honor Business, in its capacity as lessee, is responsible for the maintenance and renovation in every year so that it is secure, modern and consistent with customer satisfaction. However, if the aforementioned expenses are over the FF&E reserve, then it may adversely affect the

operation of the Sheraton Hua Hin Resort & Spa Project and the ability of the lessee to pay rentals to the REIT. Nevertheless, the Sheraton Hua Hin Resort & Spa Project is currently in good condition with consistent maintenance and refurbishment of the properties. Honor Business plans to periodically reserve funds for maintenance and renovation, image enhancement and purchase of furniture, fixtures and equipment in every year to maintain the assets in good condition and for operation. The REIT Manager and Trustee shall verify and review the assets every year after the REIT's investment.

4.1.11. THE RISK OF USING WALKWAY TO THE BEACH ACCESS OF THE SHERATON HUA HIN RESORT & SPA PROJECT.

As the REIT has not invest in the (1) roads, walkways, driveways, entrances and exits, electricity, water, telephone and sewers that are located on the land title deeds no. 5838 with the total area of approximately 3-0-29 rai and the land title deeds no. 84313 with the total area of approximately 0-1-86 rai and (2) roads, walkways to the sea, walkways to the beach, entrances and exits, electricity, water, telephone and sewers that are located on the title deeds no. 84310 with the total area of approximately 0-0-14 rai and the title deeds no. 58936 with the total area of approximately 1-1-59 rai, in which Honor Business has the freehold right on these aforementioned land. In addition, Honor Business has registered the servitude right in the above land to the REIT with unlimited period of time and without any compensation for the use of roads, walkways, walkways to the sea, walkways to the beach, driveways, entrances and exits (as the case may be) ("the entrance-exit and the walkways to the sea") according to the Undertaking Agreement between the REIT and Honor Business. The REIT agrees to be responsible for maintaining and repairing the servitude land, utilities and any necessary actions for the servitude land and utilities to be in good condition with the expenses incurred by the REIT. However, in the case that Honor Business (in its capacity as the grantor of the entrance-exit and the walkways to the sea) uses the entrance-exit and the walkways to the sea for the its own benefits, the REIT and Honor Business agree to negotiate the cost of maintenance and repair of the entrance-exit and the walkways to the sea in proportion that the REIT and Honor Business agree together in the future, with the consideration mainly on the benefit of trust unitholders.

However, as long as Honor Business remains its status as the lessee under the Property Lease Agreement and the extended Property Lease Agreement, Honor Business (in its capacity as the lessee) agrees to be responsible for the maintenance and repair of the entrance-exit and the walkways to the sea with the expenses incurred by Honor Business.

Moreover, if the entrance-exit and the walkways to the sea are damaged and Honor Business (in its capacity as the lessee) does not carry out the maintenance and repair of the entrance-exit and the walkways to the sea, then the REIT or person designated by the REIT may carry out such actions on behalf of Honor Business. Furthermore, Honor Business agrees to be responsible and provide reimbursement of such expenses to the REIT immediately upon the notice of the REIT. This shall include the compensation for such advance payment at the rate of 7.5% per annum.

In addition, as the REIT and the lessee must use the entrance-exit and walkways to the sea together with other parties that Honor Business has registered the servitude right for. These parties are the owner of villas of the Hua Hin Blue Lagoon Resort Project, which is located near by the site of the Sheraton Hua Hin Resort & Spa. Therefore, the REIT may not have the convenience of using the entrance-exit and the walkways to the sea.

However, the Sheraton Hua Hin Resort & Spa has another entrance-exit which is normally used by the hotel. This entrance-exit is connected to the public road which is then connects to the Phet Kasem Road. Thus, this reduces the inconvenience of using the entrance-exit and roads that is located partially on the land title deeds no. 5838.

4.1.12. THE RISK FROM CHANGING HOTEL OPERATOR.

Honor Business has hired Starwood Asia Pacific Hotels & Resort Pte. Ltd. which is a subsidiary of Marriott International, Inc. for managing the Sheraton Hua Hin Resort & Spa Project. As a result, the Sheraton Hua Hin Resort & Spa Project has continuously attracted customers to use its services despite of having many competitors in Hua Hin district. However, if there is change in the hotel operator in the future from Starwood Asia Pacific Hotels & Resort Pte. Ltd. to other hotel operators, then it may adversely affect the hotel's ability to generate income and to compete.

4.2. RISK RELATING TO THE REIT'S OPERATION

4.2.1. THE RISK THAT THE LESSEE DOES NOT RENEW THE LEASE AGREEMENT AT THE END OF THE TERM

The risk that the lessee may not renew the lease agreement upon the expiry of the short-term lease agreement with period of 3 years within the Initial Lease Term

The procurement of benefit from the REIT's investment is by leasing out the core properties to the lessee. The REIT and Honor Business enter into the lease agreement of immovable properties and movable properties with a period of 3 years. Each party has the option to renew the lease by written notice to the other party at least 6 months in advance before the expiry of the lease term under the lease agreement and has the right to renew 4 times for 3 years each ("Initial Lease Term"). Each party can require the other party to renew the lease and if the right to renew the lease is exercised as aforesaid, the other party agrees to renew the lease according to the period mentioned earlier in accordance with the property lease agreement which is a short-term lease agreement.

Nevertheless, for this type of short-term lease agreement (where each party has the option to renew the lease), the REIT may be exposed to the risk that even if the REIT has exercised the right to renew the lease under the provisions set forth in the lease agreement and Honor Business, in its capacity as the lessee, refuses to renew such term which is considered as a breach of the lease agreement resulting in the REIT to have the right to terminate the agreement, file a lawsuit for performance of this agreement and/or claim for damages from the lessee. In addition, even if there is no court's judgement as a precedent case for the enforcement of promise to lease as the same as the promise to lease out but the promise to lease shall be usable as the promise to lease out. This is in accordance with the principle of freedom of agreements which is not prohibited by law. In such event, despite that the REIT has the right to terminate the agreement and/or claim for damages including any loss of benefits, but the event of default by Honor Business may result in loss of REIT's benefits or unable to enforce the compliance with the provisions of the agreement such as unable to enforce Honor Business to renew the lease term in accordance with the provisions of the agreement or Honor

Business may not pay for any damages and/or losses of benefits as claimed by the REIT. Thus, the REIT may proceed on such matters through the legal enforcement by filing a lawsuit to the court. The REIT Manager may not be able to predict the timing of until the completion of the process and the amount of money that the REIT will be compensated for the damages. In addition, the outcome of the case is at the discretion of the relevant court and even if the REIT wins the case upon the judgement of the court, the REIT may face difficulty in enforcing the judgement of the court, such as the REIT may be compensated for the losses of benefits from the not renewing the lease agreement for only 3 years or less.

However, if the REIT is unable to renew the lease term and/or unable to claim from Honor Business or in full amount, then the REIT Manager shall search for the new lessee which may be exposed to delayed or unable to find one. Thus, the REIT loses the opportunity to generate return and this affects the cash flow and performance of the REIT. Thus, the trust unitholders are exposed to the risk of not receiving the return or within the expected time period.

The risk that the Lessee may not renew the Second Lease Term

Apart from the right to renew the lease agreement upon completion of the Initial Lease Term, if the lessee desires to renew the lease agreement, the REIT agrees to grant the lessee the right to request for negotiation with the REIT for renewing the lease agreement prior to other party (Right of First Refusal) by giving a written notice to the REIT prior to the beginning of the 2nd year of the last renewal period of Initial Lease Term under the lease agreement and will be entitled to renew the term at least 5 times for 3 years each ("Second Lease Term"). However, if there is a written notice for the request of renewing of the said lease agreement, the REIT agrees to negotiate with the lessee under the provisions specified under the lease agreement. Both parties agree to commence negotiations on the terms and conditions which may include the adjustment of rental rates in the Second Lease Term promptly at the discretion of the REIT. This shall be considered together with the lessee.

Despite in the case of the renewal of the Second Lease Term which the lessee has the right to request for negotiation with the REIT for renewing the lease agreement prior to other party (Right of First Refusal), there is a risk that both parties may not have agreed on the terms

and conditions which may include the subject of rental rates of the Second Lease Term prior to the period as prescribed in the lease agreement. This may result in the termination of the right to commence negotiations of the Second Lease Term. However, in the case that there are other parties offering better terms such as better rental rates than the lessee, during the negotiation of the Second Lease Term, the REIT has the right to select other party to be the new lessee with the best benefit of trust unitholders.

Despite in the case of the renewal of the Second Lease Term which the lessee has the right to request for negotiation with the REIT for renewing the lease agreement prior to other party (Right of First Refusal), there is a risk that both parties may not have agreed on the terms and conditions which may include the subject of rental rates of the Second Lease Term prior to the period as prescribed in the lease agreement. This may result in the termination of the right to commence negotiations of the Second Lease Term. However, in the case that there are other parties offering better terms such as better rental rates than the lessee, during the negotiation of the Second Lease Term, the REIT has the right to select other party to be the new lessee with the best benefit of trust unitholders.

In the case that the REIT Manager is required to search for the new lessee of the core properties, there may be a delay or an inability to find one. As a result, the REIT loses the opportunity to generate return and this affects the cash flow and performance of the REIT. Thus, the trust unitholders are exposed to the risk of not receiving the return or within the expected time period.

In the event that both parties cannot agree on the terms and conditions which may include the rental rate of the Second Lease Term to be complete before the beginning of the 3rd year of the last renewal period of Initial Lease Term. If it cannot be completed prior to that, then the Right of First Refusal to renew the lease agreement for the Second Lease Term shall be ended. It is expected that the REIT will be able to find new lessee within a year. The terms and conditions of the lease agreement shall be in accordance with the regulations of the Office of SEC. Moreover, whether the REIT will renew the lease agreement with the original lessee or the new lessee, the REIT is exposed to the risk of receiving the rentals and/or the risk that the new terms are inferior to the original property lease agreement. However, the REIT Manager will put

its best effort to bargain for the rental rates and conditions of the new lease agreement not to be inferior to the original lease agreement.

4.2.2. THE RISK FROM THE PARTY'S FAILURE TO COMPLY WITH THE RELEVANT AGREEMENTS

For the investment and management of the immovable properties of the REIT, the agreements related to the properties of the REIT are the Agreement to Purchase and to Sell of Immovable Properties, the Purchase and Sell of Movable Properties, the Property Lease Agreement, the Undertaking Agreement, the Rent Guarantee Agreement and/or other agreements relevant to the investment and management of the properties of the REIT. This is for the benefit of the REIT to procure benefits from the immovable properties and to bind the counter party(s) to comply with the provisions and conditions in the agreements.

However, despite the provisions are stated in the relevant agreements, the counter party(s) may not perform or misrepresent the provisions and conditions of the agreements or any events that result in the termination or default of the agreements.

In the case as above mentioned, despite that the REIT has the right to terminate the agreements, claim for the damages, claim for the loss of benefits and to claim for the properties that the REIT has paid in full amount, but the REIT may not be able to enforce its rights under the provisions and conditions under the agreements or the counter party(s) may refuse to pay for the damages that the REIT claimed. Therefore, the REIT may proceed on such matters through the justice process by filing a lawsuit to the relevant court. The REIT Manager may not be able to predict the timing and impact of the action, including the amount of money that the REIT will be compensated for the damages. In addition, the outcome of the case is at the discretion of the relevant court and even if the REIT wins the case upon the judgement of the court, the REIT may not be able to enforce in accordance with the judgement of the court. Thus, the trust unitholders are exposed to the risk of not receiving the return or within the expected time period.

Moreover, in the case that the REIT exercises its rights to terminate the agreement under the property lease agreement, the REIT may be exposed to the risk of searching for the new lessee or even if the REIT is able to find the new lessee, the REIT may be exposed to risk

of negotiating with the new lessee on the provisions and conditions under the new property lease agreement not to be inferior to the original property lease agreement.

4.2.3. THE RISKS FROM THE LESSEE'S CAPABILITIES TO PAY THE RENTAL

The primary source of income of the REIT is from rental from the lessee under the lease agreement. The REIT's income may have direct impact if the lessee has financial problem, which affects the lessee's capabilities to pay for rental or the lessee defaults or terminates the lease agreement prior to the expiry date and the REIT is unable to find the new lessee.

However, the REIT has guidelines to reduce the risk as follows:

1. The REIT has entered into an undertaking agreement with Grande Asset where it is prescribed that as long as Honor Business is the lessee under the immovable and movable properties lease agreement, Grande Asset agrees to provide financial support to Honor Business. Moreover, Grande Asset shall provide reserves for expenses in case that Honor Business lacks financial liquidity or inadequate fund to pay for operating expenses from operation of the Sheraton Hua Hin Resort & Spa Project or including any amount as requested by the lessee or the REIT as for the lessee to be able to operate Sheraton Hua Hin Resort & Spa Project for the purpose and highest benefit as agreed between the lessee and the REIT.
2. The REIT has entered into a rent guarantee agreement with Grande Asset where it is prescribed that Grande Asset agrees to be bound as guarantor of the income to be received by the REIT from the lessee and as joint debtor with the lessee in the amount and period as set forth in the property lease agreement and undertaking agreement.
3. The REIT has specified in the property lease agreement between the REIT and the lessee that the Lessee shall place a deposit in the form of cash at the amount of THB 88.0 million where the deposit is divided into 2 parts as follows:

Part 1 The main deposit amount is at THB 58.0 million which will be held by the REIT throughout the lease term for each period and throughout the renewal term of the property lease agreement for the period of Initial Lease Term.

Part 2 The additional deposit amount is at THB 30.0 million will be held by the REIT throughout the lease term for each period. There is a condition to return this deposit to the lessee after the expiry date of the first period of lease agreement if the lessee has not default on any rental payments as prescribed in the property lease agreement and the lessee's earnings before interest, taxes, depreciation and amortization (EBITDA) for the accounting periods of 2019 and 2020 incur no losses.

However, if the lessee is unable to fulfill all of the stated conditions, the REIT shall continue to hold the additional deposit as for collateral for the next 3 years. The REIT shall return the additional deposit after the expiry date of the lease term if the lessee has not default on any rental payments as prescribed in the property lease agreement and the lessee's earnings before interest, taxes, depreciation and amortization (EBITDA) for each accounting period incurs no losses.

Nevertheless, if the lessee still breaches on such conditions, the RETI shall continue to hold on the deposit and consider returning such deposit with the conditions as mentioned in the above paragraph. Furthermore, this condition will be binding throughout each lease term until the expiry of the Initial Lease Term.

The deposits shall be used as a collateral to ensure that the lessee performs its duties in accordance with the immovable properties and movable properties lease agreement, which includes but is not limited to rental payment or any damages or losses incurred by the REIT due to breaches, none compliance, omission or do not keep any promises in respect to the lessee's part, as provided in the immovable properties and movable properties lease agreement. Moreover, in the event that the lessee does not pay the rent within the due date of rental payment as specified in the immovable properties and movable properties, the REIT can deduct such deposits with the same amount in full of the outstanding rent as for the rental payment to be paid.

In the event that the amount of the said deposit that the lessee provides is lower than the amount as specified in the immovable properties and movable properties lease agreement or in the event that the REIT deducts the deposits in the

same amount in full of the outstanding rental payments as for the rental payments to be paid. The lessee has the duty to top-up additional fund to the deposit so that the total deposit amount is the same as specified in the immovable properties and movable properties lease agreement within 15 days from the date received of the written notice from the REIT or from the date that the REIT deducts the deposit amount as for rental payment as specified in the immovable properties and movable properties lease agreement (as the case may be). Both parties agree that the REIT will charge interest for the default of deposit top-up at the rate of 7.5% per annum from the due date of deposit top-up until the date that the lessee top-up the deposit to fulfill the amount in full as specified in the immovable properties and movable properties lease agreement.

The REIT has various measures to control the operation of the lessee which is the duty of the lessee to comply with under the lease agreement. For example, the lessee shall not lend or give any money in any form to other party except receiving consent from the REIT. Moreover, the lessee will not guarantee any person except for normal business operations of the Sheraton Hua Hin Resort & Spa Project, or with consent from the REIT. The REIT shall be able to exercise the right to terminate the existing lease agreement with the lessee in the event that the lessee breaches the agreement and shall be able to rent out the REIT's investment to other person.

In addition, in the event of force majeure event which materially and adversely affects the business and/or affairs of the lessee including other business operations in the same industry where the lessee is not at fault or does not contribute to that force majeure event and as a result the lessee is unable to pay the rentals in the amount or within the period specified in the lease agreement, the lessee has the to request the REIT to consider granting reliefs to the lessee, including request for postponements and/or rental reduction and/or extend the due date of rental payment and/or any other proposals. However, the REIT has the sole discretion in such consideration whereby the REIT may take into consideration any factors it deems appropriate, including but not limited to the lessee's revenue and other operators in the same industry.

Furthermore, after such examination and consideration, if the request for postponements and/or rental reduction and/or extend the due date of rental payment and/or any other proposals from the lessee has clear rehabilitation plan and period of time to generate income to pay rental to the REIT, the REIT Manage and Trustee shall have the sole discretion on such consideration.

However, after such examination and consideration, if the request for postponements and/or rental reduction and/or extend the due date of rental payment and/or any other proposals from the lessee has no clear rehabilitation plan and period of time to generate income to pay rental to the REIT, the REIT shall call for the trust unitholders' meeting to approve the said postponements and/or rental reduction and/or extend the due date of rental payment and/or any other proposals.

4.2.4. THE RISK FROM CHANGES OF ACCOUNTING STANDARD AND RELEVANT LAWS

The REIT's operating performance and dividend distribution may be affected by the enforcement of new accounting standards or revised accounting standards. This is the factor that the Settlor cannot control or predict for the amendments to the laws, notifications, regulations, rules, policies and/or government officials' orders or any authorized legal entities that is consider unpredictable. Thus, the Settlor are not able to evaluate the impact of such changes and guarantee that such changes will not affect the operation and dividend distribution of the REIT.

4.2.5. THE REIT'S NET ASSET VALUE MAY NOT BE THE ACTUAL VALUE THAT THE REIT SHALL RECEIVE FROM THE ASSET DISPOSAL OR TERMINATION OF REIT

The REIT's net asset value is calculated using information from the asset appraisal report. Therefore, in the event that the REIT is required to dispose of the properties either for restructuring purposes or for dissolution purposes, the value may not be the real value that the REIT will receive if all or part of the property is sold or the REIT is terminated.

4.2.6. THE RISK FROM TAX

In the future, the REIT may purchase, sale, transfer or receive of the freehold right or the leasehold right (in the case that the REIT invests in leasehold right of the immovable

properties) in the immovable properties, where the REIT could incur taxes and fees arising from the purchase, sale, transfer or receive. The REIT may be subject to pay such taxes and fees in full or partial amount at the rates that could be differ from the current rates.

In the future, the REIT may purchase, sale, transfer or receive of the freehold right or the leasehold right (in the case that the REIT invests in leasehold right of the immovable properties) in the immovable properties, where the REIT could incur taxes and fees arising from the purchase, sale, transfer or receive. The REIT may be subject to pay such taxes and fees in full or partial amount at the rates that could be differ from the current rates.

4.2.7. THE RISK FROM DISTRIBUTION PAYMENT TO TRUST UNITHOLDERS

The distribution payment of the REIT is determined based on the performance of the REIT which depends on several factors such as the economic condition of the domestic and foreign countries, the competency of the lessee, the cost of managing the immovable properties, the operating expenses, the competition among operators, the occupancy rate of the REIT's investment, the change in laws and regulations relating to the assets, the natural disaster and political situation. Therefore, the investors are exposed to the risk of not receiving the distribution payment as projected or the REIT is unable to make such distribution payment.

4.3. RISK RELATING TO INVESTMENT IN TRUST UNITS OF THE REIT

4.3.1. GENERAL RISKS

The economic and business condition, both nationally and globally, includes the inflation rate, interest rate, foreign exchange rate, consumer goods price, immovable property's price and the monetary and fiscal policies of the Government, Bank of Thailand and other government agencies may have an impact on the operating performance, financial position and investment of the REIT. Moreover, the economic recession including the decrease in demand of the consumers may have a negative impact to the REIT's operating performance. This may affect the trading price of the REIT in the Stock Exchange of Thailand which may be higher or lower than the offered price.

In addition, the price of the trust units that are traded in the Stock Exchange of Thailand may be affected by external factors which cannot be control by the REIT Manager

such as the movement or changes in the stock exchange in the country and abroad, foreign exchange rates, policies or measures directly or indirectly affecting import or export, tourism industry's condition, foreign currencies, economic condition in the domestic and international, risk factors relating to the normal operation and business, fluctuation in the consumer goods market, regulations, tax duties and other government policies. There is no guarantee that the changes in the external factors will not have a significant impact on the price of the trust units, return from investment and the management of the immovable properties of the REIT.

4.3.2. THE RISK FROM THE REIT'S OPERATING RESULTS ARE SUBJECTED TO THE ABILITY OF LESSEE AND HOTEL OPERATOR IN PROCURING AND MANAGING THE REIT'S INITIAL INVESTMENT

The lessee and the hotel operator are the parties that determine the marketing policies and strategy in managing the core properties of the REIT to be in accordance with the Trust Deed. The trust unitholders may not be able to evaluate the decision of the lessee and the hotel operators in relation to the strategies in managing the core properties. However, if the hotel operator is unable to execute the operation in accordance with the plan set forth together with the lessee, then there may be a significant negative impact to the business operation, financial position and operation, including the business opportunities. Moreover, it may affect the core properties' appraisal value and distribution payment of the REIT.

Nevertheless, the REIT Manager has the system to control and monitor the operation of the lessee and/or hotel operator. The lessee shall submit the annual operating budget and capital expenditure plan to the REIT for approval. Furthermore, the lessee shall provide monthly financial report, monthly capital expenditure, annual financial statement or other reports as requested by the REIT Manager. In the case that the operating performance of the lessee and/or the hotel operator is not according to the annual operating budget that the REIT Manager received, the REIT Manager shall coordinate with the lessee and the hotel operators in minimizing the impact of the operation of the REIT.

4.3.3. THE RISK OF LIQUIDITY INADEQUACY IN TRUST UNIT'S TRADING ACTIVITIES IN SECONDARY MARKET

As the trust units are listed on the stock exchange of Thailand, the trading liquidity is measured by the frequency and trade volume of the trust units in the stock exchange. This is based on the bid-offer volume which depends on several factors that cannot be control by the REIT Manager such as the market demand of the trust units. Therefore, there is a risk that the REIT will lack the liquidity in trading on the secondary market.

4.3.4. THE RISK RESULTING FROM DETERMINING THE TRADING PRICE OF TRUST UNIT BASED ON NET ASSET VALUE (NAV) OF THE REIT

The calculation of the Net Asset Value (NAV) of the REIT that the REIT Manager reports is calculated by using the latest report of value appraisal or reviewed report of value appraisal as a basis for determining the immovable properties value. The NAV as mentioned may not be the market value that is trading in the stock exchange as the market value depends on other factors as well such as the demand and supply of the securities, foreign investors fund inflow, etc.

The REIT Manager has disclosed information in this annual report in compliance with the Office of SEC's regulations and is precaustious with the statements and does not cause any mislead. Moreover, there is no reasons to think that there is information that may affect the decision of the investor who has not been disclosed yet.

5. LEGAL DISPUTE OR LIMITATION OF RIGHTS IN PROCURING BENEFITS OF THE IMMOVABLE PROPERTIES

-None-

6. OTHER RELEVANT INFORMATION

-None-

PART 2 MANAGEMENT AND CORPORATE GOVERNANCE

7. DETAIL OF THE TRUST UNITS ISSUED BY THE REIT

7.1. INFORMATION OF TRUST UNITS AND PRICES

7.1.1. INFORMATION OF TRUST UNITS

Investment Capital	THB 1,755,000,000
Par Value of Trust Unit	THB 10.00
Total Trust Units	175,500,000 trust units
Type of Trust Unit	Name of trust unitholders specified, full amount paid and unredeemable
Initial Public Offering (IPO) Price	THB 10.00
Net Asset Value per Trust Unit as of 29 December 2017	THB 10.1512

7.1.2. INFORMATION OF TRUST UNIT'S PRICE

Closing Price as of 29 December 2017	THB 10.00
Highest Price in 2017	THB 10.10
Lowest Price in 2017	THB 9.90
Market Capitalization as of 29 December 2017	THB 1,755 million
Trading Value in 2017	THB 64.07 million

7.2. INFORMATION OF TRUST UNITHOLDERS

7.2.1. TOP 10 MAJOR TRUST UNITHOLDERS ON THE BOOK CLOSING DATE OF 29 DECEMBER 2017

No.	Name of Trust Unitholders	No. of Trust Units	% of Total Trust Units
1	Social Security Office	34,217,600	19.50%
2	Grande Asset Hotels and Property Public Company Limited	17,550,000	10.00%
3	Bangkok Life Assurance Public Company Limited	12,173,000	6.94%
4	Thai Life Public Company Limited	10,000,000	5.70%
5	CIMB - Principal Property Income Fund	4,816,000	2.74%
6	FWD Life Insurance Public Company Limited	3,000,000	1.71%
7	CIMB - Principal Strategic Income Fund	1,476,000	0.84%
8	นายเทพฤทธิ์ ศรีชวาลา	784,800	0.45%
9	นางสาวสุวรรณี ชัยยศलग	744,700	0.42%
10	นายสนธิ จังมงคลกาล	644,800	0.37%
10	นายวันชัย พฤษโสภณ	644,800	0.37%
10	นาย ชัยภัทร นิศาณณังค์	644,800	0.37%
10	นางสาวสุมาลี คงคาทอง	644,800	0.37%
10	นายประเสริฐ จิรภักดิ์	644,800	0.37%
10	นางสายใจ เกาไศยนันท์	644,800	0.37%
10	นางสาวอุบล กลั่นหอม	644,800	0.37%
10	นางสุภาวดี พันธุมวนิช	644,800	0.37%
10	นายบุญเกียรติ เอื้อสุตกิจ	644,800	0.37%
10	นางสาวจิตติกรพิชญ์ กมลนาวัน	644,800	0.37%
10	นางสาวพัชรารัตน์ กมลนาวัน	644,800	0.37%
10	นางพิมพ์พร ชัยยศलग	644,800	0.37%

7.2.2. MAJOR TRUST UNITHOLDERS ON 29 DECEMBER 2017 (HOLDING IN AGGREGATION OF 10% OR MORE OF THE TOTAL TRUST UNITS UNDER THE SAME GROUP OF PERSONS)

No.	Name of Trust Unitholders	No. of Trust Units	% of Total Trust Units
1	Social Security Office	34,217,600	19.50%
2	Grande Asset Hotels and Property Public Company Limited	17,550,000	10.00%

7.2.3. GROUP OF MAJOR UNITHOLDERS WITH SIGNIFICANT INFLUENCE ON THE MANAGEMENT POLICY OR BUSINESS CONDUCT OF THE REIT MANAGER

-None-

7.3. DISTRIBUTION PAYMENT OF THE REIT

7.3.1. DISTRIBUTION PAYMENT POLICY

- The REIT Manager shall pay distribution payment to the trust unitholders no less than 90 percent of adjusted net profit of the accounting year. The distribution payment to be paid to the trust unitholders consist of year-end distribution and interim distribution (if any) in each quarter. In this regard, the REIT Manager shall pay distribution payment to the trust unitholders no more than 4 times per an accounting year. Only when the REIT has increased its capital, the REIT may pay distribution payment more than 4 times per an accounting year for benefit of the existing trust unitholders (distribution payment shall start during the first accounting period of the REIT, if the REIT has sufficient profit for distribution payment in such accounting period.)
- The adjusted net profit under the previous paragraph shall be adjusted by the following items:
 - Deduction of unrealized gain from appraisal or appraisal review of the REIT's asset value as well as the adjustment by other items under the guidelines of the Office of SEC to be consistent with the REIT's cash position.

- Deduction of money reserved for settlement of loan or obligation from the REIT's loan under the amount specified in the filing and prospectus or annual report, as the case may be.
- In the case that the REIT has accumulated profit based on the REIT's adjusted net profit of each year as specified above the REIT Manager may pay distribution payment to the trust unitholders from such accumulated profit.
- In the case that the REIT has accumulated loss, the REIT Manager will not make any distribution payment to the trust unitholders.
- In the case that the distribution payment is paid the first accounting year, if the REIT has the operating period of less than 3 months, the REIT manager reserves the right to consider accumulate such distribution payment to be paid together with the first distribution payment in the next accounting period.

In considering of annual distribution payment and rate of distribution payment, the REIT Manager shall have the discretion on such matters. If the value of announced distribution payment per trust unit during any year is lower or equivalent to THB 0.10, the REIT Manager reserves the right not to pay distribution payment in such occasion and to accumulate such distribution payment to be paid together with the next occasion.

7.3.2. LIMITATION AND METHOD OF DISTRIBUTION PAYMENT

The REIT Manager shall make distribution payment to each trust unitholder according to the proportionate ratio of its holding. In this regard, the REIT Manager reserves the right not to make distribution payment to the trust unitholders whose holding exceed a proportion or being not in accordance with is the rules specified in the Notification No. Tor Jor. 49/2555. Such distribution payment which cannot be distributed to the trust unitholders, as mentioned, shall be distributed to other trust unitholders in proportion to their holding.

7.3.3. HISTORICAL DISTRIBUTION PAYMENT AND/OR CAPITAL REDUCTION

For the operating period starting from 10 October 2017 (the establishment date of the REIT) to 31 December 2017, the REIT has the following distribution payment:

Operating Period	Distribution Payment Per Trust Unit	Unit	Date of Distribution Payment
10 Oct 2017 – 31 Dec 2017	0.1370	THB	20 March 2018

8. MANAGEMENT STRUCTURE

8.1. REIT MANAGER

8.1.1. GENERAL INFORMATION

Name	One Asset Management Limited
Location	989 Siam Piwat Tower Building, 9th and 24th Floor, Rama 1 Road, Patumwan Sub-area, Patumwan Area, Bangkok, 10330
Company Registration Date	19 March 1992
Company Registration No.	0105535050244
Registered Capital	THB 105,000,000 (Consisting of 10,500,000 common shares with par value of THB 10.00)
Nature and Scope of Business	Acting as the REIT Manager of the Real Estate Investment Trust

One Asset Management Limited (the “Company”), in its capacity as the REIT Manager of Grande Hospitality Real Estate Investment Trust, is a limited company incorporated in Thailand on 19 March 1992. The Company has its paid-up capital of THB 105,000,000, consisting of 10,500,000 common shares at the par value of THB 10. The primary business objective of the Company is to provide investment management service as well as the REIT Manager services.

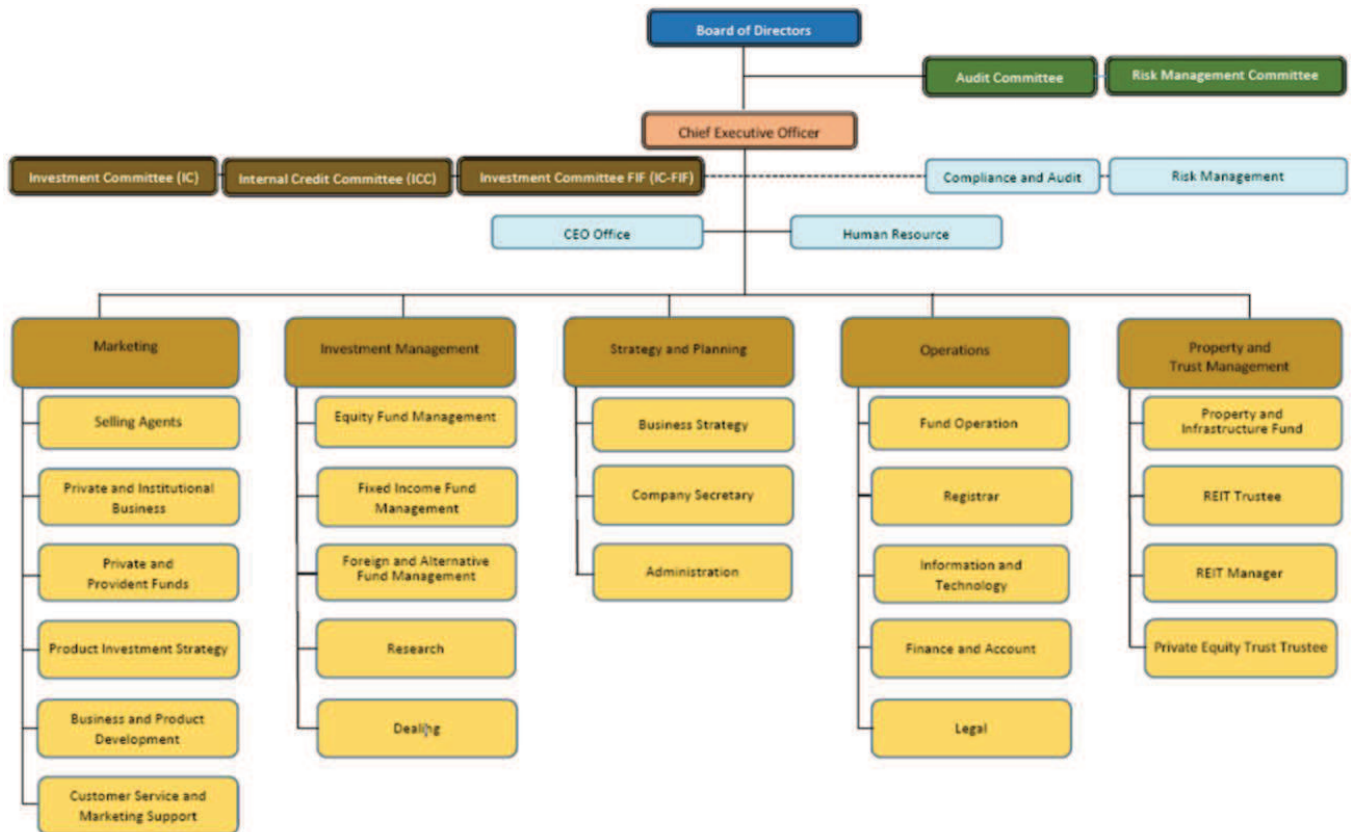
8.1.2. MAJOR SHAREHOLDERS OF THE REIT MANAGER AS OF 7 NOVEMBER 2017

No.	Name	No. of Shareholding (Shares)	Holding (%)
1	KGI Securities (Thailand) Public Company Limited*	10,410,251	99.15
2	Mr. Wong Sai Hung	25,000	0.24
3	Ms. Chanphen Choowonges	11,381	0.11
4	Ms. Umaporn Paevorakhun	9,574	0.09
5	Ms. Porn-uma Dhevahudee	9,041	0.09
6	Ms. Auranuch Aswaprecha	6,919	0.07
7	Ms. Benjamartt Suriyadet	6,028	0.06
8	Mr. Winyoo Siriwiryanon	4,960	0.05
9	Ms. Sakara Chatsuthipan	3,254	0.03
10	Mr. Soontorn Thamaset	3,165	0.03
	Total	10,489,573	99.90

Remark: *KGI Asia (Holdings) Pte. Ltd. is the major shareholder of KGI Securities (Thailand) Public Company Limited holding 34.97% of total shares. The Investors can study the general information of KGI Securities (Thailand) Public Company Limited on the Stock Exchange of Thailand's website (www.set.or.th)

8.1.3. ORGANIZATION OF THE REIT MANAGER

The organization structure of One Asset Management Limited, in its capacity as the REIT Manager, consists of the Board of Directors and Management as follows:



8.1.4. THE BOARD OF DIRECTORS AND MANAGEMENT

Name and Position	Education Background	Current Position
Mr. Foong Hock Meng <i>Chairperson of the Board of Director</i>	<ul style="list-style-type: none"> Master of Science (Finance), the University of Birmingham, United Kingdom 	<ul style="list-style-type: none"> Chairperson of the Board of Director and Authorized Director of One Asset Management Limited Director of KGI Securities (Thailand) PCL. Director of KGI Capital Asia Limited (Hong Kong) Director of KGI Asia

Name and Position	Education Background	Current Position
		<p>(Holding) Pte Ltd, KGI International Ltd (BVI)</p> <ul style="list-style-type: none"> • Director of KGI Capital (Singapore) Pte Ltd, KGI Ong Capital Ltd (Singapore) • Director of the Bauhinia 8 Funds (Cayman Islands)
Mr. Chih-Hung Lin <i>Director</i>	<ul style="list-style-type: none"> • Doctor of Philosophy in Engineering, Economics Systems and Operations Research, Leland Stanford Junior University, U.S.A. 	<ul style="list-style-type: none"> • Authorized Director of One Asset Management Limited • Chief Operating Officer of KGI Securities (Thailand) PCL.
Mrs. Nantarat Surakkhaka <i>Director</i>	<ul style="list-style-type: none"> • Master of Laws in Corporate law and Finance from the School of Law, Widener University, U.S.A. 	<ul style="list-style-type: none"> • Authorized Director of One Asset Management Limited • Executive Vice President of KGI Securities (Thailand) PCL.
Mrs. Ching Ching Li <i>Director</i>	<ul style="list-style-type: none"> • Master of Business Administration, Ohio State University, U.S.A. 	<ul style="list-style-type: none"> • Director and Chairperson of Audit Committee of One Asset Management Limited • Chairman of the Executive Board of Directors of KGI Securities Investment Trust Co., Ltd.
Mr. Wong Sai Hung <i>Director</i>	<ul style="list-style-type: none"> • Higher Diploma in Business Studies from Hong Kong Polytechnic University, Hong Kong 	<ul style="list-style-type: none"> • Director and Director of Audit Committee of One Asset Management Limited • Chairman of the Executive Board of Directors of China-Bio-Med Regeneration Technology Ltd. • Director of Hong Kong

Name and Position	Education Background	Current Position
		Exchange & Clearing Ltd.
Mr. Pote Harinasuta <i>Chief Executive Officer / Director</i>	<ul style="list-style-type: none"> Master Degree of Business Administration of Sasin Graduate Institute of Business Administration Master Degree of Science - International Management, King's College, University of London Director Certification Program (DCP 206/2015) 	<ul style="list-style-type: none"> Chief Executive Officer and Authorized Director of One Asset Management Limited
Mr. Sakda Manavapat <i>Chief Operating Officer / Director</i>	<ul style="list-style-type: none"> Master Degree of Accounting, Chulalongkorn University CPA, Tax Auditor Director Certification Program (DCP 163/2012) 	<ul style="list-style-type: none"> Chief Operating Officer and Authorized Director of One Asset Management Limited
Mr. Monthol Junchaya <i>Chief Investment Officer</i>	<ul style="list-style-type: none"> Master Degree of Business Administration, University of the Thai Chamber of Commerce Director Certification Program (DCP 200/2015) 	<ul style="list-style-type: none"> Chief Investment Officer of One Asset Management Limited
Mr. Alongkorn Prathanrasnikorn <i>Senior Executive Vice President</i>	<ul style="list-style-type: none"> Master Degree of Business Law, McGeorge School of Law, University of the 	<ul style="list-style-type: none"> Senior Executive Vice President of Property and Trust Management Group of One Asset Management

Name and Position	Education Background	Current Position
	Pacific, U.S.A. • Director Certification Program (DCP 114/2009)	Limited

8.1.5. SCOPE OF AUTHORITY OF THE REIT MANAGER'S BOARD OF DIRECTORS

- **Board of Directors of the REIT Manager**

Perform duties in accordance with laws and regulations in relation to the Office of SEC and Stock Exchange of Thailand. The duties and responsibilities of the Board of Directors are as follows:

- (1) Establish direction, policies and operational strategies to control and supervise the operations are in accordance with laws, regulations and rules as well as the policies and operational strategies.
- (2) Review and approve the investment policy and investment in the core properties of the REIT.
- (3) Determine good corporate governance policy and ethical practices that all directors, management and employees are required to comply.

- **Audit Committee**

- (1) Supervise and review the internal control system and internal audit to ensure their appropriateness, efficiency and independency of the internal audit units.
- (2) Supervise and review to ensure the compliance with Securities and Exchange Act or relevant laws.
- (3) Consider connected transactions or transactions that may lead to conflict of interest in order to comply with rules as prescribed by laws.
- (4) Review and approve the annual audit plan and annual compliance report which shall be reported to the Office of SEC.
- (5) Perform any duties that are assigned by Board of Directors of the REIT Manager and approved by Audit Committee.

- **Risk Management Committee**

- (1) Review and approve the risk management policy of the company and to propose to the Board of Directors of the REIT Manager for approval which covers strategy risk, investment risk and operational risk or any other significant risks to the company.
- (2) Review and approve the strategies, action plans and resources to be used for risk management, in line with the risk management policy. This must be able to conduct the effective analysis, assessment, evaluation and monitor of the risk management system.
- (3) Review and approve the strategies, guidelines and tools in managing risk of the REIT. This shall enable the operation to have efficiency and to be appropriate for each type of risks and size of risks of the transaction executed by the company.
- (4) Monitor the risk assessment within the framework
- (5) Review and approve the risk measurement framework of the new products or the new establishment transaction as well as the guidelines for hedging against transactions.

- **Investment Committee**

- (1) Determine policies and review and approve the establishment of the REIT
- (2) Determine criteria for selection of service providers and legal advisors such as custodian, value appraiser, insurance company and property manager.
- (3) Supervise and monitor the management of the REIT including to ensure that the performance, revenue and expenses is in accordance with rules as prescribed by laws.
- (4) Consider distribution payment, increase of capital or decrease of capital of the REIT.

8.1.6. INDEPENDENT DIRECTORS AND RESPONSIBILITIES OF INDEPENDENT DIRECTORS

-None-

8.1.7. DUTIES AND RESPONSIBILITIES OF VARIOUS DEPARTMENTS OF THE REIT MANAGER

In its capacity as the REIT Manager of the real estate investment trust, the REIT Manager shall assign its relevant department with the responsibilities as follows:

1. **REIT Manager Department** under the Property and Trust Management Group has the following responsibilities:
 - (1) Evaluate the investment or the agreements related to the immovable properties of the REIT is correct and in accordance with the law. Moreover, the REIT Manager Department shall ensure that the REIT has the lawful right in the investment and is binding or enforceable as prescribed in the Trust Deed.
 - (2) Proceed in the investment of immovable properties which is appropriate by performing as follows:
 - i. Assess self-readiness for managing the investment in immovable property of REIT before accepting the position as the REIT Manager or before making additional investment in such immovable properties, as the case may be.
 - ii. Conduct analysis and feasibility study and due diligence of the immovable properties including the assessment of various risks that may arise from the investment in the immovable properties with guidelines for risk management. Such risks exposures shall be referring to as the risk of development or construction of immovable properties (if any). For instance, the risk that may arise from the delay of construction and the inability to procure benefits from the property, etc.
 - (3) Manage the REIT to ensure that it is in compliance with the Trust Deed and the Notification of SEC.
 - (4) Monitor and supervise, in the case where there is an appointment of property manager, to ensure that it is in compliance with the Trust Deed for the benefit of trust unitholders.
 - (5) Perform the financial and economic activities of the REIT to be in accordance with the Trust Deed such as setting the strategy and investment policy in accordance with the framework set out in the Trust Deed, determining the credit limit in accordance with the Trust Deed, managing of the REIT's cash flow, determining of

REIT's distribution and arrange for the insurance to cover the damage to the properties.

- (6) Retain, review, disburse and monitor the benefits of the REIT's assets.
- (7) Prepare the report and financial statement of the REIT.
- (8) Arrange and prepare the trust unitholders' meeting.

2. **Fund Operation Department** under the Operations Group has the following responsibilities:

- (1) Provide and calculate the REIT's net asset value (NAV) for the REIT to be in accordance with financial reporting standards relating to the Notification of the Office of SEC and the Notification of the Association of Investment Management Companies.
- (2) Perform various duties which include coordinating with the registrar, custodian, and/or trustee to achieve the objective of the management of the REIT.

3. **Fixed Income Fund Management Department** under the Investment Management Group has the responsibility to manage the liquidity of the REIT which maximizes the benefits.

4. **Registrar Department** under the Operations Group has the following responsibilities:

- (1) Coordinate with the registrar (which is the Thailand Securities Depository Company Limited) in various tasks relating to the register information of the REIT such as depositing the trust units.
- (2) Proceed in notifying, submitting or changing the register information of the REIT with the registrar. Such as in the case that there is a change of the trust unitholder's information and in the case that relates to the operation of the REIT, i.e. capital increase/reduction, organizing of trust unitholders meeting and issuing or changing of the trust receipt.

5. **Business and Product Development Department** under the Marketing Group has the following responsibilities:

- (1) Prepare the prospectus of the REIT and submitting the filing documents with the Office of SEC to approve for the issuing and offering of the trust units of the REIT together with the REIT Manager.

- (2) Prepare documents such as prospectus, offering documents of trust units, subscription form.
- (3) Arrange for the underwriters which includes the commercial banks and securities companies (if any).
- (4) Organize seminar(s) to present the REIT project to the investors via various medias (if any),
- (5) Communicate the REIT project through the company websites.
- (6) Organize for open house as a site visit opportunity for the investors (if any).
- (7) Proceed in listing the issued trust units in the Stock Exchange of Thailand.
- (8) Coordinate in arranging for the trust unitholders' meeting together with the REIT Manager Department.

6. Legal Department under the Operations Group has the following responsibilities:

- (1) Prepare and review the agreements and memorandum of understanding relating to the REIT to be done correctly and legally.
- (2) Conduct due diligence on the immovable properties along with the REIT Manager Department to ensure that the REIT has the lawful right in the investment and is binding or enforceable as prescribed in the Trust Deed and not against the law.

7. Marketing of Mutual Fund Department under the Marketing Group has the responsibility to offer and sale of trust units of the REIT to the individual, corporate, or institutions.

8. Customer Service and Marketing Support Department under the Marketing Group has the responsibilities to assist in providing preliminary information of the REIT to the customers that is interested in purchasing the trust units and provide answers to them. Moreover, the department shall accept the complaints and queries to inform the responsible departments to further proceed.

9. Compliance and Audit Department has the following responsibilities:

- (1) Identify the risk of compliance with the new development or transaction procedures.
- (2) Identify and evaluate factors that may result in the inability to perform the task in accordance with the regulations and also provide guidelines to resolve.

- (3) Examine and review the operation to be in compliance with the regulations and report the results of the examination and review to the Audit Committee.

Detail of Personnel of REIT Manager Department and Other Related Department Managers

Name of Department and No. of Personnel	Name-Surname	Experience
REIT Manager Department (REIT Manager) Personnel : 4	Mr. Alongkorn Prathanrasnikorn	Senior Executive Vice President, Property and Trust Management Group; 21-year experience in finance field and property fund/real estate investment business.
	Mr. Issara Meechamnan	Vice President, REIT Manager Department; 17-year experience in finance field and property fund/real estate investment business.
	Mr. Ratsamitat Pornkongcharoen	Manager, REIT Manager Department; 9-year experience in finance field and property fund/real estate investment business.
	Mr. Santiparp Apintanapong	Assistant Manager, REIT Manager Department; 3-year experience in finance field and property fund/real estate investment business.
Fund Operation Department Personnel: 15	Ms. Warangkana Sirichotevanich	Head of Fund Operation Department; 24-year experience in mutual fund

Name of Department and No. of Personnel	Name-Surname	Experience
		business and finance field.
Fixed Income Fund Management Department Personnel: 6	Ms. Porn-uma Dhevahudee	Head of Fixed Income Fund Management Department; 31-year experience in fixed income mutual fund business and finance field.
Registrar Department Personnel: 10	Ms. Rungrat Niyathirakul	Head of Registrar Department with 27-year experience.
Business and Product Development Department Personnel: 10	Ms. Nittaya Lerssangpetch	Head of Business and Product Development Department with 15-year experience.
Legal Department Personnel: 2	Mr. Parinya Kaewmanee	Assistant Vice President, Legal Department; 13-year experience in legal field.
Equity Fund Management Department Personnel: 9	Mr. Winyoo Sriwiriyanon	Head of Equity Fund Management Department; 28-year experience in equity mutual fund business.
Customer Service and Marketing Support Department Personnel: 8	Ms. Thitiporn Siripan	Head of Customer Service and Support Department with 26 year of experience.
Compliance and Audit Department Personnel: 4	Ms. Rungaroon Somcharoen	Vice President of Compliance and Audit Department; 26-year experience in compliance and audit.

8.1.8. PROCEDURES, FACTORS FOR INVESTMENT CONSIDERATION AND MANAGEMENT OF THE REIT

The REIT Manager has the primary duties and responsibilities to manage the REIT which includes the investment in the properties of the REIT and to supervise the operation of the lessee. The REIT Manager shall perform its duties under the supervision of the Trustee where the duties and responsibilities as follows:

1. General duties of the REIT Manager are as follows:

- a. Perform its duties with knowledge and skills that may reasonably be expected as a professional, and with diligence, care and loyalty. The REIT Manager shall respond to the trust unitholders fairly for the best interest of the trust unitholders, as a whole. Moreover, the REIT Manager shall comply with the Trust Deed, the REIT Manager Agreement, information memorandum, prospectus, objective for establishment of the REIT, resolution of the trust unitholders and regulations and the relevant laws.
- b. Comply with the Trust Act, Securities Act and laws related to the operation of the REIT and the code of ethics and standards of professional conduct as defined by the associations related to the securities business or by organizations in connection with securities business recognized by the Office of the SEC., mutatis mutandis. In addition, the REIT Manager shall not conspire, employ or collaborate with anyone to violate such laws and regulations.
- c. Maintain sufficient capital to operate the business and to compensate for any detriment which may occur from performing the duties as the REIT Manager, continuously.
- d. Arrange for the REIT to have liability insurance that may arise from business or operations as well as the performance of directors, executives and employees.
- e. Manage the property to be in accordance with the Trust Deed, the REIT Manager Agreement, information memorandum, prospectus, objective for establishment of the REIT, resolution of the trust unitholders and regulations and the relevant laws.
- f. Do not take information from the operation of the REIT Manager to inappropriately use for themselves, cause damage or affect the interest of the REIT, as a whole.

- g. Perform its duties carefully in order to avoid conflicts of interests. In the case that the conflicts are inevitable, the REIT Manager shall proceed to ensure that the trust unitholders' interest will be treated fairly and appropriately
- h. Arrange for the trust unitholders' meeting in accordance with the regulations as prescribed in the Trust Deed, order and the relevant laws.
- i. Proceed in capital increase or reduction in accordance with the Trust Deed, order and the relevant laws

2. Duties to prepare report and disclose information

- a. Prepare the financial statement of REIT Manager to comply with the financial reporting standards as prescribed in the law on accounting profession and submit the financial statement to the Office of SEC and SET within the specified period of time.
- b. Disclose, give opinion or provide information that are material, relevant and sufficient for the investor to make decision.
- c. Prepare and disclose information of the REIT according to the Securities Act and other information as prescribed in the Trust Deed, information memorandum, prospectus, SET regulation, and relevant laws and regulations which is to be amended such as the calculation and disclosure of the asset values of the REIT and value of trust units.
- d. Cooperate with the Trustee and the Office of SEC to perform their duties which include the preparation and disclosure of any information as requested by the Trustee or the Office of SEC.
- e. Ensure that trust unitholders receive complete, accurate and adequate information before making decision. The information shall be received in advance as set forth in the Trust Deed, information memorandum, prospectus and laws and regulations that are relevant and that will be amended.
- f. Prepare and submit information and/or various documents to the Trustee and/or the Office or SEC within a specified period of time

3. Duties relating to the investment or disposal of the REIT's assets

- a. Ensure that the investment in the core assets and other assets is appropriate where the REIT Manager will conduct a self-readiness assessment in managing the investment and to follow the investment policy of the REIT Manager and the Trust Deed.
- b. Ensure that the sale, payment, transfer of immovable properties or entering into agreements related to the immovable properties for the REIT to be done correct and enforceable by the law.
- c. Arrange for the due diligence of the immovable properties and assess the risks in various areas that may arise from the investment and also conduct risk management guidelines.
- d. Arrange for the value appraisal of the core properties in accordance with the regulation as prescribed and to be amended.
- e. Maintaining core properties in good conditions for procuring benefit at all time where the REIT Manager shall arrange for repair, improvement and maintenance of the core properties in good conditions.
- f. Arrange for the REIT to maintain insurance covering the core properties invested by the REIT which covers all risks insurance that may arise from the immovable properties and public liability insurance that may arise from the immovable properties or operation of the immovable properties, including any other appropriate insurances.
- g. Arrange for the investment plan and risk management that is relevant to the REIT and the REIT's assets, loan plan and the annual financial management plan of the REIT.

4. Duties relating to the maintenance of benefits of the REIT

- a. Coordinate with the Trustee or other person designated from the Trustee to facilitate the inspection of the core properties.
- b. Manage the financial budget and working capital of the REIT.

- c. Prepare the financial statement of the REIT to comply with the financial reporting standards in accordance prescribed in the law on accounting profession and disclosure such financial statement as prescribed in the regulation as well as to be amended.
- d. Disburse the expense of the REIT, in the case that the disbursement is from the daily operating account or for other objectives that agreed with the Trustee under the approved credit limit from the Trustee.
- e. Arrange for the distribution payment to the trust unitholder in accordance with the condition specified in the Trust Deed, rules, the relevant laws and the resolution of the trust unitholders' meeting.
- f. In the case that the REIT requires the trust unitholders' resolution to proceed in any actions, the REIT Manager shall provide opinions and analysis of the effect for the trust unitholders to make decision.
- g. Arrange for the storage of documents related to the operation of the REIT.

5. Duties in the case that the transactions may cause the conflicts of interest

In the case that the transactions may cause the conflicts of interest, the REIT Manager shall consider the reason and necessity for entering into such transaction. The REIT Manager shall seek the approval of the Trustee whether the transaction is in accordance with the Trust Deed and relevant laws. If the Trustee does not approve, then the REIT Manager shall not proceed with such transaction unless receive approval from the Trustee as set out above. If the transaction is subject to the approval by the Board of Directors of the REIT Manager and/or the trust unitholders' meeting, then the REIT Manager shall proceed to obtain approval in accordance with the relevant regulations.

Moreover, the transaction that has conflict of interest between the REIT and the Trustee shall not be made except it is the transaction that the Trustee call for the compensation for performing the trustee position or the Trustee proves that management of the REIT is in fair manner and has disclosed relevant and sufficient information to the trust unitholders, and the trust unitholders did not make any objection in accordance with the relevant regulations.

6. Duties in the case of appointment of advisors

In the case of appointment of advisors (not including financial advisors or legal advisors) for the advisory and recommendation services relating to the investment in the immovable properties and management of the REIT, the REIT Manager shall perform according to the following guidelines:

- (1) Arrange for the advisor to declare the conflicts of interest in the issue under consideration;
- (2) If the advisor has direct or indirect conflicts of interest in the issue under consideration, then the advisor shall not be allowed to get involved on that issue.

7. Duties to cooperate with the Trustee

- a. The REIT Manager has the duties to prepare and store information and documents for the management of internal control and disclosure of information to the Trustee. When the Trustee intends to investigate on any matters, the REIT Manager shall cooperate in providing information and documents including site visit of the immovable properties as requested by the Trustee. This is for the Trustee to ensure that the REIT Manager does not violate the law or the provisions of the REIT or not protecting the interest of the trust unitholders.
- b. During the period before the REIT is established, the Trustee need to acknowledge and understand the detail of the REIT to be established (such as the REIT's structure, leasing out method, procurement of benefits, expenses that can be charge with the REIT, REIT Manager Agreement or any persons, etc.) in order to plan for supervising and reviewing the management, internal control or disclosure of information as effectively. Thus, the REIT Manager has the duties to provide information and related documents so that the Trustee can plan for the operation. In addition, the REIT Manager and the Trustee shall cooperate and agree on the characteristic of the information, documents of evidence for transactions such as additional investment, sale of the immovable properties, debt burden and other reports (such as trade receivables and report of the value appraisal). Moreover, including the frequency and time period that the REIT Manager shall submit the

information and documents as such to the Trustee. This is for the purpose of supervising and monitoring the operations of the REIT.

8. System to monitor the benefit of the REIT

The core properties of the REIT are the immovable properties that the REIT invested which include the system and equipment related to the immovable properties that the REIT invested in for the control, supervision and maintenance of the immovable properties. The REIT Manager department with the support from the lessee shall be authorized to make decision and take various actions in accordance with the Trust Deed and the REIT Manager Agreement as follows:

- a. Arrange for the register of the properties which specifies information such as the summary of characteristics of the properties (such as brand, size and etc.), the complete record and control of the number of properties, location or the storage of the properties. The REIT Manager, by the REIT Manager Department, hotel operator and the Trustee shall keep the register of the properties (the important documents of rights on property such as land title deed, certificate of stock, etc. shall be kept by the trustee. The verification of properties' register for accuracy and completeness shall be conduct by the REIT Manager department with the assistance and support from the hotel operator at least once a year. In case that the information of the properties listed in the properties' register is incomplete and/or incorrect, the REIT Manager Department and hotel operator shall cooperate to review and resolve such issues in a timely manner.
- b. Prepare the record of the properties inspection which specifies the date of inspection, location of assets, person in charge of the inspection and the approver's name and his/her signature.
- c. Prepare and approve of the annual maintenance plan where such plan shall be considered and approved by the Trustee and will be kept at the REIT Manager and the hotel operator. The REIT Manager Department shall supervise and oversee the hotel operator to carry out the annual plan under the budget for the inspection and maintenance of the assets of the REIT. This shall be conducted by the REIT

Manager Department with the support of the hotel operator and was considered and approved by the Trustee.

- d. Supervise the hotel operator to support the REIT Manager to comply with the manual, various policies of the REIT Manger as specified by the investment committee, hotel management agreement, Trust Deed, information memorandum and prospectus.

The REIT Manager has performed in compliance with the system to monitor the benefit of the REIT. The Compliance and Audit Department, an independent unit, has reviewed and evaluated the work system and gave the opinion that it is in compliance with relevant regulations. Moreover, the REIT Manager has reported such result to the auditor and the Trustee.

8.1.9. REIT MANAGER FEE

The REIT Manager fee is not exceeding 1% per annum (the rate is exclusive of VAT) of the total asset value of the REIT.

8.2. TRUSTEE

8.2.1. GENERAL INFORMATION

Name	BBL Asset Management Company Limited
Head Office's Address	175, Sathorn City Tower, 7 th , 21 st and 26 th Floor, South Sathorn Road, Thung Maha Mek Sub-area, Sathorn Area, Bangkok 10120
Business Type	Management of mutual fund, private fund (non-provident fund and provident fund) and Trustee under the Trust for Transactions in Capital Market Act B.E. 2550
Trustee Authorization Date	16 July 2557
REIT Trustee Authorization Date	21 July 2557
Telephone	0-2674-6488
Facsimile	0-2679-6882

Website	www.bblam.co.th
Email	thawatchai.lu@bblam.co.th, phatthanan.ph@bblam.co.th

8.2.2. DUTIES AND RESPONSIBILITIES OF THE TRUSTEE

The Trustee shall perform its duties with integrity and professional cautiousness by using its knowledge, ability and expertise to treat the trust unitholders fairly. The Trustee shall manage and carry out the administration properly and efficiently under the adequate risk management and with professional standards for the best benefit of the trust unitholders. All investment activities carried out are to be in line with the Trust Deed and complied with related laws and obligations as prescribed below:

1. Ensure that the Trust Deed contains material information required by related laws. In the case that there are any changes in the Trust Deed, the Trustee shall perform the procedures in accordance with the following criteria:
 - a. Ensure that the changes in the Trust Deed are in accordance with the criteria and procedures as defined in the Trust Deed and related laws.
 - b. In the case that there are any changes that are not in accordance with 1 (a), the Trustee shall take actions by using its authority specified in the Trust Deed and in the Trust for Transactions in Capital Market Act, B.E. 2550 to protect the rights and interests of the trust unitholders.
 - c. In the case that where the rules related to the offering of trust units or the management of REIT under the Securities Act and in accordance with Trust Act, which has been amended at a later date and provisions in the Trust Deed not in compliance with such rules, the Trustee shall make adjustment to the Trust Deed to be in accordance with such rules. The method shall be according to the specified methods set forth in the Trust Deed or as the SEC has ordered under Section 21 of Trust Act.
2. The Trustee agrees to delegate the management of non-core properties to the REIT Manager. However, if the REIT Manager cannot perform the duty, then it shall be in accordance with provisions in the Trust Deed and the management of REIT shall be

performing by the new REIT Manager approved by the Office of Securities and Exchange Commission throughout the term of the REIT.

3. The Trustee is responsible to prepare an account of the REIT's property separately from any other accounts under its responsibility. In the case where the Trustee manages many REITs, the Trustee shall prepare the account of REIT's properties of each REIT separately and shall be recorded correctly and up-to-date. In terms of REIT management, the Trustee shall segregate the REIT's property from those held in its own account and any property in its possession. In the case where the Trust manages many REITs, the Trustee shall segregate the property of each REIT from one another.
4. In the case where the Trustee fails to perform the duty under the aforementioned clause 3 which causes the REIT's property to be commingled with the property held in its own account that it is unable to distinguish the REIT's property from those held in its own account, it shall be assumed as follows:
 - a. The commingled property is held by the REIT;
 - b. The damage and liability arising from the management of commingled property are bear by the Trustee;
 - c. The benefit arising from the commingled property belongs to the REIT

The aforementioned in the above regarding commingled property shall include the property that have been transformed into a different form or state.

5. In the case where the Trustee fails to perform the duty under the aforementioned clause 3 which causes the REIT's property to be commingled with other REIT's property that it is unable to distinguish to which respective REIT the property belongs, it shall be assumed that the commingled property, including property that have been transformed into a different form or state, and any benefits or obligations incurred from the management of such commingled property shall belong to each REIT in proportion of an amount brought to commingle.
6. The authorities and duties of Trustee in the management of the REIT is the sole responsibility of Trustee. The trustee shall not delegate its duty to other persons except where:

- a. The transaction that is not personal in nature and needs no capability of Trustee's profession;
- b. The transaction that the owner of the property, which own the property and has the same purpose of management in the same manner as the REIT, delegate to another person to manage.
- c. It is the function of safekeeping of assets, preparation of trust unitholder's register, follow-up of the profit distribution or support of operations which includes coordination, providing of information, filing of documents, payment of fees and taxes on land and property arising from the immovable properties of the REIT that is obliged to pay the withholding tax due to such management and/or other taxes related to the immovable properties and/or management of the REIT to the relating government officials to the REIT Manager, other registrar that is approved by Stock Exchange of Thailand or any other party that is qualified for the assignment. However, the REIT Manager, other registrar that is approved by Stock Exchange of Thailand or any other party that is qualified for the assignment, may delegate to another person to perform such duties, in accordance with the conditions set forth in the Trust Deed.
- d. Any other matters that the REIT Manager is responsible for and in compliance with the terms of the Trust Deed or the rule in Notification No. TorJor. 49/2555, Notification No. GorRor. 14/2555 and Notification No. SorChor. 29/2555 or announcement or any other relevant regulations. The Trustee shall delegates with prudent and careful and shall oversee and inspect the performance of delegated duties adequately by establishing measures related to the delegation of duties in accordance with the regulations stipulated in the Notification No. KorKhor.1/2553.

In the delegations of duties, the Trustee shall determine measures for matters as follows:

- Selection of appropriate persons for delegation of duties which takes into account the readiness of the work system and of the delegated persons as well as any possible conflict of interest between the delegated persons and the REIT's property;

- Control and monitoring of performance of the delegated persons;
 - Actions to be taken by the Trustee in the event that the delegated persons become inappropriate for further delegation of duties
7. The Trustee is responsible to monitor and oversee the management of REIT Manager to ensure that the REIT Manager perform their functions in compliance with the Trust Deed and other relevant agreements.
 8. The Trustee is responsible to attend every trust unitholders' meeting and undertake the following actions if there is any of the trust unitholders' resolution:
 - a. Respond to inquiries or give opinions whether such actions or proposed resolution is in compliance with the Trust Deed or the relevant laws or not;
 - b. Lodge a protest and notify the trust unitholders that such proposed action or proposed resolution could not be pursued if it is in contradiction with the Trust Deed or the relevant laws or not

In the case where the Trustee is the trust unitholder of the REIT, the Trustee shall cast any vote or take any action by taking into account the best interest of the trust unitholders by adhering to the principles of good faith and care, including avoidance of any conflict with or affect the performance of its duties as Trustee of the REIT.

9. The Trustee is responsible to enforce the repayment of debts or supervise the enforcement of debt repayment to comply with the agreements between the REIT and other parties.
10. The Trustee shall be prohibited from the settlement of its liabilities with third parties as the role of either creditors or debtors that is not related to the performance as the Trustee. However, if the Trustee violates this prohibition, then the action is considered as void.
11. In the case that the Trustee proceed with a juristic act or a transaction with a third party, the Trustee shall notify the third party in writing that it acts as the trustee, and clearly specify in the evidence of that juristic act or transaction that it acts as the trustee.

12. The Trustee shall prepare the Trust Unitholders' Register, or assign a licensed securities registrar under the Securities Act to prepare such register on behalf of the Trustee. When the Trustee assigned the Trust Registrar, the trustee is responsible for ensuring that the assigned entity comply with the terms of the Trust Deed except where the evidence is provided by the system of a securities depository center.
13. The Trustee or the Securities Registrar is responsible to provide evidence representing rights in trust units or trust receipt to the trust unitholders under the rule specify in the Trust Deed.
14. The Trustee is responsible for giving the trustee's opinion on the performance of REIT Manager by specifying in the annual report of the REIT where the REIT Manager is responsible to prepare for the trust unitholders. The Trustee must provide an opinion about whether the performance of the REIT Manager in managing the REIT corresponds to the regulations of Trust Deed, law, notification and other related regulations or not. If the REIT Manager does not comply with the Trust Deed, law, notifications and other related regulations, then the Trustee shall specify such issue and the action of Trustee to make correction.
15. The Trustee is responsible for certifying the net asset value of the REIT and the value of the trust unit as of the last business day of each quarter in accordance with the rules prescribed by the relevant regulations. The trustee will use the report to disclose the report to the SEC within 45 days of the last day of each quarter.
16. The Trustee is responsible to prepare an account of the REIT's property separately from any other accounts under its responsibility. In the case where the Trustee manages many REITs, the Trustee shall prepare the account of REIT's properties of each REIT separately and shall be recorded correctly and up-to-date. In terms of REIT management, the Trustee shall segregate the REIT's property from those held in its own account and any property in its possession. In the case where the Trust manages many REITs, the Trustee shall segregate the property of each REIT from one another.
17. The Trustee is responsible for segregating the REIT's financial statements from the other REITs or Trustee financial statements by taking into account of the standards prescribed

by the law on accounting profession. The financial statements must be audited and provided with opinion by the auditor before submitting to the Office of the SEC and disclosed to the public in accordance with the rules prescribed in the notification of SEC. Nevertheless, the auditor must be approved by the Office of the SEC and must not be a director, employee or worker of the Trustee.

18. The Trustee shall supervise, control and monitor the REIT Manager or any other assigned person (if any) to ensure compliance with the Trust Deed, other relevant agreements and the relevant laws as follows:
 - a. Ensure that the REIT is managed by the REIT Manager whose approval from the SEC Office shall last throughout the entire existence of the REIT.
 - b. Supervise, monitor and proceed as necessary to ensure that the assigned person is qualified and perform duties in compliance with the Trust Deed and the relevant laws, which include the dismissal of the current assigned person and the appointment of the new person.
 - c. Supervise that the investment of the REIT is in accordance with the Trust Deed and the relevant laws.
 - d. Supervise that the disclosure of the REIT's information is accurate and complete in compliance with the Trust Deed and the relevant laws.
 - e. Provide opinion in relation to the management or execution of transactions for the REIT by the REIT Manager or other assigned person (if any) in support of seeking resolutions of the Trust Unitholders' meetings, disclosing information of the REIT to trust unitholders or upon request of the SEC Office.
 - f. In the case that is necessary, for the benefit of the REIT and the trust unitholders, the Trustee assign the REIT Manager to take any appropriate actions which does not cause a liability to the REIT Manager beyond the duties set out in the Trust Deed or the relevant laws. The assignment of action to the REIT Manager must not be oppose to or contradict with the Trust Deed, laws, principles, rules, regulations, and guidelines set by government agencies. In addition, if such action causes too much burden and expenses to the REIT Manager, then the Trustee and the REIT Manager shall continue to agree.

- g. In the case that the REIT Manager acts or refrains from any actions resulting in any damage to the REIT, or fails to perform its duties as specified in the Trust Deed or the relevant laws, the Trustee has the following responsibilities:
 - (1) Report to the Office of SEC within 5 business days as from the date of the occurrence of such event becomes known or should have been known;
 - (2) Rectify, restrain or mitigate such damage to the REIT as deemed appropriate.
- h. In the absence of the REIT Manager or when the REIT Manager cannot perform its duties, the Trustee shall manage the REIT until the new REIT Manager is appointed under the regulations as prescribed in the notification of the SEC no. KorRor.14/2555. The Trustee is responsible to manage the REIT as necessary to prevent, refrain or limit severe damage to the REIT or the trust unitholders. Furthermore, the Trustee shall proceed in accordance with the authorities and duties as specified in the Trust Deed and the Trust Act. In proceeding with such action, the Trustee may delegate any other person to manage the REIT within the scope, regulations and conditions specified in the Trust Deed, including authority to arrange for the new REIT Manager by the authority prescribed in the Trust Deed and Trust Act.

In addition, in the case that the Trustee consider that the REIT Manager fails to perform its duties correctly and completely as set forth in the Trust Deed, Trust Act, Notification of the Office of SEC or any other relevant notification which cause severe damage to the REIT and/or the trust unitholders and cannot be remedy within the appropriate period of time. The Trustee shall replace the REIT Manager as deemed appropriate by the Trustee for the benefit of the REIT and trust unitholders.

8.2.3. TRUSTEE FEE

The Trustee fee is not exceeding 1% per annum (the rate is exclusive of VAT) of the total asset value of the REIT.

8.3. INFORMATION OF OTHER RELATED PARTIES

8.3.1. AUDITOR

Name	SP Audit Company Limited
Address	503/31 KSL Tower, 18th Floor, Si-Ayutthaya Road, Phaya Thai Sub-area, Ratchathewi Area, Bangkok 10400
Telephone	0-2642-6172-4

8.3.2. REGISTRAR

Name	Thailand Securities Depository Company Limited
Address	93 The Stock Exchange of Thailand Building, Ratchadaphisek Road, Dindaeng Sub-area, Dindaeng Area, Bangkok 10400
Telephone	0-2009-9999

8.3.3. APPRAISERS

Name	Knight Frank Chartered (Thailand) Company Limited
Address	65/192 Chamnan Phenjati Business Center, 23rd Floor, Rama 9 Road Huaykwang Area, Bangkok 10320
Telephone	0-2643-8223

Name	The Valuation & Consultants Company Limited
Address	719 KPN Tower, Zone B-2, 12th Floor, Rama 9 Road, Huaykwang Area, Bangkok 10320
Telephone	0-2717-0801-8

8.4. HISTORY OF PUNISHMENT AND FINE PENALTY

-None-

9. DISCLOSURE OF INFORMATION TO TRUST UNITHOLDERS

The REIT manager has emphasized the importance of information disclosure to trust unitholders in a sufficient, accurate, complete, timely and transparent manner. The information disclosed by the REIT shall be in compliance with rules and guidelines of information disclosure of the Securities and Exchange Commission and the Stock Exchange of Thailand, detail as follows:

	Type of Information	Time of Disclosure
Information Disclosure Based on Accounting Period	<ul style="list-style-type: none"> Asset value, net asset value and trust unit value 	Within 45 days from the last day of each quarter
	<ul style="list-style-type: none"> Financial Statement <ul style="list-style-type: none"> Quarterly (reviewed) Annually (audited) 	<ul style="list-style-type: none"> 45 days from the end of the accounting period 2 months from the end of the accounting period.
	<ul style="list-style-type: none"> Report on progress of investment project <ul style="list-style-type: none"> Investment in green-field project Change in investment in core assets 	<ul style="list-style-type: none"> Within 30 days from the last day of the six-month period Delivered with quarterly financial statements
	<ul style="list-style-type: none"> Annual Registration Statement 	3 months from the end of the accounting period
	<ul style="list-style-type: none"> Annual report 	120 days from the end of the accounting period
Event Disclosure	<ul style="list-style-type: none"> Price-sensitive Information 	Disclosed immediately
	<ul style="list-style-type: none"> Important information (should be disclosed) 	Within 3 business days
	<ul style="list-style-type: none"> Other relevant information 	Within 14 days from the date of the event

Channels of Information Disclosure

The REIT manager has various channels for information disclosure as follows:

1. Report to the Stock Exchange of Thailand, which is the main channel of information disclosure for the REIT (www.set.or.th).
2. Report via website of REIT Manager's (www.one-asset.com).

10. TRUST UNITHOLDERS' MEETING

The REIT Manager shall arrange for the trust unitholders' meeting as follows:

- a. An annual general meeting shall be held within 4 months from the end of the accounting period of the REIT;
- b. An extraordinary general meeting is a meeting that is held upon occurrence of the following events:
 - (1) When trust unitholders with a total of not less than 10% of the total trust units offering make a request to the REIT Manager in writing to call for Trust Unitholders Meeting with clear reason stated, the REIT manager shall arrange for the meeting within 1 month after the date receiving such request.
 - (2) When the Trustee considers that it is appropriate to call the trust unitholders' meeting, the REIT manager shall arrange for the meeting within 1 month after the date receiving such request in writing from Trustee. Nevertheless, the Trustee is not disqualified to consult with REIT manager in relation to such request.
 - (3) When the REIT Manager considers that it is appropriate to call the trust unitholders' meeting for the benefits of the REIT. Nevertheless, the Trustee is not disqualified to consult with REIT manager in relation to such request.

Call of Trust Unitholders' Meeting

The REIT Manager shall arrange the meeting invitation letters specifying the venue, date, time, agenda of the meeting and matters to be proposed to the meeting with appropriate detail and clearly stating whether such matter is for acknowledgement, approval or consideration, as the case maybe, including the opinion of the REIT Manager on such matter and any impact to trust unitholders as a result of passing a resolution on such matter. Detail for delivering of meeting invitation letters to trust unitholders, as follows:

- ก. In general case, the calling shall be delivered to trust unitholders not less than 7 days prior to the meeting date
- ข. In the case where notifications and orders prescribed the time frame for delivering meeting invitation letter, the REIT Manager shall perform in accordance with such notifications and orders.

In the event that REIT Manager fails to arrange the trust unitholders' meeting within 1 month from the date of receiving request from the trust unitholders, the Trustee may proceed to call for the meeting in accordance with the method stated above. The Trustee is entitled to collect the expenses incurred (if any) from the trust unitholders' meeting in lieu of the REIT Manager on an actual basis.

In the case where there are notifications and orders prescribing the specific criteria for resolutions and trust unitholders' meeting, the REIT Manager shall perform in accordance with such notifications and orders.

Quorum and Chairman of the Trust Unitholders' Meeting

The trust unitholders' meeting shall consist of not less than 25 (twenty-five) person or proxies, or not less than half of the total number of the trust unitholders and shall have the aggregate trust units of at least one third of the trust units offering in order to consider as a quorum.

In the case that a quorum is not present within 1 hour after the appointed time for the commencement of the meeting where the total number of trust unitholders attended the meeting does not meet the requirement of the quorum as stated above. If the meeting is convened upon the request of the trust unitholders, the meeting shall be dissolved in that case. However, if the meeting is not convened at the request of the trust unitholders, the REIT Manager shall call another meeting by sending the calling notice to the trust unitholders not less than 7 days prior to the meeting. In this latter case, a quorum is not required.

The REIT Manager shall appoint any person to preside as Chairperson at the trust unitholders' meeting. In the case that the Chairperson has interests in the agenda under consideration, the Chairperson shall leave the meeting regarding only that agenda. Moreover, the REIT Manager shall appoint another person to act as the Chairperson for the respective agenda.

In the case that the REIT Manager has interests in the agenda under consideration, the Trustee shall appoint another person to act as the Chairman for the respective agenda. In the case that the REIT Manager and Trustee have interests in the agenda under consideration, the trust unitholders' meeting shall appoint any person as the Chairperson for the respective agenda.

Furthermore, in the case that the Trustee or REIT Manager has the interests in the agenda under consideration in the trust unitholders' meeting, the Trustee or REIT Manager and the representative of Trustee or REIT Manager shall have no right to vote on such agenda (in the case that Trustee or REIT Manager and the representatives of the Trustee or REIT Manager are the trust unitholder)

The Chairperson of the trust unitholders' meeting shall have the authorities and duties as follows:

- (1) Supervise the meeting to ensure that the meeting proceed orderly.
- (2) Determine any other methods in conducting the meeting as the Chairperson deemed appropriate or necessary to hold the trust unitholders' meeting along with the process of considering and passing resolution on any matters appropriately and efficiently.
- (3) Ensure that the trust unitholders' meeting performed according to relevant laws and other relevant laws. However, the Chairperson has the authority to terminate the debate or any consideration during the trust unitholders' meeting on any subject.
- (4) In the event that vote of the resolution of the trust unitholders' meeting is tie, the Chairperson of the trust unitholder's meeting cast a deciding vote where the decision cast by the Chairperson is deemed as the final vote of the trust unitholders' meeting.

Proxy Authorization

For the trust unitholders' meeting, the trust unitholders may authorize a proxy to other person or Trustee, as prescribed in the proxy form, to attend the meeting and vote on their behalf. The REIT Manager shall prepare proxy form attached along with the meeting invitation letters to trust unitholders. Thus, the proxy shall submit the proxy form and supporting documents as specified in the meeting invitation letter to the Chairperson before the meeting begins.

Vote Counting

The trust unitholder has 1 vote per 1 unit trust as per holding. Moreover, the trust unitholders who have the voting right must not hold a special interest in the matter under consideration.

Trust Unitholders' Resolution

1. For an ordinary issue, the resolution shall be passed by the majority vote of the trust unitholders who attend the meeting and have the right to vote;

2. For the following issues, the resolution shall be passed by not less than three fourths of the total number of votes cast by the trust unitholders who attend the meeting and have the right to vote:
 - (1) An acquisition or disposal of the core properties with the value not less than 30% of the total asset value of the REIT;
 - (2) An increase or decrease of the paid up capital which has not been specified in the Trust Deed in advance;
 - (3) An increase of capital by general mandate;
 - (4) In the case of transaction with the value exceeding 20,000,000 baht (twenty million baht) or 0.03 percent of total asset value of the REIT, whichever is greater;
 - (5) A change in the dividend distribution and capital reduction to trust unitholders;
 - (6) A change in Trustee or REIT Manager;
 - (7) An amendment to the Trust Deed regarding a matter which affects the right of the trust unitholders materially;
 - (8) A dissolution of the REIT; and
 - (9) A change of the form of the deposit as prescribed in the lease agreement between the REIT and the lessee into other form of deposit other than in the form of cash.

The resolution of the trust unitholders which will cause the REIT or management of the REIT to be contrary with rules prescribed in the Notification of Capital Market Supervisory Board Sor-Ror 26/2555 or other related notifications and orders as prescribed in the Security and Exchange Act or the Trust Act shall not take into effect.

11. INTERNAL CONTROL AND RISK MANAGEMENT

The REIT Manager has appointed compliance and audit department to supervise, audit and monitor the operation of the REIT Manager Department and relevant department to strictly perform in accordance with the laws, regulations, notifications and Trust Deed or relevant laws. The compliance and audit department is responsible for preparing an annual compliance operation plan, providing consultation and guidance related to the laws for the operation of the REIT Manager to ensure that the business compliance culture is in accordance with the regulations including prevention system for conflict of interests arising from transactions that violate the regulations of the Securities Exchange Commission Office.

The compliance and audit department is an independent unit that report directly to the Audit Committee and the Board of Directors where the segregation of duties is implemented in the department in accordance with the announcement of Securities Exchange and Commission Office.

In addition, the compliance and audit department takes into account of the importance of risk factors from noncompliance operation or law relating to the responsibility of the REIT Manager (Risk-Based Approach: RBA). The compliance and audit department shall monitor the internal control system, identify the types of risks that may arise from business operation, evaluate the possible impact factors to determine the period or frequency of each audit and conduct compliance manual to guide the operation in undertaking as REIT Manager. Furthermore, the compliance and audit department has the duties to supervise, audit and monitor in accordance with the compliance manual, assess the adequacy and propose improvement to any of the procedures to the departments in order to comply with related laws and regulations, report to the Audit Committee and Board of Directors and follow up on the department.

12. PREVENTION OF CONFLICT OF INTERESTS

12.1. THE TRANSACTIONS BETWEEN THE REIT AND THE REIT MANAGER OR THE REIT MANAGER CONNECTED PERSON

1. The transactions between the REIT and the REIT manager or the REIT manager connected person, the compliance with the following terms and conditions:
 - a. The essence of the transaction shall be in accordance with term specified in 8.1.4 (1) (B) of the Trust Deed.
 - b. The approval process of the transaction between the REIT and the REIT manager or REIT manager's connected person, in addition the information stated in the filing and prospectus, must comply with the following steps:
 - (1) Obtaining the trustee's approval that the transaction is in accordance with the Trust Deed and related laws;
 - (2) In the case of the transaction exceeding THB 1 million or from 0.03% of the REIT's NAV, whichever is higher, must obtain approval from the Board of Directors of the REIT manager.

- (3) In the case of the transaction exceeding THB 20 million or from 3% of the REIT's NAV, whichever is higher, must obtain approval from the trust unitholders' meeting with at least 3/4 of total votes of the trust unitholders attending the meeting and entitled to vote.

In case of the transaction being the acquisition or disposition of the core properties, the calculation of value shall be in accordance with the value for acquisition or disposition of all assets of each project resulting in that such project is ready to earn income, which includes the assets connected to such project.

2. The transaction between the REIT and the REIT manager or REIT manager's connected person which has already been clearly stated in the filing and prospectus, the procedures for requesting the approval of the trustee or trust unitholders must be in accordance with the terms specified 8.1.4 (1) (B) of the Trust Deed. Moreover, in the case of request for the trust unitholders' resolution, the notice of the trust unitholders' meeting must contain the financial advisor's opinion to support such request.

PART 3 FINANCIAL POSITION AND OPERATING RESULTS

13. FINANCIAL HIGHLIGHTS

13.1. BALANCE SHEET

GRANDE HOSPITALITY REAL ESTATE INVESTMENT TRUST

Balance Sheet

As of 31 December 2017

(unit: THB)

Assets	
Investments in properties at fair value (at cost : Baht 1,746,409,000.00)	1,746,409,000.00
Investments in securities at fair value (at cost : Baht 6,985,537.09)	6,985,537.09
Cash at banks	7,354,415.19
Deposit at bank with commitment	88,000,000.00
Accounts receivable :	
From rental and service	21,344,101.20
From interest	120,187.90
Deferred expenses	982,926.58
Other assets	625,419.68
Total Assets	1,871,821,587.64
Liabilities	
Accrued expenses	2,112,613.15
Deposits from rental and service	88,000,000.00
Other liabilities	167,595.59
Total Liabilities	90,280,208.74
Net Assets:	
Trust capital from the unitholders	1,755,000,000.00
Retained earnings	26,541,378.90
Net Assets	1,781,541,378.90
Net assets value per trust unit	10.1512
Number of trust units issued at the end of period (trust units)	175,500,000.00

13.2. INCOME STATEMENT

GRANDE HOSPITALITY REAL ESTATE INVESTMENT TRUST

Income Statement

For the period started 10 October 2017 (registration date) through 31 December 2017

(unit: THB)

Investment Income:	
Rental and service income	28,827,972.16
Interest income	111,968.65
Total Income	28,939,940.81
Expenses:	
REIT Manager fee	1,313,974.83
Trustee fee	656,987.42
Registrar fee	156,959.03
Professional fee	75,000.00
Operating expenses	195,640.63
Total Expenses	2,398,561.91
Net income from investments	26,541,378.90
Increase in net assets resulting from operations	26,541,378.90
Net income from investments per trust unit	0.1683

13.3. CASH FLOW STATEMENT

GRANDE HOSPITALITY REAL ESTATE INVESTMENT TRUST

Cash Flow Statement

For the period started 10 October 2017 (registration date) through 31 December 2017

(หน่วย : บาท)

Cash Flows from Operating Activities	
Increase in net assets from operations	26,541,378.90
Adjustments to reconcile net increase in net assets from operations to net cash provided by (used in) operating activities	
Purchases of investments in properties	(1,746,409,000.00)
Purchases of investments in securities	(6,983,132.38)
Increase in deposit at bank with commitment	(88,000,000.00)
Increase in accounts receivable from rental and service	(21,344,101.20)
Increase in accounts receivable from interest	(120,187.90)
Increase in deferred expenses	(1,063,462.50)
Increase in other assets	(625,419.68)
Increase in accrued expenses	2,112,613.15
Increase in deposits for rental and service	88,000,000.00
Increase in other liabilities	167,595.59
Deferred expenses amortization	80,535.92
Amortization of discount on debt instruments	(2,404.71)
Net Cash Used in Operating Activities	(1,747,645,584.81)
Cash Flows from Financing Activities	
Cash received from sales of trust units	1,755,000,000.00
Net Cash Provided by Financing Activities	1,755,000,000.00
Net Increase in Cash at Banks	7,354,415.19
Cash at Banks at Beginning of the Period	0.00
Cash at Banks at End of the Period	7,354,415.19

13.4. SIGNIFICANT FINANCIAL INFORMATION

GRANDE HOSPITALITY REAL ESTATE INVESTMENT TRUST

Significant Financial Information

For the period started 10 October 2017 (registration date) through 31 December 2017

Information on Results from Operation (THB per trust unit)

Net Asset Value at Beginning of the Period	-
Income from Investing Activities:	
Net income from investments	0.1512
Total Income from Investing Activities	0.1512
Add : Increase in capital from trust unitholders	10.0000
Increase in net assets value during the period	10.1512
Net Asset Value at End of the Period	10.1512

Ratio of Net Gain to Average Net Asset Value during the Period (%)	1.5
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Significant Financial Ratio and Additional Information

Net assets value at end of the period (THB thousand)	1,781,541,378.90
Ratio of total expenses to average net assets value during the period (%)	0.14
Ratio of total investment income to average net assets value during the period (%)	1.63
Ratio of weighted average investment turnover to average net assets value during the period (%) *	98.11

Supplemental information

* This is not included cash at bank, investment in promissory notes and certificates investments should be the independent trading transactions which are not or resale agreements.

14. MANAGEMENT DISCUSSION AND ANALYSIS

14.1. BALANCE SHEET

Assets

As of 31 December 2017, the REIT has total assets of THB 1,871,821,587.64, mainly contributed to the investment in properties at the amount of THB 1,746,409,000.00 or 93.30% of total assets. This is the investment in the freehold right of the Sheraton Hua Hin Resort & Spa Project.

Liabilities

As of 31 December 2017, the REIT has total liabilities of THB 90,280,208.74, mainly attributed to the deposits from rental and service at the amount of THB 88,000,000.00 or 97.47% of total liabilities. This is the deposit of property rental from the lessee.

Net Assets

As of 31 December 2017, the REIT has net assets of THB 1,781,541,378.90, mainly attributed to the Trust capital from the trust unitholders at the amount of THB 1,755,000,000.00 or 98.51% of net assets and the increase of retained earnings by THB 26,541,378.90.

14.2. OPERATING RESULTS

For the period started 10 October 2017 (registration date) through 31 December 2017, the REIT recorded the total income from investment of THB 28,939,940.81 or 1.62% of net assets value and the total expenses of THB 2,398,561.91 or 0.13% of net assets value. Therefore, the REIT reported the net income from investments of THB 26,541,378.90 or 1.49% of net assets value.

Income

The total income from investment for the period started 10 October 2017 (registration date) through 31 December 2017 comprises of rental and service income of THB 28,827,972.16 and interest income of THB 111,968.65, which is a total of THB 28,939,940.81.

Expenses

The total expenses of the REIT for the period started 10 October 2017 (registration date) through 31 December 2017 comprise as follows:

Expenses	Amount	% of Total Expenses
REIT Manager fee	THB 1,313,974.83	54.78%
Trustee fee	THB 656,987.42	27.39%
Registrar fee	THB 156,959.03	6.54%
Professional fee	THB 75,000.00	3.13%
Operating expenses	THB 195,640.63	8.16%
Total Expenses	THB 2,398,561.91	100.00%

FINANCIAL STATEMENTS AND AUDITOR'S REPORT

GRANDE HOSPITALITY REAL ESTATE INVESTMENT TRUST

FINANCIAL STATEMENTS AND AUDITOR'S REPORT

FOR THE PERIOD STARTED OCTOBER 10, 2017 (REGISTRATION DATE)
THROUGH DECEMBER 31, 2017



SP AUDIT CO.,LTD.

บริษัท เอส พี ออดิท จำกัด

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503/31 ชั้น 18(เอ) อาคาร เอส.เอส.เอส. ถนนวิภาวดีรังสิต แขวงตลาดบางเขน เขตบางเขน กรุงเทพฯ 10400 โทร. +66 2 642-6172-4 แฟกซ์ +66 2 642-6253

INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Grande Hospitality Real Estate Investment Trust

Opinion

I have audited the financial statements of Grande Hospitality Real Estate Investment Trust ("the Trust"), which comprise the balance sheet and the details of investments as at December 31, 2017, and the related statement of income, changes in net assets, cash flows and significant financial information for the period start October 10, 2017 (registration date) through December 31, 2017, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Grande Hospitality Real Estate Investment Trust as at December 31, 2017, and its financial performance, changes in its net assets, cash flows and significant financial information for the period start October 10, 2017 (registration date) through December 31, 2017 in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. 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 Matters

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. These matters were 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 these matters.

A.

SP Audit Co., Ltd.

Measurement of Investment in Properties

As discussed in Note 6 to the financial statements, as at December 31, 2017, the Trust had the investments in properties in the amount of Baht 1,746.41 million. The fair value of such investments were a key audit matter, due to that investment are not traded on an active market and a quoted price is not available for the same or similar investments. Therefore, the REIT manager measured their fair value of the investments as at the first balance sheet date using the acquisition costs.

Key audit procedures


I audited the value of the investments in properties by checking the acquisition costs of the investments, the sale and purchase agreements and related documents.

Other Information

The REIT manager is 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. 

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SP Audit Co., Ltd.

Responsibilities of the REIT manager for the Financial Statements

The REIT manager is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as the REIT manager determines 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 REIT manager either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

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 Thai Standards on Auditing 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 Standards on Auditing, I exercise professional judgment and maintain professional skepticism 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 manager.

A.

SP Audit Co., Ltd.

- Conclude on the appropriateness of the REIT manager's 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 REIT manager, 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.

SP Audit Company Limited

Kiatissak V.

(Mr. Kiatissak Vanithanont)

Certified Public Accountant (Thailand) No. 9922

Bangkok

February 14, 2018

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GRANDE HOSPITALITY REAL ESTATE INVESTMENT TRUST
BALANCE SHEET
AS AT DECEMBER 31, 2017

	Note	(Unit : Baht)
Assets	5	
Investments in properties at fair value		
(at cost : Baht 1,746,409,000.00)	6	1,746,409,000.00
Investments in securities at fair value		
(at cost : Baht 6,985,537.09)		6,985,537.09
Cash at banks	7	7,354,415.19
Deposit at bank with commitment	8	88,000,000.00
Accounts receivable		
From rental and service	11	21,344,101.20
From interest		120,187.90
Deferred expenses	9	982,926.58
Other assets		625,419.68
Total Assets		<u>1,871,821,587.64</u>
Liabilities	5	
Accrued expenses	11	2,112,613.15
Deposits from rental and service	11	88,000,000.00
Other liabilities	11	167,595.59
Total Liabilities		<u>90,280,208.74</u>
Net Assets		<u>1,781,541,378.90</u>
Net Assets :	5	
Trust capital from the unitholders		1,755,000,000.00
Retained earnings		26,541,378.90
Net Assets		<u>1,781,541,378.90</u>
Net assets value per unit		10.1512
Number of units issued at the end of period (Units)		175,500,000.0000

The accompanying notes are an integral part of these financial statements.

GRANDE HOSPITALITY REAL ESTATE INVESTMENT TRUST
THE DETAILS OF INVESTMENTS
AS AT DECEMBER 31, 2017

Details of investments are classified by type of industrial sector.

	Cost	Fair Value	Percent
	(Baht)	(Baht)	of investment
Investments in Properties			
Investment in Sheraton Hua Hin Resort & Spa Project			
Land, building and constructions including utilities systems, movable properties, fixtures tools which relate for hotel operation on the land having an approximate area of 27 Rai 3 Ngan 59 Square Wah (See Note 6).	1,746,409,000.00	1,746,409,000.00	99.60
Total Investments in Properties		1,746,409,000.00	99.60
Investments in Securities			
Bank of Thailand Bond			
CB18308A Maturity date March 8, 2018	7,000,000.00	6,985,537.09	0.40
Total Investments in Securities (at cost : Baht 6,985,537.09)		6,985,537.09	0.40
Total Investments (at cost : Baht 1,753,394,537.09)		1,753,394,537.09	100.00

The accompanying notes are an integral part of these financial statements.

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GRANDE HOSPITALITY REAL ESTATE INVESTMENT TRUST
STATEMENT OF INCOME
FOR THE PERIOD STARTED OCTOBER 10, 2017 (REGISTRATION DATE)
THROUGH DECEMBER 31, 2017

	Note	(Unit : Baht)
Investment Income	5	
Rental and service income	11	28,827,972.16
Interest income		111,968.65
Total Income		<u>28,939,940.81</u>
Expenses	5	
REIT Manager fee	10, 11	1,313,974.83
Trustee fee	10, 11	656,987.42
Registrar fee	10	156,959.03
Professional fee		75,000.00
Operating expenses		195,640.63
Total Expenses		<u>2,398,561.91</u>
Net Income from Investments		<u>26,541,378.90</u>
Increase in Net Assets Resulting from Operations		<u><u>26,541,378.90</u></u>

The accompanying notes are an integral part of these financial statements.

GRANDE HOSPITALITY REAL ESTATE INVESTMENT TRUST
STATEMENT OF CHANGES IN NET ASSETS
FOR THE PERIOD STARTED OCTOBER 10, 2017 (REGISTRATION DATE)
THROUGH DECEMBER 31, 2017

	(Unit : Baht)
Increase in Net Assets from Operations during the Period	
Net income from investments	26,541,378.90
Net Increase in Net Assets Resulting from Operations	26,541,378.90
Increase in Capital Received from Unitholders during the Period	
Cash received from unitholders	1,755,000,000.00
Net Increase in Capital Received from Unitholders	1,755,000,000.00
Net Increase in Net Assets during the Period	1,781,541,378.90
Net Assets at Beginning of the Period	-
Net Assets at End of the Period	1,781,541,378.90
	(Unit : Unit)
<u>Changes in number of investment units</u>	
(Baht 10 per unit)	
Trust units sold during the period	175,500,000.0000
Trust Units at End of the Period	175,500,000.0000

The accompanying notes are an integral part of these financial statements.

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GRANDE HOSPITALITY REAL ESTATE INVESTMENT TRUST
STATEMENT OF CASH FLOWS
FOR THE PERIOD STARTED OCTOBER 10, 2017 (REGISTRATION DATE)
THROUGH DECEMBER 31, 2017

(Unit : Baht)

Cash Flows from Operating Activities	
Increase in net assets from operations	26,541,378.90
Adjustments to reconcile net increase in net assets from operations to net cash provided by (used in) operating activities	
Purchases of investments in properties	(1,746,409,000.00)
Purchases of investments in securities	(6,983,132.38)
Increase in deposit at bank with commitment	(88,000,000.00)
Increase in accounts receivable from rental and service	(21,344,101.20)
Increase in accounts receivable from interest	(120,187.90)
Increase in deferred expenses	(1,063,462.50)
Increase in other assets	(625,419.68)
Increase in accrued expenses	2,112,613.15
Increase in deposits for rental and service	88,000,000.00
Increase in other liabilities	167,595.59
Deferred expenses amortization	80,535.92
Amortization of discount on debt instruments	(2,404.71)
Net Cash Used in Operating Activities	<u>(1,747,645,584.81)</u>
Cash Flows from Financing Activities	
Cash received from sales of trust units	<u>1,755,000,000.00</u>
Net Cash Provided by Financing Activities	<u>1,755,000,000.00</u>
Net Increase in Cash at Banks	7,354,415.19
Cash at Banks at Beginning of the Period	-
Cash at Banks at End of the Period	<u><u>7,354,415.19</u></u>

The accompanying notes are an integral part of these financial statements.

GRANDE HOSPITALITY REAL ESTATE INVESTMENT TRUST
SIGNIFICANT FINANCIAL INFORMATION
FOR THE PERIOD STARTED OCTOBER 10, 2017 (REGISTRATION DATE)
THROUGH DECEMBER 31, 2017

(Unit : Baht)

Information on Results from Operation (Per Unit)

Net Asset Value at Beginning of the Period	-
Income from Investing Activities	
Net income from investments	0.1512
Total Income from Investing Activities	0.1512
Add : Increase in capital from unitholders	10.0000
Increase in net assets value during the period	10.1512
Net Asset Value at End of the Period	10.1512

Ratio of Net Gain to Average Net Asset Value during the Period (%)	1.50
--------------------------------------------------------------------	------

Significant Financial Ratio and Additional Information

Net assets value at end of the period (Thousand Baht)	1,781,541
Ratio of total expenses to average net assets value during the period (%)	0.14
Ratio of total investment income to average net assets value during the period (%)	1.63
Ratio of weighted average investment turnover to average net assets value during the period (%) *	98.11

Supplemental information

- * This is not included cash at bank, investment in promissory notes and certificates of deposits and trading investments should be the independent trading transactions which are not included repurchase agreements or resale agreements.

The accompanying notes are an integral part of these financial statements.

GRANDE HOSPITALITY REAL ESTATE INVESTMENT TRUST
NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD STARTED OCTOBER 10, 2017 (REGISTRATION DATE)
THROUGH DECEMBER 31, 2017

1. NATURE OF GRANDE HOSPITALITY REAL ESTATE INVESTMENT TRUST

Grande Hospitality Real Estate Investment Trust ("the Trust") is a real estate investment trust established under the Trust for Transaction in Capital Market Act, B.E.2550 ("Trust Act") in accordance with the Trust Deed signed on October 10, 2017. The Trust is a closed-end trust with no maturity date. The Trust has registered capital of Baht 1,755 million (Allotted to 175.50 million trust units 10 Baht each).

The Trust's objectives are to raise funds and to use the proceeds from such fund raising for invest in immovable properties and movable properties of the Sheraton Hua Hin Resort & Spa Project. The Trust will seek benefit from such assets by renting a business operation of the Sheraton Hua Hin Resort & Spa or by performing any other relevant and necessary acts in accordance with the regulations and letters announced by Office of the Securities and Exchange Commission (the "Office of SEC") and other relevant law or other process for the benefit of the property and create the revenue and return to the Trust and the unitholders. This includes investment in other assets and/or securities and/or seeks benefit by any other means as prescribed by securities laws and/or other relevant law.

The Stock Exchange of Thailand approved the listing of the Trust's investment trusts and permitted their trading from November 3, 2017 onwards.

One Asset Management Limited acts as the REIT Manager, BBL Asset Management Company Limited acts as the Trustee and Thailand Securities Depository Company Limited acts as the Trust Registrar.

2. DISTRIBUTION POLICY

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

- 2.1. The REIT Manager shall pay distributions to the Trust's unitholders that, in aggregate, amount to not less than 90% of adjusted net profit for the accounting period, 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 distributions in an accounting period, unless the Trust increases capital.

The adjusted net profit means profits which are adjusted by the followings:

- 1) Deduction of unrealized gain from the value appraisal or reveiw of the Trust's asset value appraisal, including adjustment by other items under the guidelines of the Office of the Securities and Exchange Commission of Thailand in accordance with the Trust's cash status.
- 2) Deduction by reserve for loan repayment or encumbrances from borrowings by the Trust.

- 2.2. In case the Trust has retained earnings in any accounting period, the REIT Manager may pay the distributions to the Trust's unitholders from the retained earnings.

- 2.3. In case the Trust has accumulated losses remaining, the REIT Manager will not pay distributions to the Trust's 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.

3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions ("FAP"); and applicable rules and regulations of the Thai Securities and Exchange Commission. In addition, the financial statements have been prepared in accordance with the basis and format in Thai Accounting Standard No. 106 "Accounting for Investment Companies".

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

An English version of the financial statements has been prepared from the statutory financial statements that are in 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.

4. NEW FINANCIAL REPORTING STANDARDS

4.1. Financial Reporting Standards that Became Effective in the Current Period

During the period, the Trust has adopted the revised (revised 2016) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Trust's financial statements.

4.2. Financial Reporting Standard that will Become Effective in the Future

During the current period, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2017) and new accounting treatment guidance which is effective for fiscal years beginning on or after January 1, 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The management of the Trust believes that the revised financial reporting standards and interpretations and new accounting treatment guidance will not have any significant impact on the financial statements when they are initially applied.

5. SIGNIFICANT ACCOUNTING POLICIES

5.1. Investment Measurement

Investments are recognized as assets at cost of investments at the date on which the Trust has rights on investments. The cost of investments comprises the purchase prices and direct expenses that the Trust pays to get such investments.

Investments in properties

Investments in properties are stated at fair value with no depreciation charge. The Trust Manager measured their fair value as at the first balance sheet date at the acquisition cost of investments in properties. At subsequent balance sheet dates, they are presented at fair value, using the appraisal value assessed by an independent appraiser approved by Thai Valuer Association and The Valuers Association of Thailand (Pursuant to the Notification of the Office of the Securities and Exchange Commission concerning the granting of approval of valuation companies and principle valuers for public use). Valuation will be made when economic conditions change, but at least every two years, commencing from the date of the appraisal made for the purposes of investing or leasing the properties. In addition, the valuation will be reviewed within one year after the latest valuation date.

Net unrealized gains or losses arising from their revaluation of investments in properties to be fair value are reflected in the statement of income on the measurement date.

Investments in securities

Investments in marketable debt securities which can be freely traded on an open market are presented at fair value, which is based on yield rate from the latest purchase/sale quoted by the Thai Bond Market Association as of the measurement date.

The Trust used the amortized cost method to determine the fair value of debt instruments due within 90 days since the date of investment without any term for renewal when the fair value of the debt instruments is not significantly different from the amortized cost.

Net unrealized gains or losses arising from their revaluation of investments in securities to be fair value are reflected in the statement of income on the measurement date.

The weighted average method is used for computation of the cost of investments.

5.2. Rental and Service Receivables

Rental and service receivables are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

5.3. Deferred Expenses

Deferred expenses consist of expenses incurred for application fee and initial listing fee. Amortisation is charged to expense on a straight-line basis for 3 years.

5.4. Revenues and Expenses Recognition

Rental and service income is recognised as revenue in the statement of income on a straight-line basis over the lease term. The recognised revenue which is not yet due per the operating lease agreements has been presented under the caption of "Accounts receivable from rental and service" at the end of reporting period.

Interest income is recognized as revenue on an accrual basis based on the effective interest rate.

The premium (discount) on debt instruments is amortized by the effective rate method. The amortized amount is presented as an adjustment of the interest income.

Expenses are recognized on an accrual basis.

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5.5. Related Party Transactions

Related parties of the Trust comprise enterprises and individual which directly or indirectly own a voting interest of at least 10 percent in the Trust or individual management personnel who are responsible for the management of the Trust, determining its policies or making decisions as to how to achieve the Trust's objectives.

In addition, related parties include enterprises and individual that control or are controlled by the Trust or have the significant influence over the Trust or the Trust have significant influence over them.

5.6. Long-Term Leases

Lease of assets not transferred a significant portion of risks and rewards of ownership to lessee are classified as operating leases. The Trust as the lessor, receipts money under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

5.7. Provisions

Provisions are recognized when the Trust has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

5.8. Distributions to Unitholders

The Trust records decreases in retained earnings are recognized as at the date a distribution is declared.

6. INVESTMENT IN PROPERTIES AT FAIR VALUE

As at December 31, 2017, investment in properties at fair value consisted of:

(Unit : Baht)

Investments in properties at beginning of the period	-
Add Addition during the period (including the expenses for transferring the ownership of properties)	1,746,409,000.00
Investments in properties at end of the period	<u>1,746,409,000.00</u>

On October 12, 2017, the Trust entered into Purchase and Sale Immovable Properties and Movable Properties Agreement with Honor Business Company Limited with a total value of Baht 1,750 million (include vat). Details of investments are as follows:

1. Ownership right in 2 land title deeds which is located in Tambon Cha-Am, Amphur Cha-Am, Petchburi Province, having an approximate area of 27 rai 3 ngarn 59 square wah where the Sheraton Hua Hin Resort & Spa Project is located including utilities systems and the component parts of the such land and use in the operation of the Sheraton Hua Hin Resort & Spa Project.
2. Ownership right in buildings and all of the constructions constructed on the land in the Clause 1 , which is the location of and for the operation of the Sheraton Hua Hin Resort & Spa Project. Total area is approximately 46,205 square meters
3. Ownership right in furniture, tools, appliances and equipment that are installed and uninstalled decorations including any other equipment that are for the purpose of decoration or facilitation for guests including any rights regarding the or relating to the movable properties that are necessary and appropriate for use in the operation of the Sheraton Hua Hin Resort & Spa Project such as equipment and appliances in the guestroom, equipment and appliances in the kitchen room, equipment and appliances in the conference room and equipment and appliances for the use of restaurant.

The Trust has estimated fair value of investments in properties as at December 31, 2017 amounting to Baht 1,746.41 million, equals to an acquisition cost. The REIT Manager believes that this represented the best estimation of the fair value because it was the latest exchange transaction, which happened close to the period end date.

The Trust seeks benefits from such investments by entering into Immovable Properties and Movable Properties Agreement with Honor Business Company Limited (“Lessee”) for the period of 3 years and extension of 3 years each for 4 times, totally 15 years. As at December 31, 2017, future minimum rental income to be generated under these operating leases is as follows.

	(Unit : Million Baht)
Less than 1 year	116.00
After 1 year to 5 year	480.18
Over 5 year	1,327.89

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7. CASH AT BANKS

As at December 31, 2017, cash at banks consisted of:

	<u>Principle</u> (Baht)	<u>Interest rate</u> (%)
Bangkok Bank Public Company Limited		
Saving account	7,354,415.19	0.375

8. DEPOSIT AT BANK WITH COMMITMENT

Deposit at bank with commitment are deposit from lessee as a guarantee of the Lessee's performance of this agreement. The Trust shall pay the interest received from the deposit to the Lessee equals to the amount that the Trust receives interest from the deposit deduction of fees, expenses, and tax related.

9. DEFERRED EXPENSES

The capital unit issuance costs are recorded as deferred expenses and are amortised as expense over a period of 3 years on a straight-line basis. Details movements are as follows:

	(Unit : Baht)
Beginning balance	-
Addition during the period	1,063,462.50
Decrease during the period	(80,535.92)
Ending balance	982,926.58

10. EXPENSES

The REIT manager fee, trustee fee and registrar fee are summarized as follows:

<u>Expenses</u>	<u>Percentage</u>
REIT manager fee	Not over 1.07 percent per annum of the Trust's total asset value
Trustee fee	Not over 1.07 percent per annum of the Trust's total asset value
Registrar fee	Rate specified by Thailand Securities Depository Company Limited

The above fees include value added taxes.

11. RELATED PARTY TRANSACTIONS

The Trust had significant business transactions with its related parties which comprise the REIT manager, trustee, the companies which related to the REIT Manager or trustee, and by way of common shareholders unit holders and/or directors and other funds which are managed by the same trustee. Below is a summary of those transactions for the period stated October 10, 2017 (registration date) through December 31, 2017 as follows:

	(Unit : Baht)	<u>Pricing Policy</u>
One Asset Management Limited		
REIT manager fee	1,313,974.83	As specified in the agreement
Hornor Business Company Limited		
Purchases of investment in properties	1,746,409,000.00	Prices close to appraisal value (Note 6)
Rental and services income	28,827,972.16	Contractually agreed price
BBL Asset Management Company Limited		
Trustee fee	656,987.42	As specified in the agreement
Bangkok Bank Public Company Limited		
Interest income	53,828.90	Market rate

As at December 31, 2017, the Trust had the significant outstanding balances with the related companies as follows:

	(Unit : Baht)
One Asset Management Limited	
Accrued REIT manager fee	1,358,408.76
Hornor Business Company Limited	
Accounts receivable from rental and service	21,344,101.20
Rental deposits	88,000,000.00
Other liabilities	166,846.27
BBL Asset Management Company Limited	
Accrued trustee fee	679,204.39
Bangkok Bank Public Company Limited	
Cash at bank	7,354,415.19
Interest receivables	1,568.74

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12. INVESTMENT TRADING INFORMATION

The Trust's investment trading transactions for the period stated October 10, 2017 (registration date) through December 31, 2017 excluding investments in promissory notes and certificates of deposit amounted of Baht 1,753.39 million which is 98.89 percent of the average net asset value during the period.

13. COMMITMENTS

The Trust is committed to pay the reit management fee, trustee fee and registrar fee under the terms and conditions specified in Note 10.

14. DISCLOSURE OF FINANCIAL INSTRUMENTS

The Trust does not speculate in or engage in the trading of any derivative financial instruments.

Fair Value

Since the majority of the Trust's financial instruments are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in the balance sheets.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

Interest Rate Risk

The Trust's exposure to interest rate risk relates primarily to its investments in securities and cash at bank. However, most of the Trust's financial assets bear fixed interest rates which are close to the market rate or floating interest rates, the interest rate risk is expected to be minimal.

As at December 31, 2017, significant financial assets classified by type of interest rates are summarized as follows:

	(Unit : Baht)	
	Floating <u>interest rate</u>	Non- interest <u>bearing</u>
<u>Financial assets</u>		
Investments in securities	-	6,985,537.09
Cash at banks	7,354,415.19	-

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 have a concentration of credit risk with respect to an account receivable as it has only one customer. The carrying amount of financial assets as recorded in balance sheet represents the Trust's maximum exposure to credit risk.

15. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved for issue by the authorized persons of the Trust on February 14, 2018.
