

- Translation -

WRLE 016/2017

13 December 2017

Subject : Termination of land lease agreement of Metro East Town Project which is categorized as a connected transaction.
To : Director and Manager,
The Stock Exchange of Thailand.
Enclosure : Information Memorandum of Connected Transaction of We Retail Public Company Limited.

We, We Retail Public Company Limited (the “Company”) , wish to notify the resolutions on the important agenda of the Board of Directors Meeting of the Company No. 5/2017, held on 7 November 2017, as follows:

1. Resolved for approval of the submission to the Shareholders’ meeting for consideration and approval of the termination of land lease agreement of Metro East Town Project between Estate Perfect Co., Ltd. (“Estate”) as the Lessor and We Retail Public Company Limited as the Lessee whereby the Company will obtain the consideration for termination of the said land lease agreement in an amount of 120,000,000.- Baht. Provided that Estate is a subsidiary of Property Perfect Public Company Limited (“PF”) whereby PF holds the shares in proportion approximate of 100% of the total number of shares of Estate. Meanwhile, PF is a major shareholder of the Company by holding 2,365,428,156 shares, being equivalent to 94.97% of the paid-up capital of the Company. Therefore, the entering into of the said transaction is categorized as a connected transaction in accordance with the Notification of the Capital Market Supervisory Board No. Tor.Jor. 21/2551 Re: Rules on entering into a connected transaction and the Notification of the Board of Directors of the Stock Exchange of Thailand Re : Disclosure of Information and Actions of Listed Company on Connected Transactions B.E. 2546 which has the value of transaction required to obtain the approval from the Board of Directors Meeting of the Company and to disclose the said transaction to the Stock Exchange of Thailand including to require the approval for entering into of the said transaction from the Shareholders’ meeting of the Company in accordance with the relevant Notification of the Capital Market Supervisory Board and the Notification of the Board of Directors of the Stock Exchange of Thailand aforesaid. The details of the said transaction appear in the Information Memorandum of Connected Transaction of We Retail Public Company Limited attached to this letter.

Moreover, the Board of Directors Meeting of the Company had resolved to assign Mr. Chainid Adhyanasakul for disclosure of the said transaction to the Stock Exchange of Thailand when the Board of Directors Meeting of PF and Estate had resolved for approval of the termination of the land lease agreement and the payment of the consideration for termination of the land lease agreement to the Company aforesaid. Later, the Board of Directors Meeting of Estate, held on 13 December 2017 under the assignment from the Board of Directors Meeting of PF, had resolved for approval of the

termination of the land lease agreement and the payment of the consideration for termination of the land lease agreement to the Company aforesaid.

2. Resolved for approval of the appointment of Beyond Advisor Company Limited as the Independent Financial Advisor to provide its opinion in relation to the termination of the land lease agreement of Metro East Town Project which is categorized as a connected transaction and required to approve for entering into the said transaction from the Shareholders' meeting of the Company.
3. Resolved for fixing of the date of the Extraordinary General Meeting of Shareholders of the Company No. 1/2018 on 30 January 2018, at 10.00 hrs., at Parichart Room, 3rd Floor, Golden Tulip Sovereign Hotel, No. 92 Soi Saengcham, Rama IX Road, Huaykwang Sub-district, Huaykwang District, Bangkok Metropolis, and fixing of the Agenda for the Extraordinary General Meeting of Shareholders of the Company No. 1/2018 to be as follows:
 - Agenda 1. To consider and adopt the minutes of the Annual General Meeting of Shareholders of the Company for the year 2017.
 - Agenda 2. To consider and approve the termination of land lease agreement of Metro East Town Project which is categorized as a connected transaction.
 - Agenda 3. To consider other businesses (if any).
4. Resolved for fixing of the names of Shareholders who are entitled to attend the Extraordinary General Meeting of Shareholders of the Company No. 1/2018 on 8 January 2018 (Record Date).

Please be informed accordingly.

Sincerely yours,

- Chainid Adhyanasakul -

Mr. Chainid Adhyanasakul
Chief Executive Officer

Information Memorandum on a Connected Transaction of We Retail Public Company Limited

According to the meeting of the Board of Directors of We Retail Public Company Limited (the "Company" or "WR") no. 5/2560 held on November 7, 2017, the Board of Directors approved and proposed to the shareholders' meeting to approve a termination of leasehold rights on land under the title deeds no. 435 and 2847 located on Onnut-Ladkrabang Road, Ladkrabang Sub-district, Ladkrabang (Sansaeb) District, Bangkok, with total area of 16-2-29 rai, whereby the Company planned to develop the Metro East Town Project ("Project MET"). The Company will receive compensation from the termination of the leasehold rights from Estate Company Limited ("ESTATE"), the owner of the land, in the amount of THB 120 million. ESTATE is a wholly-owned subsidiary of Property Perfect Public Company Limited ("PF"), a major shareholder of the Company holding 94.97% of the Company's total issued shares. Therefore, this transaction is considered a connected transaction pursuant to the Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Connected Transactions and the Notification of the Board of Governors of the Stock Exchange of Thailand (the "SET") Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transaction B.E. 2546 ("SET Notification regarding Connected Transaction"). When calculating the transaction size, the value of the consideration was equal to THB 120 million compared to the net tangible asset value of THB 2,304.01 million according to the Company's consolidated financial statements as reviewed by the auditor as at September 30, 2017, such transaction size stood at 5.21% of the net tangible asset value of the Company. Combined with other connected transactions in the past 6 months, total size of the transaction equaled 5.93%, which was more than or equal to THB 20 million, and was higher or equal to 3.00% of the net tangible asset value of the Company. The company is therefore obliged to obtain an approval from the Company's Board of Directors, disclose the information memorandum of the transaction to the SET, and obtain the approval from the shareholders' meeting. In the shareholders' meeting, a resolution shall be passed by not less than three-fourths of the total votes of the shareholders or proxies who are present at the meeting and have the right to vote, excluding those who have an interest in the transaction.

According to the Notification of the Capital Market Supervisory Board No. TorChor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets and the Notification of the Board of Governors of the SET Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition or Disposition of Assets, 2004, the transaction size was equal to 4.43% of the total assets of the Company according to the consolidated financial statements as reviewed by the auditor as at September 30, 2017. There were no other disposal transactions during the past six months. Therefore, total transaction size stood at 4.43%, which was less than 15.00%. This transaction is thus not considered as a material asset disposal transaction and the Company can proceed to sell without any approval from the shareholders' meeting of the Company.

As explained above, the Company has appointed Beyond Advisor Company Limited as an independent financial advisor of the Company to provide an opinion to the Company's shareholders regarding this transaction. The information on this connected transaction can be described below.

1. Date of the Transaction

The meeting of the Company's Board of Directors No. 5/2560 held on November 7, 2017, approved the termination of leasehold rights on land under the title deeds no. 435 and 2847 located on Onnut-Ladkrabang Road, Ladkrabang Sub-District, Ladkrabang (Sansaeb) District, Bangkok, with the total area of 16-2-29 rai, whereby the Company planned to develop Project MET. The Company will receive compensation from the termination of the leasehold rights from ESTATE, the owner of the land, in the amount of THB 120 million. The transaction will be proposed to the Extraordinary General Meeting of Shareholders No. 1/2561 on January 30, 2018 to consider and approve the entering into the transaction. The Company expected to terminate the lease agreement and receive full payment within the first quarter of 2018 after obtaining the approval from the shareholders' meeting.

2. Parties Involved and Nature of Relationship

Party who will obtain compensation from the termination of lease agreement:	We Retail Public Company Limited
Payer for lease agreement termination:	Estate Perfect Company Limited
Relationship:	ESTATE is a 100% owned subsidiary of Property Perfect Public Company Limited, a major shareholder of the Company holding 94.97% of the Company's total issued shares. Therefore, ESTATE is considered a connected person according to the SET Notification regarding Connected Transaction.

3. Details of Asset

Type of Asset:	Leasehold rights on land
Land Owner:	Estate Perfect Company Limited
Land Details:	Land on title deeds no. 435 and 2847, with the total area of 16-2-29 rai
Asset Location:	Onnut-Ladkrabang Road, Ladkrabang Sub-District, Ladkrabang (Sansaeb) District, Bangkok
Lease Term:	30 years starting from October 1, 2014 to August 31, 2044
Leasehold Appraiser:	N&A Appraisal Company Limited
Appraisal Date:	October 2, 2017
Appraisal Method:	Market Approach
Appraisal Value:	THB 119,300,000

4. General Characteristics and Details of the Connected Transaction

The Company and ESTATE mutually agreed to cancel the leasehold rights on land rented by the Company under title deeds no. 435 and 2847 with the total area of 16-2-29 rai. The land was located on Onnut-Ladkrabang Road, Ladkrabang Sub-District, Ladkrabang (Sansaeb) District, Bangkok, which would be used to develop [community mall project named "Metro East Town"](#). The company would receive a compensation from the termination of such leasehold rights from ESTATE, the owner of the land, in the amount of THB 120 million. ESTATE was a 100% owned subsidiary of PF, a major shareholder of the Company holding 94.97% of the Company's total issued shares, which was considered a connected person. The objective of the termination of this leasehold rights was the [ESTATE has intention to develop their new project on this land and to reduce the cost of the Company from recognizing project cost since 2014 when the Company entered into lease agreement.](#) Since then, Project MET has not started any construction. In addition, due to the low growth of retail business and rapid growth on e-commerce in recent years, the level of competition in this business, community malls included, became more intense. Therefore, developers of the shopping centers need to carefully consider the location of the project. For that reason, the Company's Board of Directors had resolved to cancel such lease agreement, where the compensation received from the termination would be used as working capital and/or to develop other [future potential projects.](#) [The Company is in the process of considering for the best benefit of the Company. However, the Company still has revenue from rental and service income. Including income from building management as usual.](#)

The amount of compensation from the termination of the lease agreement was THB 120 million, [Based on market value of the leasehold rights appraisal which was higher than project carrying cost \(THB 95.08 million as of September 30,2017\) and not less than the market value of the leasehold rights of THB 119.30 million as appraised by N&A Appraisal Company Limited, an](#)

appraisal company that had been approved by the Office of the Securities and Exchange Commission (the "SEC"). ESTATE would pay for the termination of the lease agreement on the date of registration of the termination of leasehold rights with the Land Office within the first quarter of 2018 after obtaining the approval of the transaction from the shareholders' meeting of the Company.

5. The Calculation of Transaction Size

This transaction was considered a connected transaction regarding assets or services according to the Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Connected Transaction and the SET Notification regarding Connected Transaction. Amount of the consideration was equal to THB 120 million compared to the net tangible asset value of the Company of THB 2,304.01 million derived from the consolidated financial statements as at September 30, 2017 as reviewed by the Company's auditor. Therefore, the size of such transaction was equal to 5.21% of the net tangible asset value of the Company. Combined with other related transactions in the past 6 months, i.e. interest incurred from the loan agreement from PF whose transaction size stood at 0.72%, total size of the connected transaction equaled 5.93%, which was more than or equal to THB 20 million, and was higher than or equal to 3.00% of the net tangible assets of the Company. The company is therefore obliged to obtain the approval from the Company's Board of Directors, disclose the information memorandum of the transaction to the SET, and obtain the approval from the shareholders' meeting. In the shareholders' meeting, a resolution shall be passed by not less than three-fourths of the total votes of the shareholders or proxies who are present at the meeting and have the right to vote, excluding those who have an interest in the transaction.

Criteria for connected transaction	Value (million THB)	Details	Transaction size (%)
1. Total value of consideration	120.00	Value = 120.00MTHB NTA ¹ of the Company and subsidiaries 2,304.01MTHB	5.21
2. Book value	95.08	Value = 95.08MTHB NTA ¹ of the Company and subsidiaries 2,304.01 MTHB	4.13
3. Market value	119.30	Value = 119.30 MTHB NTA ¹ of the Company and subsidiaries 2,304.01 MTHB	5.18

Note: ¹ NTA = net tangible assets calculated from total assets minus intangible assets, liabilities, and minority interests.

According to the Notification of the Capital Market Supervisory Board No. TorChor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets and the Notification of the Board of Governors of the SET Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition or Disposition of Assets, 2004, the disposal transaction size was equal to 4.43% of the total assets derived from the consolidated financial statements of the Company as at September 30, 2017 as reviewed by the auditor. There were no other disposal transactions during the past six months. As such, the total size of the disposal transaction stood at 4.43% which was less than 15.00%. Therefore, this transaction is not considered a material transaction and the Company can proceed to sell without disclosing further information to the SET and the approval from the shareholders' meeting of the Company is not required.

Criteria for asset acquisition or disposal	Details	Calculation (million THB)	Transaction size (%)
1. Asset value	<u>NTA¹ of the entity under transaction according to % acquired or disposed</u> NTA ¹ of the Company and subsidiaries	N/A	N/A
2. Net profit from the operation	<u>Net profit from the operation of the entity under transaction according to % acquired or disposed</u> Net profit of the Company and subsidiaries	N/A	N/A
3. Total value of consideration	Total value of consideration paid or obtained Total assets of the Company and subsidiaries	120.00 2,706.59	4.43
4. Value of shares issued by the Company for payment of assets	<u>Value of securities issued by the Company as compensation for acquisition</u> Value of securities issued by the Company	N/A	N/A

Note: ¹ NTA = net tangible assets calculated from total assets minus intangible assets, liabilities, and minority interests.

6. Reasons and Necessity for Entering into the Transaction

The objective of this termination of the leasehold rights transaction was to reduce the cost of the Company incurred from the recognition of project cost since it entered into such lease agreement in 2014. Since then, Project MET has not started any construction. In addition, due to the low growth of retail business and rapid growth on e-commerce in recent years, the level of competition in this business, community malls included, became more intense. Therefore, the developers of the shopping centers need to carefully consider the location of the project. In entering into this transaction, the Company would obtain compensation from the termination of the lease agreement in the amount greater than book value of the project, whereby it would earn profit from this transaction. Cash would increase, which would can be used as working capital and/or for the development of other [future](#) potential projects.

7. The Meeting of the Board of Directors to Approve the Entering into the Connected Transaction

In the meeting of the Board of Directors to approve this transaction, there were 3 directors with interests and/or who were connected persons and did not attend the meeting and did not cast the vote on such agenda, i.e.:

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|----|--------------------------|--|
| 1. | Mr. Tawatchai Nakhata | Director of the Company and PF |
| 2. | Mr. Chainid Adhyanasakul | Director of the Company and PF |
| 3. | Mr. Pramote Rermyindee | Director of the Company and Thai Property Public Company Limited ("TPROP") and Raminthra Mall Company Limited, subsidiaries of PF, as well as Pacific Estate Development Company Limited and Metro Premier Holding Company Limited, subsidiaries of TPROP, and Company Secretary of PF |

8. Opinion of the Board of Directors of the Company

The meeting of the Company's Board of Directors viewed that such transaction was appropriate and beneficial to the Company. The disposal price of THB 120 million was in accordance with the market price appraised by N&A Appraisal Company Limited, the appraisal company that had been approved by the Office of the SEC. In addition, the Company would earn profit from the compensation from this termination of the lease agreement, which would thus increase cash flow which could be used as working capital and/or to develop other potential projects. Accordingly, the Board of Directors resolved to propose to the Extraordinary General Meeting of the Shareholders No.1/2561 to approve the entering into the transaction.

9. Opinion of the Audit Committee and/or the Directors that Differs from the Opinion of the Board of Directors

-None-