

[Translation]

**Opinions of the Independent Financial Advisor**  
**on**  
**THE CONVERSION OF THE PROPERTY FUND INTO A REAL ESTATE INVESTMENT**  
**TRUST AND THE ACQUISITION OF ASSETS OF SPWREIT AND TRANSACTION**  
**BETWEEN SPWREIT AND CONNECTED PERSONS OF THE REIT MANAGER AND**  
**TRUSTEE**

**PROPOSED TO**

**THE UNITHOLDERS OF SRI PANWA HOTEL PROPERTY FUND**

**PREPARED BY**



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**13 JULY 2016**

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## ABBREVIATIONS AND TERMS

“Additional Asset No.1”	<p>Comprising:</p> <p>1) Right of ownership to land under two exploitation deeds (Nor Sor 3 Kor) no. 349 and 1979, located in Wichit Sub-district, Mueang Phuket District, Phuket Province, with a total area of approximately 6 rai 50.6 square wah, which is where Sri panwa Hotel and Villa X29 are situated, including public utility systems and component parts of land</p> <p>2) Right of ownership to buildings and structures where Sri panwa Hotel Phase 2 is located, comprising</p> <p>2.1 Hotel Project Phase 2 featuring a pool suite and penthouse (The Habita) building with 30 units, including facilities areas, reception building, restaurants, swimming pools, and maintenance building</p> <p>2.2 Villa X29 with five units</p> <p>3) Right of ownership to movable properties necessary for business operation of Sri panwa Hotel Phase 2 such as furniture, tools and equipment</p>
“AMC”	Asset management company
“Charn Issara Group”	Charn Issara Development Plc., Charn Issara Residence Co., Ltd. and Charn Issara REIT Management Co., Ltd.
“CID”	Charn Issara Development Plc.
“CIR”	Charn Issara Residence Co., Ltd.
“CIRM”	Charn Issara REIT Management Co., Ltd.
“Colliers”	C.I.T. Appraisal Co., Ltd.
“The Company” or “REIT Manager”	Charn Issara REIT Management Co., Ltd.
“Conversion Transaction”	Conversion of a property fund into a real estate investment trust
“DCF”	Discounted Cash Flow Approach
“First rent period”	Lease term about 2 years and 8 months from the date of registration of leasehold right over the leased properties until July 31, 2019 including option to extend the lease term to three time periods, 3 years each (until 31 July 2028)
“Fund Manager”	SCB Asset Management Company
“IFA” or “BTCAS”	Baker Tilly Corporate Advisory Services (Thailand) Ltd.
“Knight Frank”	Knight Frank Chartered (Thailand) Co., Ltd.
“MLR”	Minimum Lending Rate
“NAV”	Net Assets Value

“Notifications Relating to the Transaction”	<p>1) Notification of the Capital Market Supervisory Board No. TorJor. 50/2556 Re: Conversion of Property Fund into Real Estate Investment Trust;</p> <p>2) Royal Decree Issued under the Revenue Code on Exemption from Revenue Taxes (No. 599) B.E. 2559;</p> <p>3) Notification of the Office of the Securities and Exchange Commission No. SorNor. 25/2552 Re: Rules, Conditions and Procedures for Establishment and Management of Property Fund;</p> <p>4) Notification of the Office of the Securities and Exchange Commission No. SorRor. 26/2555 Re: Provisions relating to Particulars, Terms and Conditions in a Trust Instrument of Real Estate Investment Trust (Concise Edition);</p> <p>5) Regulations of the Stock Exchange of Thailand Re: Listing, Disclosure of Information and Delisting of Investment Trust Units B.E. 2556 (BorJor/Ror 29-00);</p> <p>6) Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions B.E. 2546 (BorJor/Por 22-01); and</p> <p>7) Public Hearing Paper No. OrJorKhor. 12/2559 Re: Conversion of Property Fund (“Property Fund 1”) into Real Estate Investment Trust (“REIT”)</p> <p>8) The Public Hearing Paper No. OrJorKhor. 24/2559 Re: Draft Notification and Draft Relevance Form Regarding the Amended Announcement of the Conversion</p>
“NPV”	Net Present Value
“Phase 3 Project”	A residential and/or hotel project to be developed on land adjacent or next to Sri panwa Hotel, which is still under a project feasibility stu
“Property Fund”	Property fund
“PPO”	Preferential Public Offering
“PO”	Public Offering
“REIT”	Real Estate Investment Trust
“SCB”	Siam Commercial Bank Plc.
“SCBAM”	SCB Asset Management Company
“SEC”	The Office of the Securities and Exchange Commission

“Second rent period”	Lease term after a maturity of the first rent period with the option to renew the lease agreement life to five time periods, 3 years each
“SET”	The Stock Exchange of Thailand
“SPM”	Sri panwa Management Co., Ltd. (Property Manager / Lessee)
“SPWPF”	Sri panwa Hotel Property Fund
“SPWREIT”	Sri panwa Hotel Real Estate Investment Trust, which is Sri panwa Hotel Property Fund after obtaining approval from the unitholders to be converted into a real estate investment trust
“Sri panwa Hotel”	<p>Located at 88 Moo 8 Wichit Sub-district, Mueang Phuket District, Phuket Province, currently consisting of two phases as follows:</p> <ol style="list-style-type: none"> <li>1) Sri panwa Hotel Phase 1 featuring 38 villas and seven pool suites, in which The Property Fund made the initial investment (“Sri panwa Hotel Phase 1” or “Sri panwa Hotel Project”)</li> <li>2) Sri panwa Hotel Phase 2 featuring two pool suite and penthouse buildings with 30 units (“Hotel Project Phase 2”) and one pool villa building with five units (“Villa X29”), under the ownership of Charn Issara Residence Co., Ltd. (“Sri panwa Hotel Phase 2”)</li> </ol>
“TAV”	Total Assets Value
“Transaction”	Acquisition of SPWREIT assets and transaction between SPWREIT and connected persons of the REIT Manager
“Trustee”	SCB Asset Management Company
“TSD”	Thailand Securities Depository Co., Ltd.
“WACC”	Weighted Average Cost of Capital

13 July, 2016

Subject Opinion of the Independent Financial Advisor regarding the conversion of the property fund into a real estate investment trust and the acquisition of assets of SPWREIT and transaction between SPWREIT and connected persons of the REIT Manager and Trustee

To Unitholders of Sri panwa Hotel Property Fund

Attachment: 1) Information on Sri panwa Hotel Property Fund

- 2) Historical Operating Performance of SPWPF
- 3) Listed Company and Property Fund Operating Hotel
- 4) Financial Statements of Sri panwa Management Co., Ltd.
- 5) Financial Statements of Charn Issara Residence Co., Ltd.

- References:
- 1) Resolution of the meeting of The Property Fund and Infrastructure Fund Investment Committee (“Investment Committee”) of SCB Asset Management Company regarding the conversion of property fund into real estate investment trust and the investment in Additional Asset No. 1 of SPWREIT, dated June 16, 2016
  - 2) Notification of the record date of unitholders who are entitled to attend the Unitholders’ Meeting to consider converting the Sri panwa Hotel Property Fund (SPWPF) into the Sri panwa Hotel Real Estate Investment Trust (SPWREIT), dated June 16, 2016
  - 3) Information memorandum on acquisition of the Additional Asset No. 1 of SPWREIT and connected transaction between SPWREIT and connected persons of the REIT Manager, dated June 16, 2015
  - 4) Information memorandum on connected transaction between SPWREIT and connected persons of Trustee, dated June 16, 2015
  - 5) The memorandum of understanding for selling Additional Asset No.1 among SPWPF, Charn Issara Residence Co., Ltd. and Charn Issara REIT Management Co., Ltd., dated June 16, 2015
  - 6) Letter from Charn Issara Residence Co., Ltd. to SCB Asset Management Company, notifying right of Sri panwa Hotel Property Fund to invest in Hotel Project Phase 2, dated April 4, 2016
  - 7) Prospectus for offering of investment units of Sri panwa Hotel Property Fund
  - 8) Audited financial statements of Sri panwa Hotel Property Fund for 2014 and 2015 and a reviewed report and interim financial statements for a three-month period ended March 31, 2016
  - 9) Audited financial statements of Charn Issara Residence Co., Ltd. for 2014 and 2015
  - 10) Audited financial statements of Sri Panwa Management Co., Ltd. for 2014 and 2015
  - 11) Company Affidavit, Memorandum of Association and other information and documents, including interviews with the management of Charn Issara Residence Co., Ltd., Sri panwa Management Co., Ltd., Charn Issara REIT Management Co., Ltd., and SCB Asset Management Company and concerned officials
  - 12) Property appraisal report prepared by Knight Frank Chartered (Thailand) Co., Ltd., dated May 3, 2016



13) Property appraisal report prepared by C.I.T Appraisal Co., Ltd., dated May 2, 2016

Charn Issara Residence Co., Ltd. (“CIR”), as a unitholder of Sri panwa Hotel Property Fund (“SPWPF”), submitted a letter dated April 4, 2016 to SCB Asset Management Company (“SCBAM”), as a Fund Manager of SPWPF, requesting SPWPF to consider and convert from SPWPF into SPWREIT and additionally invest in assets for use in the Sri panwa Hotel’s operation (“Hotel Project Phase 2”) and Villa X29 (altogether shall be referred to as “Additional Asset No. 1”). The Additional Asset No. 1 to be invested by SPWPF include:

1. Right of ownership to land under two exploitation deeds (Nor Sor 3 Kor) no. 349 and 1979, located in Wichit Sub-district, Mueang Phuket District, Phuket Province, with a total area of approximately 6 rai 50.6 square wah, which is where the Additional Asset No. 1 are situated, including public utility systems and component parts of the land
2. Right of ownership to buildings and structures where the Additional Asset No. 1 are located, comprising
  - a. Hotel Project Phase 2 featuring pool suite and penthouse (The Habita) buildings with 30 units, including facilities areas, reception building, restaurants, swimming pools, and maintenance building
  - b. Villa X29 which is a pool villa building with five units
3. Right of ownership to movable properties necessary for business operation of Hotel Project Phase 2 and Villa X29 such as furniture, tools and equipment

However, SPWPF is unable to increase its registered capital for additional investment in properties pursuant to the Notification of the Office of the Securities and Exchange Commission (“SEC”) No. SorNor. 25/2552 Re: Rules, Conditions and Procedures for Establishment and Management of Property Fund unless SPWPF processes the filing an application for approval to SEC before December 31, 2013. Therefore, Charn Issara REIT Management Co., Ltd. (“the Company” or “CIRM”) has proposed to SCBAM a plan on conversion of SPWPF into Sri panwa Hotel Real Estate Investment Trust (“SPWREIT”) and the investment in the Additional Asset No. 1 so as to enable SPWPF to expand the investment in quality assets and be in line with the objective of SPWPF. Currently, The Company is in the process of filing an application for approval to act as the REIT Manager to the SEC in its capacity as the SPWREIT Settlor who will serve as the REIT Manager of SPWREIT.

On 16 June 2016, SPWPF, CIR, and the Company have entered into the memorandum of understanding for selling the Additional Asset No.1 to SPWREIT subject to the following conditions:

1. Approval of SPWPF’s unitholders in SPWPF Unitholders’ Meeting for considering conversion and investment in the Additional Asset No. 1;
2. Approval of trust units offering for conversion and investment in the Additional Asset No.1 from the SEC;

3. There is conversion from SPWPF into SPWREIT by creating the rights with respect to the assets to the Trustee and entering into Trust Deed.

As a result, the meeting of the Property and Infrastructure Fund Investment Committee of SCBAM resolved to propose to the unitholders' meeting to consider converting the property fund into a real estate investment trust and investing in the Additional Asset No. 1 at a price not exceeding THB 1,362.90 million (including expenses for acquiring such assets such as registration fee, value-added tax (VAT), other related fees and expenses which may be responsible by the SPWREIT). Such investment is in line with the investment objective and policy of SPWPF.

For the preparation of documentation regarding the SPWPF Unitholders' Meeting and any procedures regarding conversion of SPWPF into SPWREIT and investment in the Additional Asset No.1, the Fund Manager and the Company will implement in accordance with the regulations which will be issued and will become enforced by the SEC as per draft regulations and forms relating to the conversion which was published in the hearing no. OrJorKhor.24/2016 re: draft regulations and forms relating to amendment of conversion of property fund ("Fund type 1") into Real Estate Investment Trust ("REIT") published on 27 May 2016.

Nonetheless, the conversion of the property fund into the real estate investment trust, the dissolution and the liquidation of SPWPF (collectively called the "Conversion Transaction") is subject to a resolution of SPWPF unitholders' meeting with required votes of not less than three-fourths of the total number of investment units of the unitholders attending the meeting, in order to convert the property fund into a real estate investment trust. In this respect, an extraordinary general meeting of the unitholders will be held on August 10, 2016 and a notice of the said meeting will be delivered to all unitholders at least 14 days in advance.

With regard to the Additional Asset No. 1, SPWREIT will invest in properties owned by CIR and rent out to Sri panwa Management ("SPM") where CIR hold 99.99% of shares in SPM and is also a subsidiary of Charn Issara Development Plc. ("CID"). CID is related to SPWREIT since it is a shareholder of The Company, which will be the Settlor and Manager of SPWREIT, in a proportion of 99.99%. Moreover, CIR and CID currently are major unitholders of SPWPF and will still be major unitholders of SPWREIT after the conversion of SPWPF into SPWREIT is completed. CIR and CID are therefore deemed as connected persons of the REIT Manager. As such, the asset investment from the abovementioned is considered a transaction in acquisition of assets by SPWREIT and a transaction between SPWREIT and connected persons of the REIT Manager ("the Transaction"), with value of asset not exceeding THB 1,362.90 million or equivalent to 61.67% of total asset value of SPWREIT and 61.70% of net asset value of SPWREIT. SPWREIT will also receive fixed rental income for the First Rent Period from SPM amounted to THB 1,205.37 million or 54.6% of net asset value of SPWREIT. The entry into the Transaction is accordingly subject to disclosure of information thereon to the Stock Exchange of Thailand ("SET") and a resolution of the unitholders' meeting pursuant to 1) Notification of the Office of the Securities and Exchange Commission No. SorRor. 26/2555 Re: Provisions relating to Particulars, Terms and Conditions in a Trust Instrument of Real Estate Investment Trust, dated November 21, 2012, (and as amended); 2) Regulations of the SET Re: Listing, Disclosure of Information and Delisting of Investment Trust Units B.E. 2556 (BorJor/Ror 29-00); 3) Notification of the Board of Governors of the SET Re: Disclosure of Information and Other Acts of Listed Companies Concerning the

Connected Transactions B.E. 2546 (BorJor/Por 22-01); and 4) 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 B.E. 2547 (BorJor/Por 21-01) (collectively called the “Notifications Relating to the Transaction”).

The Transaction is required to be approved by SPWPF unitholders’ meeting with affirmative votes of not less than three-fourths of the total votes of the unitholders who attend the meeting and have the rights to vote, whereby the unitholders who have special interest in the Transaction shall not be entitled to cast vote thereon. Besides, funding sources to be used by SPWREIT for investing in the Additional Asset No. 1 will partly come from bank loans, which may include loans from Siam Commercial Bank Plc. (“SCB”) which is the major shareholder of the Trustee, or SCBAM. Accordingly, the Transaction may be regarded as an act of a conflict of interest with SPWREIT pursuant to the SEC Notification No. SorRor. 27/2557 Re: Regulations relating to Conflict of Interest with Real Estate Investment Trust, dated August 20, 2014. In this regard, at the unitholders’ meeting to approve the Transaction, there must not be dissenting votes against the Transaction in the amount more than one-fourth of the total investment units sold.

SCBAM has appointed Baker Tilly Corporate Advisory Services (Thailand) Co., Ltd. (“Independent Financial Advisor-IFA” or “BTCAS”), which is a financial advisor approved by the SEC and is independent of the Company, SPWPF, SCBAM, CIR and CID, to render opinion to SPWPF unitholders concerning the conversion of the property fund into a real estate investment trust, the acquisition of assets by SPWREIT, and the transaction entered into between SPWREIT and connected persons of the REIT Manager and Trustee

In preparing this report, the IFA has taken into account the information and documents available publicly, the information from industry analysis and forecasts, the information and documents supplied by the Company and SPWPF, including the interview with the management of the Company and SPWPF, financial information and documents of the Company and SPWPF, and property appraisal reports prepared by independent appraisers. The IFA’s opinion concerning the conversion of the property fund into a real estate investment trust, the acquisition of assets by SPWREIT, and the transaction entered into between SPWREIT and connected persons of the REIT Manager and the Trustee have been provided based on the information and documents obtained from the Company, SPWPF and concerned advisors, including the interview with the management of the Company, SPWPF and concerned advisors. The IFA may not certify the accuracy or completeness of the information obtained from the Company and SPWPF and from the interview with the management of the Company, SPWPF and concerned advisors.

In addition, the IFA’s opinion is based solely on the economic environment and the information prevailing at the time of preparing this report. As such, any significant change in these factors could have an impact on the IFA’s opinion. In preparing this opinion report, the IFA has considered all information thoroughly and reasonably in line with professional standards and has given all rationales based on the fair and impartial information and analysis by paying regard primarily to the interest of the unitholders of SPWPF.

## EXECUTIVE SUMMARY

Charn Issara Residence Co., Ltd. (“CIR”), as a unitholder of Sri panwa Hotel Property Fund (“SPWPF”), submitted a letter dated April 4, 2016 to SCB Asset Management Company (“SCBAM”), as a Fund Manager of SPWPF, requesting SPWPF to consider and convert from SPWPF into SPWREIT and additionally invest in assets for use in the Sri panwa Hotel’s operation (“Hotel Project Phase 2”) consisting of 30 rooms with a total building space of about 3,701 square meters and Villa X29 with a total building space of about 1,706 square meters (“Additional Asset No. 1”), making up a combined space of 5,407 square meters, in accordance with the Undertaking Agreement with investment value in the Additional Asset No. 1 of not exceeding THB 1,362.90 million.

However, SPWPF is unable to increase its registered capital for additional investment in properties pursuant to the Notification of the Office of the Securities and Exchange Commission No. SorNor. 25/2552 Re: Rules, Conditions and Procedures for Establishment and Management of Property Fund. Therefore, Charn Issara REIT Management Co., Ltd. (“the Company” or “CIRM”), which is in the process of filing an application for approval to act as Manager of Sri panwa Hotel Real Estate Investment Trust (“SPWREIT”) to the SEC in its capacity as the SPWREIT Settlor who will serve as Manager of SPWREIT, has proposed to SCBAM a plan on conversion of SPWPF into SPWREIT and investment in the Additional Asset No. 1 so as to enable SPWPF to expand the investment in quality assets and be in line with the objective of SPWPF.

As a result, SCBAM and the Company mutually deem it appropriate to propose to the unitholders’ meeting to consider converting the property fund into a real estate investment trust and investing in the Additional Asset No. 1. Nonetheless, the conversion of the property fund into a real estate investment trust and the dissolution and liquidation of SPWPF (“Conversion Transaction”) are subject to a resolution of SPWPF unitholders’ meeting with required votes of not less than three-fourths of the total number of votes of the unitholders attending the meeting, in order to convert the property fund into a real estate investment trust. In this respect, an extraordinary general meeting of the unitholders will be held on August 10, 2016 and a notice of the said meeting will be delivered to all unitholders at least 14 days in advance.

With regard to the Additional Asset No. 1, SPWREIT will invest in properties owned by CIR and lease such properties to SPM. CIR is a 99.99% shareholder of SPM and is a subsidiary of Charn Issara Development Plc. (“CID”). CID is related to SPWREIT since it is a shareholder of CIRM, which is the Settlor and Manager of SPWREIT, in a proportion of 99.99%. Moreover, CIR and CID currently are major unitholders of SPWPF and will still be major unitholders of SPWREIT after the complete conversion of SPWPF into SPWREIT. CIR and CID are therefore deemed as connected persons of the SPWREIT Manager. As such, the asset investment mentioned above is considered a transaction in acquisition of assets by SPWREIT and a transaction between SPWREIT and connected persons of the SPWREIT Manager (“the Transaction”), with value of assets not exceeding THB 1,362.90 million or equivalent to 61.67% of total asset value of SPWREIT and 61.70% of net asset value of SPWREIT. In addition, SPWREIT will receive from SPM fixed rental throughout the First Rent Period totaling THB 1,205.37 million or 54.6% of net asset value of SPWREIT. The

Transaction is accordingly subject to disclosure of information thereon to the Stock Exchange of Thailand and a resolution of SPWPF unitholders' meeting pursuant to the Notifications Relating to the Transaction.

The Transaction is required to be approved by SPWPF unitholders' meeting with affirmative votes of not less than three-fourths of the total votes of the unitholders who attend the meeting and have the right to vote, whereby the unitholders who have special interest in the Transaction shall not be entitled to cast vote thereon. Besides, funding sources to be used by SPWREIT for investing in the Additional Asset No. 1 will partly come from loans from banks, which may include loans from SCB which is the major shareholder of the Trustee, or SCBAM. Accordingly, this is considered a connected transaction between SPWREIT and a connected person of the Trustee and therefore requires to be approved by SPWPF unitholders' meeting with a majority vote of the unitholders who attend the meeting and have the right to vote. The Transaction may also be deemed as an act of a conflict of interest with SPWREIT pursuant to the SEC Notification No. SorRor. 27/2557 Re: Regulations relating to Conflict of Interest with Real Estate Investment Trust, dated August 20, 2014. In this regard, at the unitholders' meeting to approve the Transaction, there must not be dissenting votes against the Transaction in the amount more than one-fourth of the total investment units sold.

SCBAM has appointed Baker Tilly Corporate Advisory Services (Thailand) Ltd. ("Independent Financial Advisor-IFA" or "BTCAS"), which is a financial advisor approved by the SEC and is independent of SPWPF, CIR, CID, SPM and CIRM, to render opinion to SPWPF unitholders concerning the conversion of the property fund into a real estate investment trust, the dissolution and liquidation of SPWPF, the acquisition of assets by SPWREIT, and the transactions entered into between SPWREIT and connected persons of the SPWREIT Manager and the Trustee.

The IFA has considered the objective and reasonableness of the Conversion Transaction and found that the transaction will cause tax effects on SPWPF and the unitholders, but in the long run it will be beneficial to them in various aspects, particularly in the enhancement of capability for real estate investment expansion. This is because, after the conversion, SPWREIT will be permitted to make investment in the Additional Asset No. 1 with a higher leverage limit, whereas the approval of its asset acquisition or disposal and connected transaction will be made according to the transaction size. The IFA has also identified the impacts on the unitholders in case SPWPF is converted into SPWREIT but does not make an investment in the Additional Asset No. 1. It has been found that the rate of yields to the unitholders will decline from 11.53% to 11.13% as SPWPF will have to bear expenses relating to the conversion such as transfer fee, advisory fees, expenses on unitholders meeting arrangement, expenses on SPWPF liquidation, etc. Therefore, the conversion of SPWPF into SPWREIT without investment in the Additional Asset No. 1 is deemed not reasonable.

Nonetheless, at the unitholders' meeting to consider the Conversion Transaction, approval will also be sought for the acquisition of the Additional Asset No. 1 of SPWREIT. The IFA is of the opinion that such asset acquisition transaction is reasonable since it is in line with the investment policy and objective of establishment of SPWREIT. Moreover, the Additional Asset No. 1 are in a strategic location in the same compound as Sri panwa Hotel Project, thus resulting in an ability to accommodate a growing number of customers from Sri panwa Hotel Project and broaden the target groups, as

well as eradicate the conflict of interest in the project management. The Additional Asset No. 1 will also help generate long-term income in the future and create economies of scale, enabling SPWREIT to earn higher net investment income.

In addition, the entry into transaction with CIR, which is deemed a connected person since it is 1) the seller of properties to SPWREIT, 2) a holder of SPWREIT units, and 3) a major shareholder of SPM which is the Lessee of main assets of SPWREIT, is considered a reasonable transaction. This is because CIR and SPM have expertise and experience in managing properties of various types and SPM has leased properties in Sri panwa Hotel Project from SPWPF, hence ensuring that the Additional Asset No. 1 will be managed continuously and efficiently. As a result, in the entry into such connected transaction, the amount of time and resources used for the due diligence review will be lowered. Besides, the terms and conditions in all draft agreements relating to the transaction are in favor of SPWREIT.

The IFA has determined reasonableness of price of the Additional Asset No. 1 and the connected transaction by different methodologies under assumptions that the Lease Agreement between SPWREIT and SPM will be extended 3 times, each time 3 years during the First Rent Period (11 years and 8 months) including past operating performance, information and documents obtained from the Company, and the interview with the management of SPWPF and concerned advisors.

#### Methodology 1 Determination of fair value of the Additional Asset No. 1

The IFA is of the opinion that the discounted cash flow approach by the independent appraisers and the discounted cash flow approach by the IFA are appropriate for valuation of the said assets. This is because the two approaches focus on the cash flow generating ability of the assets, using the assumptions that have been established by basing on the Lease Agreement actually signed with the Lessee, the historical data and past performance, and the enquiries with The Fund Manager.

From the valuation by the two approaches, the fair value of the assets is in a range of THB 1,239.00 million - 1,516.02 million. The transaction price of not over THB 1,362.90 million falls within the said range. Therefore, the IFA is of the opinion that the transaction price is reasonable.

#### Methodology 2 Feasibility test of the investment in the Additional Asset No. 1

The IFA has estimated the net present value (NPV) of future cash flow from the assets to conduct a feasibility test of the investment in the Additional Asset No. 1 at a price of not exceeding THB 1,362.90 million. From the cash flow projection of the investment in the Additional Asset No. 1 prepared by the IFA, the NPV of cash flow from the assets is equal to THB 153.12 million. In view of such positive NPV of the Additional Asset No. 1, the IFA accordingly deems that the price for this transaction of not over THB 1,362.90 million is reasonable.

#### Methodology 3 Analysis of yields to unitholders after the investment in the Additional Asset No. 1

The IFA has evaluated the potential impacts on SPWREIT from the investment in the Additional Asset No. 1, which will result in a change in yields to the unitholders. It has been found that, by entering into this transaction, yields on

investment throughout a period of 11 years and 8 months will edge up from the original 11.53% per year to 11.70% per year.

From the determination of appropriateness of the transaction price by the three methodologies, which are Methodology 1 Determination of fair value of the Additional Asset No. 1, Methodology 2 Feasibility test of the investment in the Additional Asset No. 1, and Methodology 3 Analysis of yields to unitholders after the investment in the Additional Asset No. 1, the IFA could reach a conclusion that the transaction price of not exceeding THB 1,362.90 million and the rental income obtainable by SPWREIT throughout the First Rent Period of THB 1,205.37 million are appropriate.

According to the determination of appropriateness of the entry into a connected transaction with the Trustee, the IFA is of the opinion that the transaction is reasonable since the terms and conditions on loans, interest rate, terms of principal and interest payment, and loan security are concluded on an arm's-length basis and will not cause SPWREIT to lose any benefits. Those terms and conditions are comparable with the regular terms and conditions offered by the lender to its other prime customers with a similar type and risk exposure and in a similar industry.

Based on the loan conditions expected from SCB, it is found that yields to the unitholders throughout a period of 11 years and 8 months will edge up from the original 11.53% per year to 11.70% per year. However, if SPWREIT is offered better terms and conditions from other financial institution, the SPWREIT Manager will then consider entering into the transaction with such financial institution in order to maintain the unitholders' interest.

Therefore, the unitholders should approve the transactions in the conversion of SPWPF into SPWREIT, the acquisition of assets and the transactions between SPWREIT and connected persons of the SPWREIT Manager and the Trustee. However, the decision as to vote in favor of the said transactions depends principally on the unitholders' individual judgment. The unitholders are recommended to additionally study the information in all documents enclosed with the notice of the unitholders' meeting so as to use your judgment and discretion for proper voting decision.

Baker Tilly Corporate Advisory Services (Thailand) Ltd., as the IFA, hereby certifies that we have considered and analyzed all information and rendered opinion fairly and thoroughly under professional standards by paying attention primarily to the interest of the unitholders. In providing the above opinion, the IFA has taken into account the information and documents available publicly, the information from industry analyses and forecasts, the information and documents supplied by concerned parties, including the management interview. The IFA may not certify the accuracy or completeness of the obtained information and the information from the management interview. Moreover, the opinion hereby proposed to the unitholders is given regarding reasonableness of the conversion of the property fund into a real estate investment trust and the investment in the Additional Asset No. 1 only. Such opinion is based on the economic environment and the information prevailing at the time of preparing this report. Therefore, any significant change in these factors could have an impact on the IFA's opinion.

## A. OPINION OF THE INDEPENDENT FINANCIAL ADVISOR ON THE CONVERSION OF THE PROPERTY FUND INTO A REAL ESTATE INVESTMENT TRUST

CIR submitted a letter to SCBAM, as the Fund Manager, dated April 4, 2016, requesting SPWPF to consider and convert from SPWPF into SPWREIT and additionally invest in assets for use in the Sri panwa Hotel's operation ("Hotel Project Phase 2") as well as in Villa X29 (altogether shall be referred to as "Additional Asset No.1"), for entire benefits of the SPWPF's unitholders. However, SPWPF is unable to increase its registered capital for additional investment in properties pursuant to the Notification of the Office of the Securities and Exchange Commission No. SorNor. 25/2552 Re: Rules, Conditions and Procedures for Establishment and Management of Property Fund. Therefore, the Company has proposed to SCBAM a plan on conversion of SPWPF into SPWREIT and investment in the Additional Asset No.1 so as to enable SPWPF to expand the investment in quality assets and be in line with the objective of SPWPF. The Company is in the process of filing an application for approval to act as the REIT Manager to the Office of the Securities and Exchange Commission ("SEC") in its capacity as the SPWREIT Settlor who will serve as the REIT Manager of SPWREIT once SPWREIT has been settled.

On 16 June 2016, SPWPF, CIR, and the Company have entered into the memorandum of understanding for selling the Additional Asset No.1 to SPWREIT subject to the following conditions:

1. Approval of SPWPF's unitholders in SPWPF Unitholders' Meeting for considering conversion and invest in the Additional Asset No.1;
2. Approval of trust units offering for conversion and investment in the Additional Asset No.1 from the SEC;
3. There is conversion from SPWPF into SPWREIT by creating the rights with respect to the assets to the Trustee and entering into Trust Deed.

As a result, SCBAM and the Company hereby deem appropriate to propose to the unitholders' meeting to consider the conversion of the property fund into a real estate investment trust and the investment in the Additional Asset No.1 at a price not exceeding THB 1,362.90 million. Such investment is in line with the investment objective and policy of SPWPF which intends to invest in the real estate sector for the purpose of generating income and return to SPWPF and unitholders.

Nonetheless, the conversion of the property fund into a real estate investment trust and the dissolution and liquidation of SPWPF (collectively called the "Conversion Transaction") is subject to a resolution of SPWPF unitholders' meeting with votes of not less than three-fourths of the total number of investment units of the unitholders attending the meeting, in order to convert the property fund into a real estate investment trust.

SPWPF intends to enter into the Conversion Transaction so as to additionally invest in the Additional Asset No.1. However, such investment can only be made after SPWPF has been converted into SPWREIT since SPWREIT has greater flexibility in investment and can increase its registered capital to fund Additional Asset No.1. However, based on the



guidelines recommended in the Public Hearing Paper No. OrJorKhor. 12/2559 Re: Conversion of Property Fund into Real Estate Investment Trust (publicly disclosed on March 25, 2016) and the Public Hearing Paper No. OrJorKhor. 24/2559 Re: Draft Notification and Draft Relevance Form Regarding the Amended Announcement of the Conversion (publicly disclosed on May 27, 2016), it has been suggested that SPWPF could be converted into SPWREIT together with issuing the new investment units for property investment. The Company has therefore considered a plan on the investment in the Additional Asset No.1 upon or after the conversion of SPWPF into SPWREIT in order to allow for the unitholders of SPWPF to receive additional returns after such conversion. The Conversion Transaction so as to additionally invest in the Additional Asset No.1 is subject to a resolution of SPWPF unitholders' meeting with votes of not less than three-fourths of the total number of votes of the unitholders attending the meeting and having the right to vote, the Company will not count unitholders who have interest in matters in which a resolution will be adopted.

In this respect, SPWPF will hold an extraordinary general meeting of the unitholders on August 10, 2016 to provide information and explanation on objective of entering into the Transaction as well as listen to the opinions and respond the queries in order to reach a resolution of the unitholders. However, the unitholders who attend the meeting and object the conversion will not be compensated by SPWPF in buying back the shares.

The Company and/or SCBAM will enter into the Conversion Transaction when the SPWPF's unitholders approve the investment in the Additional Asset No.1 and SPWREIT's borrowing for the investment in the Additional Asset No.1. If the SPWPF's unitholders do not approve the Conversion Transaction, the Company and/or SCBAM will not propose the investment in the Additional Asset No.1 and SPWREIT's borrowing for the investment in the Additional Asset No.1 to the SPWPF unitholders' meeting.

1. NATURE OF THE TRANSACTION

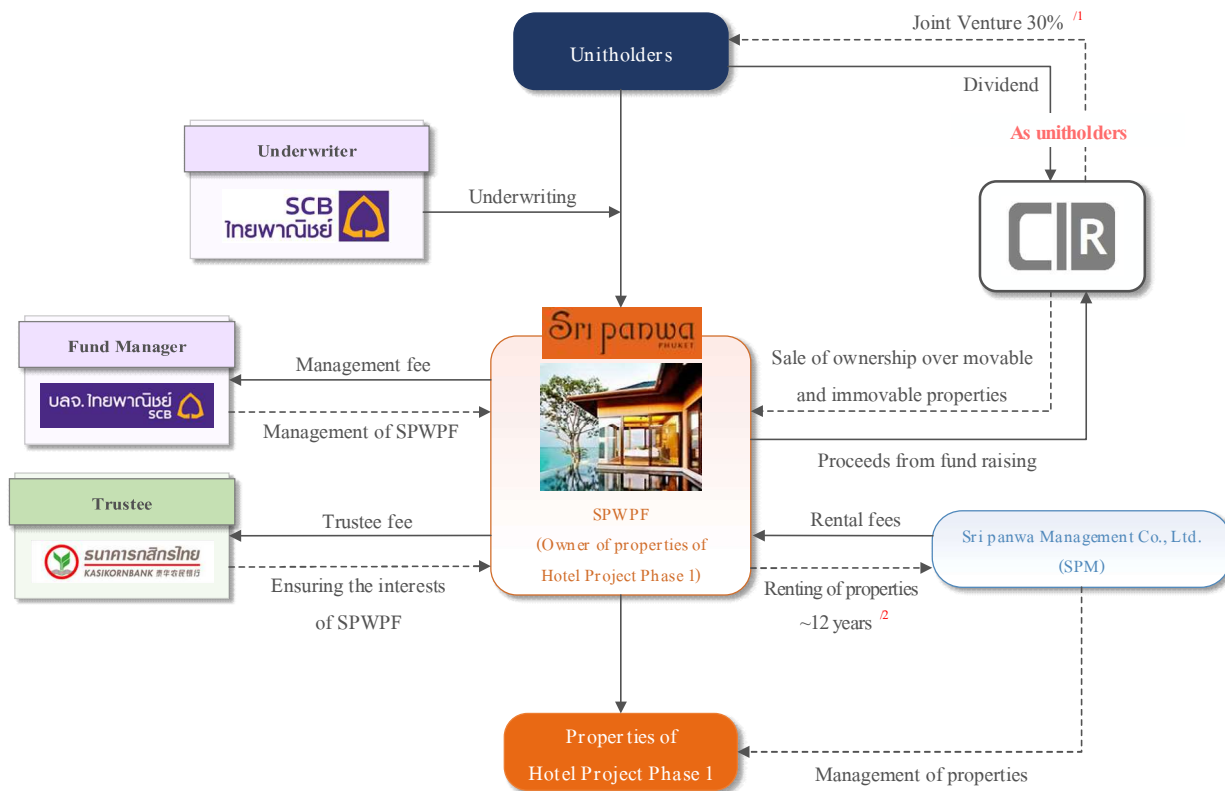
In order to make the conversion from SPWPF to SPWREIT, it is subject to a resolution of SPWPF unitholders' meeting with votes of not less than three-fourths of the total number of votes of the unitholders attending the meeting. The swap ratio for such conversion is one investment unit to one trust unit based on the market price of SPWPF or the net asset value of SPWPF.

SCBAM must deliver a notice of the meeting to the unitholders at least 14 days in advance and must prepare and provide all essential information to support the unitholders' decision-making. The conversion procedures shall be as shown below:



- 1) SPWREIT is established under the SPWREIT Establishment Agreement, with Charn Issara REIT Management Co., Ltd. (“CIRM”) acting as the REIT Manager and SCBAM as the Trustee. The establishment of SPWREIT shall take full effect after CIRM has created rights to the assets to the Trustee. CIRM is currently in the process of filing an application for approval to be the REIT Manager to the SEC.
- 2) SPWPF transfers assets and liabilities including immovable and movable properties used in business operation of Sri panwa Hotel Project currently invested by SPWPF to SPWREIT, excluding the reserved items such as assets or funds reserved for debt repayment, dividends or the distribution from the decrease of the registered capital of the SPWPF that the unitholders have not collected or deposited checks at banks for that payment, fees and expenses in relation to the dissolution and liquidation of the SPWPF.
- 3) SPWREIT allocates its trust units to SPWPF.
- 4) SPWPF liquidates business by distributing the SPWREIT’s trust units which SPWPF received from the conversion to the SPWPF’s unitholders whose names appeared in the registration book of unitholders on the record date for the rights to swap investment units with trust units. The swap ratio for such conversion is one investment unit to one trust unit.

Diagram Illustrating SPWPF Structure before the Conversion and investment in the Additional Asset No.1



Remark: /1 Cham Issara Residence Co., Ltd. entered a joint venture with Charn Issara Development Co., Ltd. in SPWPF in a proportion of 10% and 20% respectively.

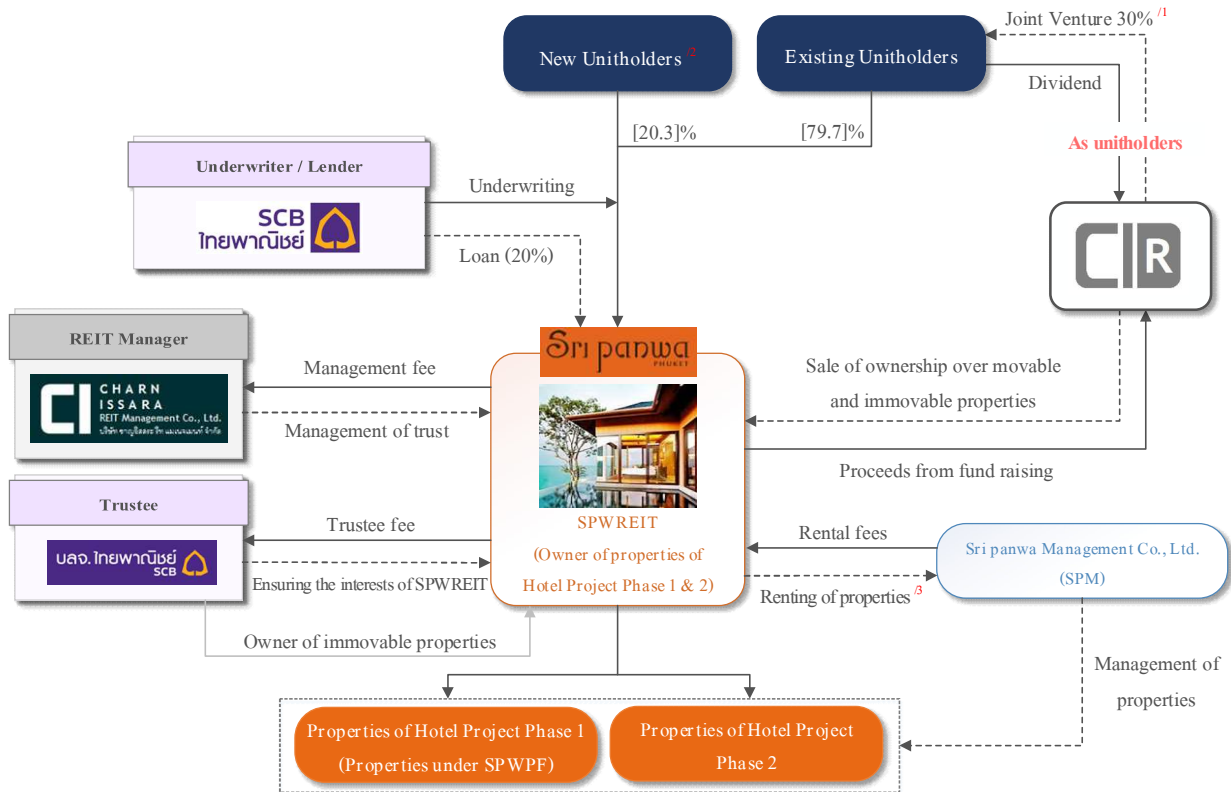
/2 The original Lease Agreement is valid for 15 years, currently with a remaining term of 12 years. Upon expiry of the agreement, SPWPF has the right to renew it for additional terms of 15 years each.

1.1 TYPE AND SIZE OF THE TRANSACTION

SPWPF will be converted into SPWREIT, as to be approved by the unitholders’ meeting, at a swap ratio of one investment unit to one trust unit. The trust units to be issued for switching with the investment units will be issued at a price based on market price of the investment units.

The capital structure will consist of existing unitholders in the amount of THB 2,001.83 million before SPWPF raising for investment in the Additional Asset No. 1, as to be approved by the unitholders. (Please refer to: The capital structure after an investment in the Additional Asset No. 1 in section B. Opinion of the Independent Financial Advisor on Acquisition of Assets of SPWREIT and Transaction between SPWREIT and Connected Persons of the REIT Manager.)

**SPWREIT Structure after the Conversion and investment in the Additional Asset No.1**



Remark : /1 Charn Issara Residence Co., Ltd. entered a joint venture with Charn Issara Development Co., Ltd. in SPWPF in a proportion of 10% and 20% respectively.

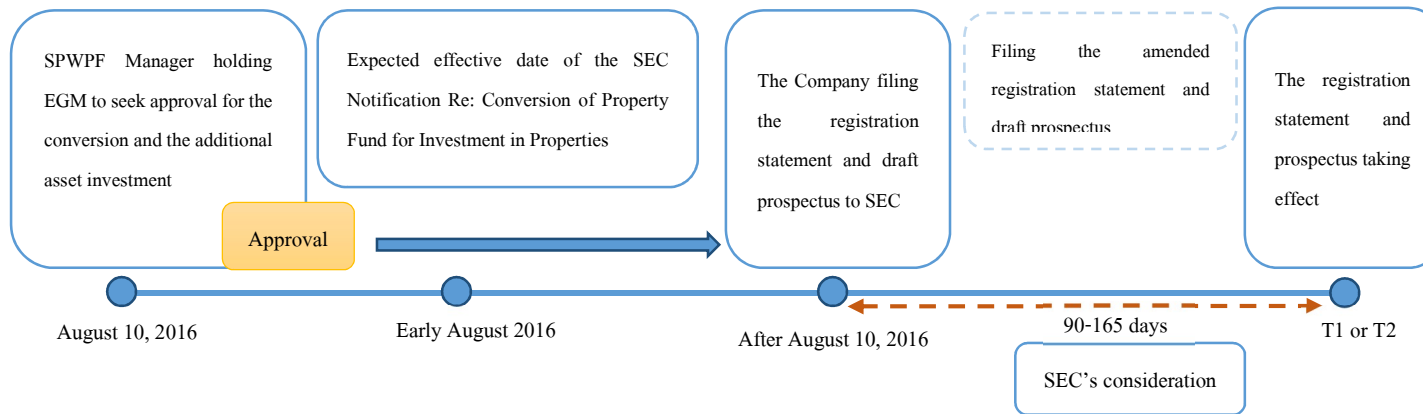
/2 Assuming that SPWREIT units for investment in properties of Hotel Project Phase 2 are sold to existing unitholders and new unitholders in a proportion of 50:50.

/3 The Lease Agreement of Hotel Project Phase 1 is valid for 15 years, currently with a remaining term of 12 years. Upon expiry of the agreement, parties have the right to renew it for additional terms of 15 years each. The Lease Agreement of Hotel Project Phase 2 is valid for 2 years and 8 months. Upon expiry of the agreement, parties have the right to renew it for additional terms of 3 years for 3 times during the first stage and 3 years for 5 times during the second stage.

1.2 DATE OF THE TRANSACTION

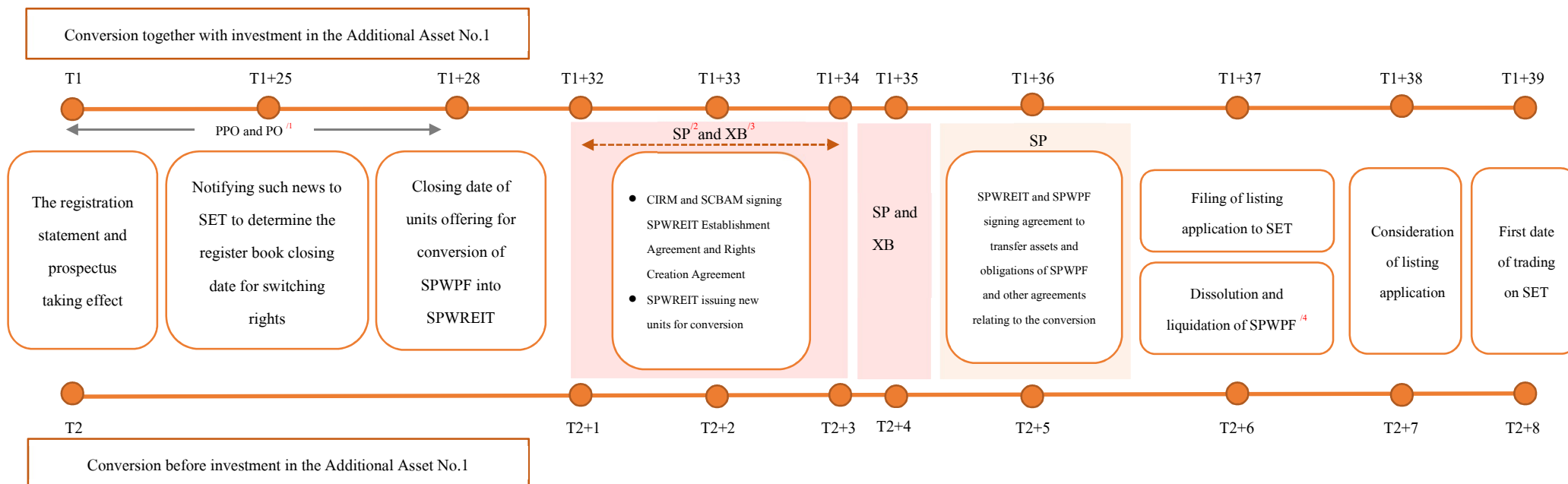
The Fund Manager expects that the Conversion Transaction and the dissolution and liquidation of SPWPF will be completed by 2016 in order that the said conversion will timely be eligible for the tax incentives under the government policy which will be effective until December 31, 2016 (please see more details in Section A. “3.1 Objective and Necessity of the Conversion”).

Procedures for the conversion, dissolution and liquidation of SPWPF



After the effective date of the registration statement and prospectus, the conversion could be executed by two alternative methods as follows:

1. Conversion together with investment in the Additional Asset No.1
2. Conversion before investment in the Additional Asset No.1



Remark: /1 See details of process of investment in the Additional Asset No.1 in Section B. “1.2 Date of the Transaction.”

/2 SP is a sign of temporary suspension from trading of SPWPF investment units. The investment units will be suspended from trading for five days before delisting from the SET.

/3 XB stands for ‘Excluding Other Benefits,’ which is a sign of determination of switching rights between the investment units and the trust units, meaning that buyers of the investment units will not be eligible for benefits from switching of the investment units with the trust units.

/4 (1) Fund Manager makes announcement of SPWPF’s dissolution (2) Liquidator liquidates SPWPF within 90 days (3) Liquidator allocates the trust units to the unitholders of SPWPF whom are listed in the book of shareholders’ registration at the prescribed date of the right to swap (4) Liquidator requests for delisting shares of SPWPF from the SET

### 1.3 RELEVANT PARTIES AND NATURE OF RELATIONSHIP

Charn Issara Residence Co., Ltd. (“CIR”) is the seller of ownership over movable and immovable properties for which SPWPF has mobilized funds in Sri panwa Hotel Project and is the major shareholder of Sri panwa Management Co., Ltd. (“SPM”) (Property Manager / Lessee). After the conversion, Charn Issara REIT Management Co., Ltd. (“CIRM”), an affiliate of Charn Issara Development Plc. (“CID”), will act as the REIT Manager.

Relevant Parties	SPWPF	SPWREIT
Underwriter / Lender <sup>/1</sup>	Siam Commercial Bank Plc.	Siam Commercial Bank Plc.
SPWPF Manager / REIT Manager	SCB Asset Management Company	Charn Issara REIT Management Co., Ltd.
Trustee	Kasikornbank Plc.	SCB Asset Management Company
Property Manager	Sri panwa Management Co., Ltd.	Sri panwa Management Co., Ltd.
Investment unitholders/Trust unitholders	General investors 69.7% CID 20.3% CIR 10.0%	General investors 69.7% <sup>/2</sup> CID 20.3% <sup>/2</sup> CIR 10.0% <sup>/2</sup>

Remark: /1 SPWREIT is considering terms and conditions on entering into loan agreements with financial institutions, including SCB

/2 Proportion prior to investment in the Additional Asset No. 1

#### 1.4 AGREEMENTS RELEVANT TO THE CONVERSION OF SPWPF INTO SPWREIT

Agreements relevant to the conversion of SPWPF into Sri panwa Hotel Real Estate Investment Trust (SPWREIT) can be summarized as follows:

##### (1) The SPWREIT Trust Deed

SPWREIT Settlor	Charn Issara REIT Management Co., Ltd. as the SPWREIT Settlor who will serve as the REIT Manager once SPWREIT has been settled
Trustee	SCB Asset Management Company as Trustee of SPWREIT
Salient points	<ul style="list-style-type: none"> <li>● Name of the REIT shall be Sri panwa Hotel Real Estate Investment Trust or SPWREIT.</li> <li>● The REIT shall be established in order to convert Sri panwa Hotel Property Fund into SPWREIT and to be beneficial to business transactions in the capital market according to the SEC notification. The objective is to issue SPWREIT units in exchange for the assets and obligations of SPWPF and/or for offering to the public, and then to list those units on the Stock Exchange of Thailand.</li> </ul>
Payment of returns to unitholders	<ul style="list-style-type: none"> <li>● The REIT Manager shall pay returns to the unitholders at not less than 90% of adjusted net profit in an accounting year 1 at least one time per year. However, the REIT Manager may consider paying extra returns exceeds the said returns paid to the unitholders in case that the REIT Manager is of the opinion that it is necessary and appropriate.</li> <li>● The REIT Manager shall not pay returns to the unitholders so long as SPWREIT still incurs an accumulated loss.</li> </ul>

##### (2) Agreement on Creation of Rights to the Assets to the Trustee

SPWREIT Settlor	Charn Issara REIT Management Co., Ltd. as the Settlor of SPWREIT
Trustee	SCB Asset Management Company which will act as Trustee of SPWREIT
Transfer of assets and obligations of SPWPF	The SPWREIT Settlor shall arrange for SPWREIT to acquire the assets and obligations of SPWPF which will be converted by an exchange with newly issued units to be sold by SPWREIT to SPWPF. In this respect, SPWREIT will enter into an agreement with SPWPF to transfer the assets and obligations of SPWPF.

<sup>1</sup> Adjusted net profit refers to a profit adjusted by deduction of unrealized gain arising from assessment or review of assessment of SPWREIT assets and also adjusted by other transactions in line with the SEC's guidelines in order to match cash position of SPWREIT and by deduction of contingencies provided for repayment of loans or obligations incurred from borrowing of SPWREIT in the amount specified in the registration statement and prospectus or the annual registration statement, as the case may be.



Representations	<ul style="list-style-type: none"> <li>● The SPWREIT Settlor shall have power to execute the agreement, perform in accordance with the agreement, provide documents, execute any other acts as set forth, and perform all acts relating to the agreement whereby such acts must not be contrary to the objectives and articles of association of the company.</li> <li>● The Trustee, which acts on behalf of SPWREIT, shall have power to execute the agreement, perform in accordance with the agreement, provide documents, execute any other acts as set forth, and perform all acts relating to the agreement whereby such acts must not be contrary to the SPWREIT Establishment Agreement, the registration statement of SPWREIT and the applicable laws.</li> </ul>
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### (3) REIT Manager Appointment Agreement

REIT Manager	Charn Issara REIT Management Co., Ltd. as the Settlor of SPWREIT
Trustee	SCB Asset Management Company which will act as Trustee of SPWREIT
Appointment of REIT Manager	The Trustee agrees to appoint the REIT Manager and the REIT Manager agrees to accept the appointment in order to perform duty in managing SPWREIT as assigned by the Trustee.

### (4) Draft Agreement on the Transfer of Rights and Obligations from SPWPF to SPWREIT

SPWPF has entered into material agreements with other parties, which remain valid. Thus, in the conversion of SPWPF into SPWREIT, it is essential to execute Draft Agreement on Transfer of Rights and Obligations from SPWPF to SPWREIT so as to allow for all agreements relating to Phase 1 Project to continue taking full force and effect after the conversion.

Here are details of the draft agreements for a change of counterparty from SPWPF to SPWREIT and other agreements:

- Agreements for a Change of Counterparty from SPWPF to SPWREIT

#### 1. Draft agreement on Transfer of Assets and Obligations of SPWPF

Transferor	Sri panwa Hotel Property Fund (SPWPF)
Transferee	SCB Asset Management Company as Trustee of Sri panwa Hotel Real Estate Investment Trust (SPWREIT)
Transfer of assets and obligations of SPWPF	SPWPF agrees to transfer and SPWREIT agrees to accept the transfer of all assets and obligations of SPWPF, including but not limited to the agreements to which SPWPF is a party, land and buildings of SPWPF, and movable properties of SPWPF, by way of a conversion of the property fund into a real estate investment trust in accordance with the related regulations, to take effect as from the transfer date onwards.

The exchange	<ol style="list-style-type: none"> <li>1. SPWPF agrees to transfer its assets and obligations to SPWREIT in exchange for the newly issued units of SPWREIT.</li> <li>2. SPWREIT agrees to issue new units to SPWPF in exchange for the acceptance of transfer of assets and obligations from SPWPF.</li> </ol>
Procedures as of the transfer date	<p>On the date of transfer of the assets and obligations, the counterparties shall fulfill the procedures in the following order:</p> <ol style="list-style-type: none"> <li>1. The counterparties shall execute the agreement on transfer of rights and duties under all agreements to which SPWPF is a party and shall deliver the original copy of the agreement to SPWREIT.</li> <li>2. SPWPF shall register the transfer of land and buildings of SPWPF to SPWREIT. SPWREIT will responsible for fees and expenses in relation to the registration.</li> <li>3. SPWREIT shall allocate the newly issued units to SPWPF in exchange for the acceptance of transfer of assets and obligations from SPWPF.</li> <li>4. The original copy of documents relevant to the assets and obligations of SPWPF shall be handed over to SPWREIT.</li> </ol>

2. Draft Agreement on Transfer of Rights and Obligations under the Agreement to Sale and to Purchase of Immovable Properties dated August 1, 2013 (between SPWREIT, SPWPF and CIR)

Transferor	Sri panwa Hotel Property Fund (SPWPF)
Relevant agreement party	Charn Issara Residence Co., Ltd. (CIR)
Transferee	SCB Asset Management Company as Trustee of Sri panwa Hotel Real Estate Investment Trust (SPWREIT)
Transfer of rights and obligations	<ol style="list-style-type: none"> <li>1. SPWPF agrees to transfer and SPWREIT agrees to accept the transfer of rights, obligations, liability and all benefits obtainable by SPWPF under the Sale and Purchase Agreement on Immovable Properties, which shall thereby result in SPWREIT becoming a party to such agreement in replacement of SPWPF.</li> <li>2. CIR agrees to the transfer of all rights, obligations, liability and benefits under the Sale and Purchase Agreement on Immovable Properties and the change of party to such agreement to SPWREIT in replacement of SPWPF.</li> <li>3. SPWREIT and CIR agree that rights and duties of SPWREIT and CIR shall be in accordance with the Sale and Purchase Agreement on Immovable Properties and this Agreement.</li> </ol>

3. Draft agreement on Transfer of Rights and Obligations under the Movable Properties Sale and Purchase Agreement dated August 1, 2013 (between SPWREIT, SPWPF and CIR)

Transferor	Sri panwa Hotel Property Fund (SPWPF)
Relevant agreement party	Charn Issara Residence Co., Ltd. (CIR)
Transferee	SCB Asset Management Company as Trustee of Sri panwa Hotel Real Estate Investment Trust (SPWREIT)
Transfer of rights and obligations	<ol style="list-style-type: none"> <li>1. SPWPF agrees to transfer and SPWREIT agrees to accept the transfer of rights, obligations, liability and all benefits obtainable by SPWPF under the Sale and Purchase Agreement on Movable Properties, which shall thereby result in SPWREIT becoming a party to such agreement in replacement of SPWPF.</li> <li>2. CIR agrees to the transfer of all rights, obligations, liability and benefits under the Sale and Purchase Agreement on Movable Properties and the change of party to such agreement to SPWREIT in replacement of SPWPF.</li> <li>3. SPWREIT and CIR agree that rights and obligations of SPWREIT and CIR shall be in accordance with the Sale and Purchase Agreement on Movable Properties and this Agreement.</li> </ol>

4. Draft agreement on Transfer of Rights and Obligations under the Lease Agreement dated August 1, 2013 (between SPWREIT, SPWPF and SPM)

Transferor	Sri panwa Hotel Property Fund (SPWPF)
Relevant agreement party	Sri panwa Management Co., Ltd. (Lessee)
Transferee	SCB Asset Management Company as Trustee of Sri panwa Hotel Real Estate Investment Trust (SPWREIT)
Transfer of rights and obligations	<ol style="list-style-type: none"> <li>1. SPWPF agrees to transfer and SPWREIT agrees to accept the transfer of rights, obligations, liability, collateral, any money and all benefits obtainable by SPWPF under the Lease Agreement, which shall thereby result in SPWREIT becoming the lessor of properties rented to the lessee under the Lease Agreement in replacement of SPWPF.</li> <li>2. The lessee agrees to the transfer of rights, obligations, liability, collateral, any money and all benefits under the Lease Agreement and the change of party to such agreement to SPWREIT in replacement of SPWPF.</li> <li>3. SPWREIT and the lessee agree that rights and obligations of SPWREIT and the lessee shall be in accordance with the Lease Agreement and this Agreement.</li> </ol>

Transfer of right to deposit account	On the date of transfer of assets and obligations, the lessee agrees to transfer right to the deposit account as specified in the Lease Agreement to SPWREIT as guarantee for performing of obligations under the Lease Agreement, and shall deliver such notice together with minutes of the board of directors' meeting that gave an approval thereof according to the provisions and conditions set forth in the articles of association of the lessee to the concerned commercial bank, as well as submit a certified true copy thereof to SPWREIT.
Insurance	On the date of transfer of assets and obligations, the lessee agrees to arrange for SPWREIT to be named, in replacement of SPWPF, as a joint insured and joint beneficiary with the lessee in the property all risks insurance policy and the business interruption insurance policy and as a joint insured with the lessee in the public liabilities insurance policy, taken out under the Lease Agreement.

5. Draft agreement on Transfer of Rights and Obligations under the Undertaking Agreement dated August 1, 2013 (between SPWREIT, SPWPF and CIR)

Transferor	Sri panwa Hotel Property Fund (SPWPF)
Relevant agreement party	Charn Issara Residence Co., Ltd. (CIR)
Transferee	SCB Asset Management Company as Trustee of Sri panwa Hotel Real Estate Investment Trust (SPWREIT)
Transfer of rights and obligations	<ol style="list-style-type: none"> <li>1. SPWPF agrees to transfer and SPWREIT agrees to accept the transfer of rights, obligations, liability, collateral and all benefits obtainable by SPWPF under the Undertaking Agreement, which shall thereby result in SPWREIT becoming a party to such agreement with CIR in replacement of SPWPF.</li> <li>2. CIR agrees to the transfer of rights, obligations, liability, collateral and all benefits under the Undertaking Agreement and the change of party to such agreement to SPWREIT in replacement of SPWPF.</li> <li>3. SPWREIT and CIR agree that rights and obligations of SPWREIT and CIR shall be in accordance with the Undertaking Agreement and this Agreement.</li> </ol>
Transfer of right to collateral	On the date of transfer of assets and obligations, CIR agrees to transfer collateral under the Undertaking Agreement, provided by CIR to SPWPF and with a value at any time at THB 80,000,000 (eighty million), to SPWREIT or to execute any act in order to provide and deliver such collateral to SPWREIT. SPWREIT agrees to be responsible for the expenses arising from such act (if any).

6. Draft agreement on Transfer of Rights and Obligations under the Shortfall Rental Payment Agreement dated August 1, 2013 (between SPWREIT, SPWPF and CID)

Transferor	Sri panwa Hotel Property Fund (SPWPF)
Relevant agreement party	Charn Issara Development Plc. (CID)
Transferee	SCB Asset Management Company as Trustee of Sri panwa Hotel Real Estate Investment Trust (SPWREIT)
Transfer of rights and obligations	<ol style="list-style-type: none"> <li>1. SPWPF agrees to transfer and SPWREIT agrees to accept the transfer of rights, obligations, liability, collateral and all benefits obtainable by SPWPF under the Shortfall Rental Payment Agreement, which shall thereby result in SPWREIT becoming a party to such agreement with CID in replacement of SPWPF.</li> <li>2. CID agrees to the transfer of rights, obligations, liability, collateral and all benefits under the Shortfall Rental Payment Agreement and the change of party to such agreement to SPWREIT in replacement of SPWPF.</li> <li>3. SPWREIT and CID agree that rights and obligations of SPWREIT and CID shall be in accordance with the Shortfall Rental Payment Agreement and this Agreement.</li> </ol>

7. Draft agreement on Transfer of Rights and Obligations under the Share Pledge Agreement dated August 1, 2013 (between SPWREIT, SPWPF and the pledgors)

Transferor	Sri panwa Hotel Property Fund (SPWPF)
Relevant agreement party	<ol style="list-style-type: none"> <li>(1) Mr. Vorasit Issara (Shareholder No. 1)</li> <li>(2) Mr. Ditawat Issara (Shareholder No. 2)</li> <li>(3) Charn Issara Residence Co., Ltd. (Shareholder No. 3)</li> </ol> <p>Shareholders No. 1 - No. 3, who are shareholders of Sri panwa Management Co., Ltd., shall be collectively called the "Pledgors."</p>
Transferee	SCB Asset Management Company as Trustee of Sri panwa Hotel Real Estate Investment Trust (SPWREIT)

Transfer of rights and obligations	<ol style="list-style-type: none"> <li>1. SPWPF agrees to transfer and SPWREIT agrees to accept the transfer of rights, obligations, liability, collateral and all benefits obtainable by SPWPF under the Share Pledge Agreement, which shall thereby result in SPWREIT becoming a party to such agreement with the Pledgors in replacement of SPWPF.</li> <li>2. The Pledgors agree to the transfer of rights, obligations, liability, collateral and all benefits under the Share Pledge Agreement and the change of party to such agreement to SPWREIT in replacement of SPWPF.</li> <li>3. SPWREIT and the Pledgors agree that rights and obligations of SPWREIT and the Pledgors shall be in accordance with the Share Pledge Agreement and this Agreement.</li> </ol>
Registration of the change of pledgee	On the date of transfer of assets and obligations, the Pledgors agree to arrange for registration of the change of the pledgee of shares, held by the Pledgors in Sri panwa Management Co., Ltd. and pledged with SPWPF, to SPWREIT as guarantee for debt payment and fulfillment of terms and conditions of relevant agreements as set forth in the Share Pledge Agreement.

- Other Relevant Agreements

To conform to the Notification of Capital Market Supervisory Board No. TorJor. 49/2555 Re: Issuance and Offer for Sale regarding Units of Real Estate Investment Trust with respect to the guarantee of revenues, all parties therefore agree to enter the agreement regarding rental guarantee, which is currently discussing terms and conditions. The detail of the draft agreement can be summarized as follows:

1. Draft agreement regarding rental guarantee

Lessor	SCB Asset Management Company as Trustee of Sri panwa Hotel Real Estate Investment Trust
Lessee	Sri panwa Management Co., Ltd. (SPM)
Rental guarantor	Charn Issara Residence Co., Ltd. (CIR)
Agreement between the counterparties	<ol style="list-style-type: none"> <li>1. CIR agrees to bind itself as a guarantor for rental revenues that SPWREIT will receive from SPM, as a co-debtor, in the amount and period as specified in the Lease Agreement and the Undertaking Agreement (“Revenue Guarantee”).</li> <li>2. The parties hereto agree that failure by CIR to comply with the Undertaking Agreement with respect to Revenue Guarantee (except for a force majeure event or any event that is not due to CIR’s fault as stipulated in the Undertaking Agreement) shall result in SPM being deemed as having breached the Lease Agreement, whereby SPWREIT shall have the right to terminate the agreement and/or claim for damages.</li> </ol>

- Summary of all agreements that were executed by SPWPF with other parties and remain effective

### 1. Lease Agreement

Lessor	Sri panwa Hotel Property Fund (SPWPF)																																								
Lessee	Sri panwa Management Co., Ltd. (Lessee or SPM)																																								
Lease term	15 years starting from the date on which the leasehold over the leased properties is registered (Lease Term)																																								
Rental fee and payment	<p>The Lessee agrees to pay rentals for the leased properties to SPWPF on a monthly basis. Such rentals shall be divided into fixed rental payable throughout the entire Lease Term and variable rental (for year 11 to year 15), the details of which are as follows:</p> <p><u>Fixed rental</u> shall be subject to rental rate as shown in the table below:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="background-color: #1a3d4d; color: white;">Year</th> <th style="background-color: #1a3d4d; color: white;">Yearly Fixed Rental (THB)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1-5</td> <td style="text-align: center;">151,000,000</td> </tr> <tr> <td style="text-align: center;">6-8</td> <td style="text-align: center;">166,100,000</td> </tr> <tr> <td style="text-align: center;">9-11</td> <td style="text-align: center;">182,710,000</td> </tr> <tr> <td style="text-align: center;">12-14</td> <td style="text-align: center;">200,981,000</td> </tr> <tr> <td style="text-align: center;">15</td> <td style="text-align: center;">221,079,100</td> </tr> </tbody> </table> <p>Percentage of monthly fixed rental shall be as follows:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="background-color: #1a3d4d; color: white;">Month</th> <th style="background-color: #1a3d4d; color: white;">Monthly Fixed Rental (% of Yearly Fixed Rental)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">January</td> <td style="text-align: center;">11.0</td> </tr> <tr> <td style="text-align: center;">February</td> <td style="text-align: center;">11.0</td> </tr> <tr> <td style="text-align: center;">March</td> <td style="text-align: center;">6.0</td> </tr> <tr> <td style="text-align: center;">April</td> <td style="text-align: center;">10.0</td> </tr> <tr> <td style="text-align: center;">May</td> <td style="text-align: center;">3.0</td> </tr> <tr> <td style="text-align: center;">June</td> <td style="text-align: center;">6.0</td> </tr> <tr> <td style="text-align: center;">July</td> <td style="text-align: center;">4.0</td> </tr> <tr> <td style="text-align: center;">August</td> <td style="text-align: center;">6.0</td> </tr> <tr> <td style="text-align: center;">September</td> <td style="text-align: center;">4.0</td> </tr> <tr> <td style="text-align: center;">October</td> <td style="text-align: center;">11.0</td> </tr> <tr> <td style="text-align: center;">November</td> <td style="text-align: center;">9.0</td> </tr> <tr> <td style="text-align: center;">December</td> <td style="text-align: center;">19.0</td> </tr> <tr> <td style="text-align: center;">Total</td> <td style="text-align: center;">100.0</td> </tr> </tbody> </table>	Year	Yearly Fixed Rental (THB)	1-5	151,000,000	6-8	166,100,000	9-11	182,710,000	12-14	200,981,000	15	221,079,100	Month	Monthly Fixed Rental (% of Yearly Fixed Rental)	January	11.0	February	11.0	March	6.0	April	10.0	May	3.0	June	6.0	July	4.0	August	6.0	September	4.0	October	11.0	November	9.0	December	19.0	Total	100.0
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	<p><u>Variable rental</u> shall be payable during year 11 – 15 of the Lease Term at a rate of 30% of total income generated from the business operation after deduction of yearly expenses such as total costs, selling and administrative expenses, and fixed rental as specified in the agreement.</p> <p>If the Lessee fails to make rental payment as stated in this Agreement, SPWPF shall have the rights to terminate this agreement. However, in case the Lessee has made payment for all outstanding rental prior to the date SPWPF exercise the rights to terminate this Agreement and shall be deemed as SPWPF does not exercise such rights to terminate for such defaults. However, if the Lessee fails to make rental payment more than three times, SPWPF may exercise the rights to terminate this agreement immediately.</p>																																				
<p>Lease renewal and rental in the event of lease renewal</p>	<p>Each party may exercise an option to renew the lease for an additional period of 15 years in accordance with the stipulated terms and conditions and subject to the following rental rate for lease renewal:</p> <p><u>Fixed rental</u> shall be subject to rental rate as shown in the table below:</p> <table border="1" data-bbox="686 963 1257 1328"> <thead> <tr> <th>Year</th> <th>Yearly Fixed Rental (THB)</th> </tr> </thead> <tbody> <tr> <td>1-2</td> <td>221,079,100</td> </tr> <tr> <td>3-5</td> <td>243,187,010</td> </tr> <tr> <td>6-8</td> <td>267,505,711</td> </tr> <tr> <td>9-11</td> <td>294,256,282</td> </tr> <tr> <td>12-14</td> <td>323,681,910</td> </tr> <tr> <td>15</td> <td>356,050,101</td> </tr> </tbody> </table> <p>Percentage of monthly fixed rental shall be as follows:</p> <table border="1" data-bbox="686 1411 1257 2033"> <thead> <tr> <th>Month</th> <th>Monthly Fixed Rental (% of Yearly Fixed Rental)</th> </tr> </thead> <tbody> <tr> <td>January</td> <td>11.0</td> </tr> <tr> <td>February</td> <td>11.0</td> </tr> <tr> <td>March</td> <td>6.0</td> </tr> <tr> <td>April</td> <td>10.0</td> </tr> <tr> <td>May</td> <td>3.0</td> </tr> <tr> <td>June</td> <td>6.0</td> </tr> <tr> <td>July</td> <td>4.0</td> </tr> <tr> <td>August</td> <td>6.0</td> </tr> <tr> <td>September</td> <td>4.0</td> </tr> <tr> <td>October</td> <td>11.0</td> </tr> </tbody> </table>	Year	Yearly Fixed Rental (THB)	1-2	221,079,100	3-5	243,187,010	6-8	267,505,711	9-11	294,256,282	12-14	323,681,910	15	356,050,101	Month	Monthly Fixed Rental (% of Yearly Fixed Rental)	January	11.0	February	11.0	March	6.0	April	10.0	May	3.0	June	6.0	July	4.0	August	6.0	September	4.0	October	11.0
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	November	9.0
	December	19.0
	<b>Total</b>	<b>100.0</b>

Variable rental shall be based on the original formula of calculation and shall always remain in effect throughout the renewed lease term, payable from the first year in which the lease is renewed onwards.

Remark Whether unitholders meeting will approve resolutions to convert from SPWPF to SPWREIT then invest in the first additional asset investment or not, lease Agreement of an initial investment which will be amended on the variable rent calculation so that to include sharing of net gross profit from foods and beverages, spa service, shuttle service, meeting rooms which guests of the Initial Assets use services at the Additional Asset No.1 and in case where guests of the Additional Asset No.1 use services at the Initial Assets (Referral fee), and to allow such amended calculation on variable rent to be applied to other additional assets in further investments. In this regard, the calculation for the variable rent shall become effective once received the resolutions from the SPWPF unitholders.

## 2. Undertaking Agreement

Contract Acceptor	Sri panwa Hotel Property Fund (SPWPF)
Contract Giver	Charn Issara Residence Co., Ltd. (CIR)
Future investments of Charn Issara Residence Co., Ltd.	- Within five years from the date on which SPWPF has invested in Phase 1 Project, CIR and other persons related to CIR shall not invest in any immovable property within a three kilometers radius from Phase 1 Project in order to operate the businesses of hotel, serviced apartment or any other related or similar businesses, except for (a) investment in Phase 2 and/or Phase 3 Project or (b) obtaining written consent from SPWPF.
Future investments of SPWPF and option to buy/lease Phase 2 and Phase 3 Projects and right of first refusal	<p><u>Future Investments of SPWPF</u></p> <p>Option to buy/lease Phase 2 and/or Phase 3 Project</p> <p>- Within three years from the commencement date of Phase 2 or Phase 3 Project, in the event that SPWPF wishes to buy, lease, accept the transfer of the properties in whole or in part used in the business operation of Phase 2 and/or Phase 3 Project of CIR and/or a related person of CIR, CIR and/or a related person of CIR agrees to grant the option to SPWPF to buy and/or lease and/or accept the transfer of ownership and/or accept the transfer of possessory right of properties in such Project at the price and under the terms and conditions as to be mutually agreed. Such price shall be in accordance with the rules of the Office of the SEC. In the case where the parties cannot reach an agreement on the purchase price, it is agreed that the average appraised value of two appraisers approved by the Office of the SEC shall be used.</p> <p>- In the case where SPWPF waives its right or does not wish to buy, lease, or accept the transfer of properties used in business operation of Phase 2 and/or Phase 3 Project in whole</p>

	<p>or in part or does not invest in such properties for any reason whatsoever, CIR agrees that it will not sell, dispose of, transfer or lease out the properties used in business operation of such Project in whole or in part to any person as long as SPM is a lessee of the properties, except that (a) it obtains written consent from SPWPF or (b) it is the disposal and transfer of properties in Phase 2 or Phase 3 Project in the form of residence or (c) it is a shareholding restructuring within CID group of companies which does not affect the controlling power. However, CIR can operate the hotel and/or serviced apartment businesses by having SPM manage the said Project.</p> <p>- In the case where SPWPF has to be converted from property fund into real estate investment trust to exercise its right to invest in Phase 2 and/or Phase 3 Project, CIR undertakes that CID and/or CIR and/or related persons holding investment units in SPWPF at that time shall vote for such conversion under the condition that such action shall not violate the relevant SEC and SET rules and regulations.</p> <p>Right of First Refusal</p> <p>-Within seven years from the date on which SPWPF has invested in Phase 1 Project and if CIR and/or a related person of CIR wishes to sell, dispose of, transfer or lease out in whole or in part the properties used in hotel and/or serviced apartment business operation of CIR and/or a related person of CIR which is located in Thailand (except for Phase 2 and Phase 3 Project), CIR and/or a related person of CIR undertakes that SPWPF shall have the right of first refusal under the condition that CIR must so notify SPWPF in writing.</p>
<p>Guarantee for rental payment to SPWPF</p>	<p>-CIR undertakes to jointly be responsible with the Lessee, as a principal debtor and joint debtor, for paying the fixed rental stipulated in the Lease Agreement to SPWPF under the following terms and conditions:</p> <ol style="list-style-type: none"> <li>1. <u>First Guaranteed Period</u>: CIR undertakes to jointly be responsible with the Lessee as a principal debtor and joint debtor for paying the fixed rental in the amount stipulated in the Lease Agreement for a period of five years from the date on which SPWPF has invested in Sri panwa Hotel Project.</li> <li>2. <u>Second Guaranteed Period</u>: CIR undertakes to jointly be responsible with the Lessee as a principal debtor and joint debtor for paying the fixed rental as stipulated in the Lease Agreement to SPWPF after the First Guaranteed Period in the event where the actual performance of Sri panwa Management Co., Ltd. in the 5th year only with respect to the properties invested by SPWPF is lower than the guaranteed amount in the 5th year. The rental that CIR agrees to be jointly responsible with the Lessee shall be considered on a yearly basis which shall be equivalent to the difference between the actual performance</li> </ol>

	<p>of SPM in the 5th year or the following years (as the case may be) (Considered Year) only with respect to the properties invested by SPWPF and the fixed rental that SPM must pay under the Lease Agreement in each year following the Considered Year (Shortfall Rental). However, at any time during the Second Guaranteed Period, if the actual performance of SPM in any Considered Year only with respect to the properties invested by SPWPF is equal to or more than the fixed rental that SPM must pay under the Lease Agreement in that Considered Year, the parties agree that CIR’s obligations and agreements on the Second Guaranteed Period shall be terminated.</p> <p>- If SPWPF has notified CIR in writing to pay the Shortfall Rental or the entire rental as stipulated in the Lease Agreement, CIR undertakes to pay such rental to SPWPF within the following business day from the receipt of such written notice. CIR undertakes to act as follows:</p> <ol style="list-style-type: none"> <li>(1) During the First Guaranteed Period, CIR and/or a person and/or a juristic person approved by SPWPF agrees to provide a guarantee with a current value at any time at THB 80,000,000 to SPWPF; and</li> <li>(2) During the Second Guaranteed Period, CIR and/or a person and/or a juristic person approved by SPWPF agrees to provide a guarantee with a current value at any time equaling the Shortfall Rental to SPWPF.</li> </ol> <p>-Throughout the Lease Term, CIR agrees to transfer the right to receive income from management of residential villas under the Rental Management Agreement, the Pool Villa Rent Back Agreement and any other related agreements to Sri panwa Management Co., Ltd. so that Sri panwa Management Co., Ltd. shall have the right to receive income and use profits from such transaction for paying the Shortfall Rental to SPWPF before using them for other purposes.</p>
<p>Remarks</p>	<p><u>“Pool Villa Rent Back Agreement”</u> means Pool Villa Rent Back Agreement between CIR and residential owners.</p> <p><u>“New Pool Villa Rent Back Agreement”</u> means new Pool Villa Rent Back Agreement that residential owners will enter into with Sri panwa Management Co., Ltd.</p> <p><u>“Rental Management Agreement”</u> means Rental Management Agreement between CIR and residential owners.</p> <p><u>“New Rental Management Agreement”</u> means new Rental Management Agreement that residential owners will enter into with Sri panwa Management Co., Ltd.</p>

## 3. Shortfall Rental Payment Agreement

Contract Acceptor	Sri panwa Hotel Property Fund (SPWPF)
Contract Giver	Charn Issara Development Plc. (CID)
Material terms	<ul style="list-style-type: none"> <li>• CID agrees and warrants to SPWPF that, throughout the guaranteed period, if SPM cannot pay the rental under the Lease Agreement in full within the period of time according to the terms and conditions of the Lease Agreement and SPWPF has notified CIR in writing to pay the Shortfall Rental or the entire rental but CIR still fails to pay the rental as guaranteed in full and once SPWPF has given a written notice to CID, CID agrees to pay the rental as guaranteed to SPWPF within the business day following the receipt of such written notice.</li> </ul>

## 4. Share Pledge Agreement

Pledgee	Sri panwa Hotel Property Fund (SPWPF)
Pledgors	<ol style="list-style-type: none"> <li>1. Mr. Vorasit Issara (Shareholder No. 1)</li> <li>2. Mr. Ditawat Issara (Shareholder No. 2)</li> <li>3. Charn Issara Residence Co., Ltd. (Shareholder No. 3)</li> </ol> <p>Collectively referred to as the “Pledgors,” altogether holding 100% of shares in Sri panwa Management Co., Ltd. (SPM)</p>
Material terms	<p>- The Pledgors agree to pledge the shares in SPM as collateral for their repayment of the debt guaranteed by pledge, consisting of:</p> <ol style="list-style-type: none"> <li>(1) debt under the Lease Agreement and the Undertaking Agreement, including the Shortfall Rental Payment Agreement, throughout the term of the said agreements and the fulfillment of the terms and conditions of the Lease Agreement, the Undertaking Agreement and the Shortfall Rental Payment Agreement;</li> <li>(2) damages arising from SPM’s and/or the Pledgors’ default on the Lease Agreement, the Undertaking Agreement and the Shortfall Rental Payment Agreement;</li> <li>(3) compensation for loss of benefits due to SPWPF’s inability to use the leased properties to seek benefits as per the objectives of the said agreements.</li> </ol> <p>- In the case of enforcement of pledge and sale, disposal or transfer of the pledged shares, whether in whole or in part, the Pledgors agree that SPWPF can use such proceeds thereof to pay any debt owed to SPWPF under the Lease Agreement. In the case where the net proceeds from the enforcement of such shares is less than the debt that the debtor owes to SPWPF under the Lease Agreement, the Pledgors shall still be responsible for the said shortfall.</p>

2. INFORMATION ON SRI PANWA HOTEL PROPERTY FUND

Please see more details in Annex 1 “Information on Sri panwa Hotel Property Fund” of this report.

### 3. REASONABLENESS OF THE CONVERSION

#### 3.1 OBJECTIVE AND NECESSITY OF THE CONVERSION

CIR submitted a letter to SCBAM, as the SPWPF Manager, dated April 4, 2016, requesting SPWPF to consider and convert from SPWPF into SPWREIT and additionally invest in assets for use in the Sri panwa Hotel's operation ("Hotel Project Phase 2") with the total of 30 rooms, total building area of approximately 3,701 square meters and one Villa X29 with total building area of approximately 1,706 square meters (altogether shall be referred to as "Additional Asset No.1"). The total area is 5,407 square meters. The value of Additional Asset No. 1 is not exceeding THB 1,362.90 million.

However, SPWPF is unable to increase its registered capital for additional investment in properties, hence, The Company (which is in the process of filing an application for approval to act as the REIT Manager to the Office of the Securities and Exchange Commission ("SEC") in its capacity as the SPWREIT Settlor who will serve as the REIT Manager of SPWREIT once SPWREIT has been settled.) has proposed to SCBAM a plan on conversion of SPWPF into SPWREIT and investment in the Additional Asset No. 1 so as to enable SPWPF to expand the investment in quality assets and be in line with the objective of SPWPF.

As a result, SCBAM and the Company resolved to propose to the unitholders' meeting to consider converting SPWPF into SPWREIT and investing in the Additional Asset No. 1 at a price not exceeding THB 1,362.90 million. Such investment is in line with the investment objective and policy of SPWPF which intends to invest in the real estate sector for the purpose of generating income and return to SPWPF and unitholders. The Fund Manager expects to complete the conversion by December 31, 2016 in order to benefit from tax incentives and fees under the government policy to promote investments in properties through a real estate investment trust pursuant to the law on trust for transactions in capital market in replacement of investments through a property fund under the law on securities and exchange as follows:

1. According to the "Royal Decree Issued under the Revenue Code on Exemption from Revenue Taxes (No. 599) B.E. 2559" as at February 12, 2016, which summarized as follows:
  - Income tax shall be exempted for the unitholders of a property fund for the income derived from switching of investment units of the property fund into trust deeds as a result of conversion of the property fund into a real estate investment trust. This shall be applicable to the income from switching of investment units of the property fund into trust deeds during the period from the effective date of this Royal Decree until December 31, 2016.
  - Value added tax, specific business tax and stamp duty shall be exempted for the property fund with respect to value of tax base, income or execution of instruments arising or resulting from the transfer or creation of property right or any right to property due to the conversion of a property fund into a real estate investment

trust. This shall be applicable to the conversion of a property fund into a real estate investment trust during the period from the effective date of this Royal Decree until December 31, 2016.

2. The cabinet has resolved on 21 June 2016 to approve the draft of ministerial regulations according to the Act Promulgating the Land Code B.E. 2497 (the fee for right registration and transaction on immovable properties to convert from property fund to REIT). The details are to determine additional cases for reducing those fees abovementioned for 0.01 percent of the appraised price with the maximum of 100,000 baht.

Therefore, if SPWPF is converted into SPWREIT before December 31, 2016, SPWREIT will be exempted on taxes and fees approximately THB 43.45 million as estimated below:

Type of Expense	Fee and taxes in case SPWPF converts to SPWREIT before 31 Dec 2016	Fee and taxes in case SPWPF converts to SPWREIT after 31 Dec 2016
Transfer fee	THB 0.10 million <sup>1</sup> (0.01% of appraised Immovable Property price or purchased price, whichever is higher, but not exceeding THB 100,000)	THB 43.55 million (2% of appraised Immovable Property price or purchased price, whichever is higher)
Value added tax	Waived <sup>2</sup>	Waived <sup>3</sup>
Specific business tax	Waived <sup>2</sup>	Waived <sup>3</sup>
Stamp duty	Waived <sup>2</sup>	Waived <sup>3</sup>

**Source:** Transfer fees calculated from the value of SPWPF THB 2,222.03 million (200,183,000 investment units x market price THB 11.10 dated May 24, 2016) with the approximate proportion of 98% and 2% of Immovable Property and Movable Property respectively which might be changed at the date of conversion to SPWREIT.

**Remark:** /1 The property fund will enjoy the benefit of the reduction in registration fees of rights and juristic acts for properties Bill issued by virtue of The Land Code Act B.E. 1947

/2 SPWPF has no tax burden on value added tax, special business tax and stamp duty in converting the property fund into a real estate investment trust within December 31, 2016. Royal Decree issued by virtue of the Revenue Code Re: Tax exemption (No. 599) B.E. 2016 as at February 12, 2016.

/3 SPWPF has no tax burden on value added tax, special business tax and stamp duty up to May 19, 2017, in accordance with the following Royal Decrees

- The Royal Decree issued by virtue of the Revenue Code Re: VAT exemption No. 239 B.E. 1991 as at December 25, 1991 and No. 608 B.E. 2016 as at May 19, 2016
- The Royal Decree issued by virtue of the Revenue Code Re: Business exempted from special business tax No. 240 B.E. 1991 as at December 25, 1991 and No. 609 B.E. 2016 as at May 19, 2016
- The Royal Decree issued by virtue of the Revenue Code Re: Tax exemption No. 10 B.E. 1957 as at December 25, 1991 and No. 610 B.E. 2016 as at May 19, 2016

After the conversion, SPWREIT will invest in Additional Asset No. 1, comprising Hotel Project Phase 2 and Villa X29, in order to earn benefits from leasing of the properties and generate income and returns for SPWREIT and the unitholders. However, apart from fund raising from general investors who are both individual and juristic persons from

domestic and international, SPWREIT still needs to acquire funding partly from financial institutions for investment in such project. It is thus necessary to convert SPWPF into SPWREIT which will have greater flexibility in borrowing from financial institutions and investment in properties.

### 3.2 SWAP RATIO OF INVESTMENT UNIT AND TRUST UNIT

The conversion of SPWPF to SPWREIT is a transfer of assets and liabilities of SPWPF<sup>2</sup> to SPWREIT, which makes SPWPF and SPWREIT have the same assets and liabilities. Therefore, a swap ratio of these two has no effect on unitholder's right such as voting or dividends.

### 3.3 DIFFERENCES BETWEEN PROPERTY FUND AND REIT

Particulars	Property Fund (PF)	REIT
● General Characteristics		
Legal structure	Mutual fund	Trust
Minimum size	At least THB 500 million	Same as PF
Number of unitholders	Upon establishment: ≥ 250 unitholders After establishment: ≥ 35 unitholders	Same as PF
Listing on SET	Required to be listed	Required to be listed
PF/REIT manager	Asset management company (AMC)	Either AMC or any firm with skills in real estate investment and qualified by SEC's criteria
Registrar	Not necessarily to be TSD	Subject to SET's approval
● Investment		
Type of main assets allowed for investment	Positive lists <sup>1</sup> based on SEC's criteria	Not specified, but must not be included on the negative lists <sup>2</sup>
Offshore investment	Not permitted	Permitted
Real estate development	Not permitted	Permitted (but not exceeding 10% of TAV)

<sup>2</sup> Assets and liabilities of SPWPF are assets, liabilities and all other responsibilities of SPWPF in accordance with the NAV recently disclosed on SET website excluding the following items:

- (1) assets or funds reserved for debt repayment;
- (2) dividends or the distribution from the decrease of the registered capital of the SPWPF that the unitholders have not collected or deposited checks at banks for that payment;
- (3) fees and expenses in relation to the dissolution and liquidation of the SPWPF



Particulars	Property Fund (PF)	REIT
<ul style="list-style-type: none"> <li>Leverage limit</li> </ul>	Not over 10% of NAV	Not over 35% of TAV; and not over 60% if being rated at Investment Grade
<ul style="list-style-type: none"> <li>Offering and allocation of units</li> </ul>		
Offering limit	At least 25% must be offered to general investors and the units must be allotted equally to all small subscribers, one board at a time, until all units are allocated (Small Lot First).	The offering limit is not specified, but the units must be allocated to minor unitholders according to the listing requirements (not less than 20% of total trust units and of each tranche).
Restrictions on unitholding by any party or group of persons	Not over one-third of total number of investment units	Not over 50% of total number of trust units and of each tranche
<ul style="list-style-type: none"> <li>Supervision</li> </ul>	Similar to mutual fund	Similar to listed company
Annual meeting of unitholders	Not specified	Required to be held within four months from the end of fiscal year
Rules on acquisition or disposal of assets/connected transaction	Unitholders' resolution not required	Depending on size of transaction; required to seek unitholders' resolution for transaction of a significant size
Free float requirement	Not specified	There must be minor unitholders altogether holding at least 15% of total number of trust units and of each tranche.
<ul style="list-style-type: none"> <li>Tax</li> </ul>	<ul style="list-style-type: none"> <li>PF is exempted from corporate income tax.</li> <li>In some cases, unitholders are not subject to dividend tax; for example, listed companies that hold investment units for three months before and three months after dividend payment date do not have to include such dividend in their taxable income calculation.</li> </ul>	<ul style="list-style-type: none"> <li>REIT is exempted from corporate income tax.</li> <li>All types of unitholders are subject to tax.</li> </ul>

Source: The Stock Exchange of Thailand ("SET")

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Remark: <sup>1</sup> Positive lists include office buildings, shopping center buildings, factory buildings for rent in industrial estates, warehouse buildings, residential buildings, hotel buildings, convention or exhibition center buildings, superstore centers, and other constructions designated by the SEC.

<sup>2</sup> Negative lists include 1) properties used for an activity possibly involved with illegal business, 2) properties used for an activity that may cause environmental impacts beyond legal limits, 3) properties used for immoral activities such as massage parlors, entertainment places or racecourses, 4) types of properties designated by the SEC.

### 3.4 ADVANTAGES AND DISADVANTAGES OF THE CONVERSION OF SPWPF INTO SPWREIT

#### Advantages of the Conversion:

1) An enhancement to international standards

Nowadays, a real estate investment trust (REIT) has become more popular with international investors than a property fund (PF) due to greater flexibility of REIT in asset investment in various aspects (see more details in Section “3.2 Differences between Property Fund and REIT”). As such, the conversion will help to enhance SPWPF to an international level and, hence, make it more attractive to foreign investors.

2) Managed by a real estate expert

After the conversion, SPWREIT will be managed by CIRM (REIT Manager) which must be qualified and approved by the SEC.<sup>3</sup> Charn Issara Group has amassed experience in property development of various types for more than three decades, engaging mainly in 1) property development for sales, 2) office and shopping mall for rent, 3) hotel operation and 4) real estate project management.

3) Diversification of real estate investment

Property Fund is restricted to make an investment in real estate in Thailand only, while REIT can make an investment abroad and in all types of property insofar as the lessee operates the property for legal business transactions. Thus, REIT will have greater business opportunities and accordingly diversify investment risks. Given an efficient management, REIT can generate higher income and return for its unitholders.

4) An increasing in leverage limit

Currently, SPWPF can borrow not exceeding 10% of NAV. After the conversion, SPWREIT will be able to leverage up to 35% of total assets and up to 60% if being rated at Investment Grade or higher. SPWREIT will therefore have variety sources of investment fund and also a greater potential of investment and business expansion which results in higher return to unitholders.

However, an investment in the Additional Asset No. 1 will require financing from financial institution approximately 20% of total assets (after the conversion to SPWREIT and investment in the Additional Asset No. 1), so SPWPF will be able to invest in the future project according to their objectives and policies and is expected that unitholders will have greater return in the long run.

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<sup>3</sup> Notification of the Office of the Securities and Exchange Commission No. SorChor. 29/2555 Re: Rules, Conditions and Procedures for the Approval of REIT Manager and Standard Conduct

- 5) An acquisition or disposal of core assets and connected transaction requiring SPWREIT unitholders' resolution

SPWPF is able to enter into an assets acquisition or disposal transaction without the requirement to seek a resolution from its unitholders. After the conversion into SPWREIT, the transaction is subject to approval according to transaction size as follows:

Transaction Size	Approval Level
< 10% of total assets	REIT Manager
≥ 10% but < 30% of total assets	Board of Directors of REIT Manager
≥ 30% of total assets	SPWREIT unitholders

The Additional Asset No. 1 is worth not more than THB 1,362.90 million or 61.67% of the total assets as at March 31, 2016, thus requiring prior approval from the unitholders.

Moreover, the transaction with connected persons are subject to approval according to transaction size as follows:

Transaction Size *	Approval Level
≤ THB 1 million or ≤0.03% of net assets	REIT Manager
> THB 1 million but < THB 20 million or > 0.03% but < 3% of net assets	Board of Directors of REIT Manager
≥ THB 20 million or ≥ 3% of net assets	SPWREIT unitholders

Remark: \* Whichever is higher

The Additional Asset No. 1 is worth not more than THB 1,362.90 million or 61.70% of the net assets as at March 31, 2016, which is deemed a connected transaction and thus requires prior approval from the unitholders. As such, the unitholders will have the rights to vote and express opinion at the unitholders' meeting, thereby enhancing transparency of the investment made by SPWREIT.

- 6) Every material agreement made with SPWPF remains valid

There will be a change in parties from SPWPF to SPWREIT when there is a conversion, SPWREIT will continue taking full force and effect as per terms and conditions subject to the agreement<sup>4</sup>.

<sup>4</sup> Transferring rights and obligations of the lease agreement of the Initial Assets between SPWPF (Lessor) and SPM (Lessee) dated 1 August 2013 which will be amended on the variable rent calculation so that to include sharing of net gross profit from food and beverages, spa service, shuttle service, meeting rooms and other services which guests of the Initial Assets use services at the Additional Asset No.1 and in case where guests of the Additional Asset No.1 use services at the Initial Assets (Referral Fee), and to allow such amended calculation on variable rent to be applied to other additional assets in further investments.

Disadvantages and Risks of the Conversion:

## 1) Higher tax burden after the conversion into SPWREIT

The differences in tax levy on Property Fund and REIT can be tabulated below:

Type of Tax	Property Fund	REIT
<b>Taxes levied on Property Fund and REIT</b>		
Corporate income tax	None	None
Value added tax	Waived	Levied
Specific business tax	Waived	Levied
Stamp duty	Waived	Levied
<b>Tax levied on dividends/benefits of investors in Property Fund and REIT</b>		
Personal income tax: Thai individuals	10% withholding tax	10% withholding tax
Personal income tax: Non-Thai individuals	None	10% withholding tax
Corporate income tax: - Listed companies - Companies established under Thai law	Totally waived * Waived by 50% * (* If holding investment units for three months before and after receiving dividends)	10% withholding tax 10% withholding tax
Corporate income tax: Non-Thai entities (not operating business in Thailand)	None	10% withholding tax
<b>Tax levied on capital gains from sale of investment units of investors in Property Fund and REIT</b>		
Personal income tax: Thai and non-Thai individuals	Waived	Waived
Corporate income tax: Thai and non-Thai entities (operating business in Thailand)	Must be included in net profit calculation	Must be included in net profit calculation
Corporate income tax: Non-Thai entities (not operating business in Thailand)	None	15% withholding tax

Source: The Revenue Department

As from the above table, if SPWPF is converted into SPWREIT, it will no longer be eligible for certain tax exemptions, particularly value added tax, specific business tax and stamp duty which will be levied on SPWREIT.

Local and foreign institutional investors will bear higher tax burden on any benefits received from SPWREIT. Moreover, foreign institutional investors will be subject to capital gain tax from sales of their trust units, whereas such tax is waived for investors of a property fund.

2) Risk from increasing in borrowing from financial institutions

The conversion to SPWREIT will increase loan limits, hence, if SPWREIT borrows the money excessively with an aim to enable business expansion will result in unable to repay the principal and interest to the debtor. However, the REIT Manager expects to maintain the debts to total assets ratio at not over 20%, which is still below the leverage limit (35%) according to SEC notification.

3) Risk from investing in real estate that could not achieve the projected performance

The allowance for REIT to invest in more various type of properties for both domestic and international could encounter with various type of risks. However, CIRM as the REIT Manager and also a subsidiary of CID, has expertise in real estate sector and will manage SPWREIT for the benefits of SPWREIT and its unitholders.

Furthermore, SPWREIT is also able to invest in other type of properties as long as it conforms with the investment policy of SPWREIT. Such investment is a risk diversification for good return in the long run.

4) Incurrance of inevitable expenses irrespective of a success in the conversion

For this transaction, a unitholders' meeting must be convened to seek approval for the conversion, with the resolution required to be passed by votes of not less than three-fourths of the total number of investment units of the unitholders attending the meeting. This will incur inevitable expenses, whether approval is granted by the unitholders or not, such as legal counseling fee, IFA fee, audit fee, expenses on preparation of notice of the unitholders' meeting, document delivery, meeting venue, and others.

#### 4. PROJECTION OF RETURN ON INVESTMENT IN SPWPF BEFORE AND AFTER THE CONVERSION

The IFA has assessed potential impacts on SPWPF from the conversion into SPWREIT by conducting a financial projection of SPWPF over a period of 11 years and 8 months from December 1, 2016, which is the expected Conversion Transaction date, to July 31, 2028, which is the expiry date of the Lease Agreement. The projection is carried out under two scenarios as follows:

Scenario 1 SPWPF does not enter into the Conversion Transaction

Scenario 2 SPWPF enters into the Conversion Transaction but not invest in the Additional Asset No. 1

Here are the key assumptions used for the financial projection of SPWPF:

##### 1. Rental Income

The IFA has estimated rental income of SPWPF to be obtained from SPM according to the Lease Agreement on properties of Sri panwa Hotel Project (“Hotel Project Phase 1”) between SPWPF and SPM. The rental income obtainable by SPWPF consists of fixed rental and variable rental, calculated based on the actual lease period starting from the first date of the Lease Term as specified in the Lease Agreement between SPWPF and SPM.

- Fixed rental is received by SPWPF from SPM in a yearly fixed amount according to the Lease Agreement between SPWPF and SPM throughout the 15-year Lease Term (August 1, 2013 – July 31, 2028). Rental payment starts from the effective date of the Lease Agreement until the end of the Lease Term, subject to the rental rate as shown in the below table:

Year	Yearly Fixed Rental (THB)
1-5	151,000,000
6-8	166,100,000
9-11	182,710,000
12-14	200,981,000
15	221,079,100

SPM will pay such rental on a monthly basis, calculated in percentage of the yearly fixed rental as follows:

Month	Monthly Fixed Rental (% of Yearly Fixed Rental)
January	11.0
February	11.0
March	6.0
April	10.0

Month	Monthly Fixed Rental (% of Yearly Fixed Rental)
May	3.0
June	6.0
July	4.0
August	6.0
September	4.0
October	11.0
November	9.0
December	19.0
<b>Total</b>	<b>100.0</b>

In this respect, CIR has provided a guarantee for the fixed rental income for Hotel Project Phase 1 in the event that SPM fails to pay the fixed rental to SPWPF as agreed upon in the Agreement. In this projection, the IFA therefore assumes that SPWPF will fully receive the fixed rental from SPM according to the Agreement.

- Variable rental is received by SPWPF from SPM at a rate of 30% of total income generated from the business operation of Sri panwa Hotel Project after deduction of expenses such as total costs, selling and administrative expenses, and fixed rental payable by SPM to SPWPF. SPWPF will receive payment of the variable rental for Hotel Project Phase 1 from year 11 onwards until the end of the Lease Term (year 15).

## 2. Interest Income

Interest income is estimated at the interest rate of 0.5%, based on saving deposit rates of commercial banks.

## 3. Expenses Relating to SPWPF and SPWREIT

### 3.1 Expenses Relating to SPWPF are the expenses relevant to SPWPF in case there is no conversion into SPWREIT.

#### a. Expenses on fund management

The Fund Manager will receive a management fee at a rate of not exceeding 1.00% per year of NAV.

#### b. Trustee fee

Trustee fee is at a rate not exceeding 0.05% of NAV.

#### c. SET annual fee



SPWPF is to pay an annual fee to the SET at the rate as shown in the table, but not less than THB 50,000 and not exceeding THB 3,000,000.

X = Paid-up Capital (THB Million)	Annual Fee Rate (% of Paid-up Capital)
$X \leq 200$	0.035%
$200 < X \leq 1,000$	0.030%
$1,000 < X \leq 5,000$	0.025%
$5,000 < X \leq 10,000$	0.020%
$X > 10,000$	0.010%

d. Registrar fee

Registrar fee is at a rate not exceeding 0.05% per year of NAV of SPWPF.

e. Other fees and expenses relating to SPWPF

Other fees and expenses include appraiser fee, auditor fee, general administrative expenses, etc.

3.2 Expenses Relating to SPWREIT are the expenses relevant to SPWREIT in case SPWPF is converted into SPWREIT.

a. Expenses on SPWREIT management

The REIT Manager will receive a management fee at a rate not exceeding 1.00% per year of TAV of SPWREIT

b. Trustee fee

Trustee fee is at a rate not exceeding to 1.00% per year of TAV of SPWREIT

c. SET's annual fee

SPWREIT is to pay an annual fee to the SET at the same rate as that paid by SPWPF.

d. Registrar fee

Registrar fee is at a rate not exceeding 1.00% per year of NAV of SPWREIT.

e. Other fees and expenses relating to SPWREIT

Other fees and expenses consist of appraiser fee, auditor fee, general administrative expenses, etc.

f. Other expenses relating to the conversion into SPWREIT

Expenses	Fee Rate
Application fee for approval of offering of trust units	THB 100,000
Fee for filing of registration statement for offering of trust units	0.01% of total offering value
SET listing fee	Waived
Transfer fee*	0.01% of appraised property price or sale and purchase price, whichever is higher but not exceeding THB 100,000
Value added tax*	Waived
Specific business tax*	Waived
Stamp duty*	Waived

**Remark:** \*The transfer fee or other expenses according to government policy for the conversion to SPWREIT by December 31, 2016  
(See more details in 3.1 Objective and Necessity of the Conversion)

Based on the above information and assumptions, we could estimate a rate of return for the unitholders under the two scenarios as follows:

	Scenario 1 SPWPF does not enter into the Conversion Transaction	Scenario 2 SPWPF enters into the Conversion Transaction
Rate of return for unitholders throughout the 11-year-8-month projection period	11.53%	11.13%

In the case that SPWPF enters into the Conversion Transaction without investing in the Additional Asset No. 1, the rate of return for the unitholders throughout the 11-year-8-month projection period will relatively drop from 11.53% to 11.13%. However, if SPWPF enters into the Conversion Transaction and invests in the Additional Asset No. 1, the rate of return for the unitholders throughout the 11-year-8-month projection period will increase to 11.70%. (Please see details of the IFA's opinion in the following section (B. Opinion of the Independent Financial Advisor on the Acquisition of Assets of SPWREIT and Transaction between SPWREIT and Connected Persons of the SPWREIT Manager))

5. APPROPRIATENESS OF CONDITIONS FOR THE TRANSACTION

The meeting of the Investment Committee of SCBAM on June 16, 2016 resolves the conversion from SPWPF into SPWREIT and investment in the Additional Asset No.1 and assigns fund manager to set the SPWPF's Unitholders' Meeting on 10 August 2016 to consider the agendas relating to the conversion transaction and investment in the Additional Asset No. 1 and also set 14 July 2016 as the record date for the right to attend the Unitholders' Meeting No. 1/2559 and will gather unitholders' names according to Section 225 of the Securities and Exchange Act, B.E.2535 (1992) by closing the registration book to suspend the transfer of trust units on 15 July 2016. Such condition is in line with the rules and regulations for good corporate governance and the relevant regulations of the SEC and aims at protecting interest of the existing unitholders of the Fund.

However, in seeking resolution from the unitholders of SPWPF for the conversion of SPWPF into SPWREIT, there will not be any purchase of investment units of SPWPF from the unitholders who attend the meeting and object to the said conversion, but the unitholders will be allocated the newly issued trust units according to their rights.

6. CONCLUSION OF THE INDEPENDENT FINANCIAL ADVISOR'S OPINION ON REASONABLENESS OF THE CONVERSION

The IFA has considered the objective and reasonableness of the Conversion Transaction and found that the transaction will cause tax effects on SPWPF and the unitholders, but in the long run it will be beneficial to them in various aspects, particularly in the enhancement of capability for real estate investment expansion. This is because after the conversion SPWREIT will be permitted to make additional asset investment with a higher leverage limit. Moreover, a swap ratio of one investment unit to one trust unit does not cause any effect on unitholder's right.

The IFA has identified the impacts on the unitholders in case of entry into the Conversion Transaction without investment in the Additional Asset No. 1. It has been found that the rate of yields to the unitholders will decline from 11.53% to 11.13% as SPWPF will have to bear expenses relating to the conversion such as legal counseling fee, IFA fee, audit fee, expenses on preparation of notice of the unitholders' meeting, document delivery, meeting venue, and others. Therefore, the conversion of SPWPF into SPWREIT without investment in the Additional Asset No. 1 is deemed not reasonable.

Nevertheless, the objective of the Conversion Transaction is to allow SPWPF to invest in the Additional Asset No. 1 which will help enhance its ability to generate cash flow from the Additional Asset No. 1 in the long term and thereby increase the rate of yields to the unitholders to 11.70%. Therefore, the conversion of SPWPF into SPWREIT with investment in the Additional Asset No. 1 is considered reasonable. Please see details of the IFA's opinion in the following section (B. Opinion of the Independent Financial Advisor on the Acquisition of Assets of SPWREIT and Transaction between SPWREIT and Connected Persons of the SPWREIT Manager)

However, in seeking resolution from the unitholders of SPWPF for the conversion of SPWPF into SPWREIT, there will not be any purchase of investment units of SPWPF from the unitholders who attend the meeting and object to the said conversion, but the unitholders will be allocated the newly issued trust units according to their rights.

## B. OPINION OF THE INDEPENDENT FINANCIAL ADVISOR ON THE ACQUISITION OF ASSETS OF SPWREIT AND TRANSACTION BETWEEN SPWREIT AND CONNECTED PERSONS OF THE REIT MANAGER

For investment in the Hotel Project Phase 2, SPWREIT will invest in properties that Charn Issara Residence Co., Ltd. (“CIR”) has an ownership and possession right. CIR is a subsidiary of Charn Issara Development Plc. (“CID”). CID is related to SPWREIT since it is a shareholder of the Company, which is the Settlor and Manager of SPWREIT, in a proportion of 99.99%. Moreover, CIR and CID currently are major unitholders of SPWPF and will still be major unitholders of SPWREIT after the complete conversion of SPWPF into SPWREIT. CIR and CID are therefore deemed as connected persons of the REIT Manager. As such, the asset investment mentioned above is considered a transaction in acquisition of assets by SPWREIT and a transaction between SPWREIT and connected persons of the REIT Manager (“the Transaction”), with value of assets not exceeding THB 1,362.90 million or equivalent to 61.67% of total asset value of SPWREIT and 61.70% of net asset value of SPWREIT. The entry into the Transaction is accordingly subject to disclosure of information thereon to the Stock Exchange of Thailand and must obtain approval from the Company’s Board of Directors and resolution of the unitholders’ meeting with affirmative votes of not less than three-fourths of the total votes of the unitholders who attend the meeting and have the right to vote.

Meanwhile, after SPWREIT acquires the Additional Asset No. 1, SPWREIT will lease such assets to Sri panwa Management Co., Ltd. (“SPM”). SPM is related to SPWREIT since CIR is a shareholder of SPM, in a proportion of 99.99%. Therefore, SPM is deemed as connected person of the REIT manager. SPWREIT will receive yearly fixed income from SPM in the amount of THB 65.10 million in year 1, THB 93.00 million between year 2 and year 5 and increase at the rate of 10% every 3 years from year 6 onwards. The total fixed income that SPWREIT will receive during the First Rent Period will be THB 1,205.37 million. Therefore, such transaction is deemed as a connected transaction between SPWREIT and the connected person of the REIT Manager, with value of the transaction exceeds THB 20 million and exceeds 3% of SPWREIT’s net total asset. SPWREIT is obligated to disclose the information on the Transaction to the Stock Exchange of Thailand and must obtain approval from the Company’s Board of Directors and resolution of the unitholders’ meeting with affirmative votes of not less than three-fourths of the total votes of the unitholders who attend the meeting and have the right to vote.

## 1. NATURE OF THE TRANSACTION

SCB Asset Management Company, as the Manager of Sri panwa Hotel Property Fund (“SPWPF”), held the Investment Committee’s meeting on June 16, 2016. The meeting thereby resolved to propose to SPWPF unitholders’ meeting to consider and approve SPWREIT’s investment in the Additional Asset No. 1 consisting of Hotel Project Phase 2 and Villa X29 (“Additional Asset No.1”). The value of the Additional Asset No. 1 to be invested by SPWREIT will not exceeding THB 1,362.90 million.

The value of the Additional Asset No.1 will be determined based on relevant factors including (1) appraised property price derived from the SEC-approved independent appraisers, (2) money and capital market condition during the trust units offering period, (3) a reasonable rate of return for investors, (4) commercial viability of the assets, (5) interest rates in the domestic and global markets, (6) rate of return to be received from investments in debt securities, equity securities and other investment alternatives, and (7) results of book building done by SCB (if any)

Funding sources to be used by SPWREIT for investment in the Additional Asset No. 1 will come from (1) an offering and allocating of additional trust units to the existing unitholders of SPWPF whose names appear in the unitholders register book through preferential public offering and public offering and/or (2) borrowing from banks and/or financial institutions, which may include loans from SCB. SPWREIT will pay for the asset price in cash and/or by check and/or money transfer to bank account.

Moreover, SPWREIT will enter into the lease agreement with SPM, which SPM will become the major tenant of the Additional Asset No. 1. SPWREIT will receive the rental from SPM on monthly basis, consists of fixed rental and variable rental (for year 8 to year 12 of the First Rent Period) (Please refer to Section B. “1.5 Summary of Relevant Agreements” for the information on the rental agreement.)

### 1.1 TYPE AND SIZE OF THE TRANSACTION

#### a. Size of the Asset Acquisition Transaction of SPWREIT

The Additional Asset No. 1 to be invested by SPWREIT are worth not more than THB 1,362.90 million. The transaction size, calculated according to the Notifications Relating to the Transaction, is equal to 61.67% of TAV of SPWPF based on the reviewed financial statements ended March 31, 2016. Details of the calculation of the transaction size are as follows:

$$\text{Size of asset acquisition transaction} = \frac{\text{Value of Assets}}{\text{SPWPF's TAV}} \times 100 = \frac{1,362,900,000}{2,210,100,000} \times 100 = 61.67\%$$

b. Size of the Transaction between SPWREIT and Connected Persons of the REIT Manager

CIR, which is the owner of the Additional Asset No. 1 to be invested by SPWREIT, is a subsidiary of CID. At the same time, CID is a major shareholder of CIRM, which is the Settlor and Manager of SPWREIT, in a proportion of 99.99% of the total voting shares. Moreover, CIR and CID currently are major unitholders of SPWPF and will still be major unitholders of SPWREIT after completion of the conversion. CIR and CID are therefore deemed as connected persons of the REIT Manager. As such, the asset investment mentioned above is considered a transaction in acquisition of assets by SPWREIT and a transaction between SPWREIT and connected persons of the REIT Manager.

The Additional Asset No. 1 to be invested by SPWREIT are worth not more than THB 1,362.90 million. The transaction size, calculated according to the Notifications Relating to the Transaction, is equal to 61.70% of NAV of SPWREIT based on the reviewed financial statements ended March 31, 2016. Details of the calculation of the connected transaction size are as follows:

$$\text{Size of connected transaction} = \frac{\text{Value of Assets} \times 100}{\text{SPWREIT's NAV}} = \frac{1,362,900,000 \times 100}{2,208,755,000} = 61.70\%$$

Meanwhile, after SPWREIT acquires the Additional Asset No. 1, SPWREIT will lease such assets to SPM. SPM is related to SPWREIT since CIR is a shareholder of SPM, in a proportion of 99.99%. Therefore, SPM is deemed as connected person of the REIT manager and such transaction is deemed as a connected transaction between SPWREIT and the connected person of the REIT manager.

In entering the transaction, SPWREIT will receive yearly fixed income from SPM in the amount of THB 65.10 million in year 1, THB 93.00 million between year 2 and year 5 and increase at the rate of 10% every 3 years from year 6 onwards. The total fixed income that SPWREIT will receive during the First Rent Period will be THB 1,205.37 million. The transaction size, calculated according to the Notifications Relating to the Transaction, is equal to 54.57% of NAV of SPWREIT based on the reviewed financial statements ended March 31, 2016. Details of the calculation of the connected transaction size are as follows:

$$\text{Size of connected transaction} = \frac{\text{Fixed income over First Rent Period} \times 100}{\text{SPWREIT's NAV}} = \frac{1,205,373,000 \times 100}{2,208,755,000} = 54.57\%$$

Asset Acquisition of SPWREIT and Transaction between SPWREIT and Connected Persons of the REIT Manager

The above transaction is an asset acquisition made by SPWREIT with the transaction size exceeding 30% of TAV of SPWREIT, and also is a transaction entered into between SPWREIT and connected persons of the REIT Manager with the transaction size exceeding 3% of NAV of SPWREIT. As such, SPWREIT is required to disclose information on the said transaction to the SET and must seek approval from the unitholders' meeting pursuant to the Notifications Relating

to the Transaction, with required affirmative votes of not less than three-fourths of the total votes of the unitholders who attend the meeting and have the right to vote.

In convening the meeting of the unitholders, SPWREIT must deliver a notice of the meeting together with the IFA's opinion regarding reasonableness of the transaction and appropriateness of a fair transaction price to the unitholders at least 14 days ahead of the meeting date. In this respect, the Investment Committee's meeting, held on June 16, 2016, already considered and resolved to approve the entry into such transaction.

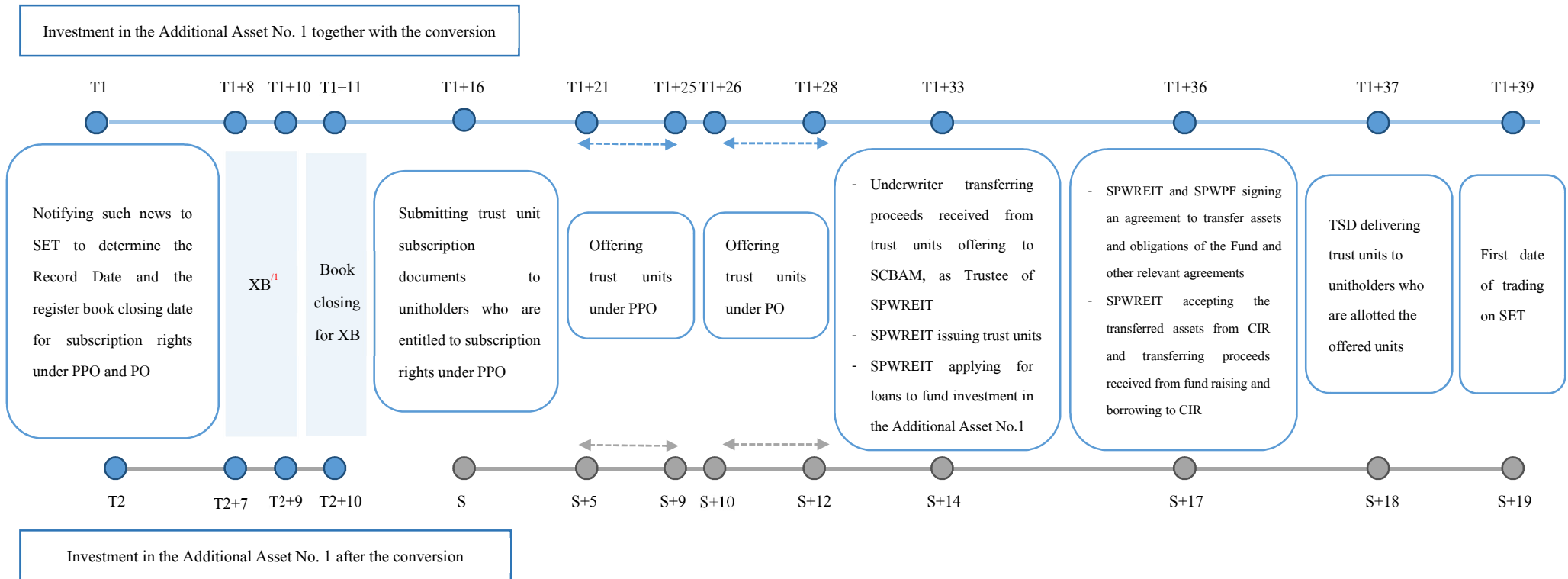
## 1.2 DATE OF THE TRANSACTION

The REIT Manager expects to enter into the transaction after having obtained approval from the Extraordinary General Meeting of Unitholders No. 1/2016, to be held on August 10, 2016, and having been granted approval from the Office of the Securities and Exchange Commission ("SEC") for the relevant matters, and also after SPWREIT has completed the issue and offering of additional trust units. The transaction is expected to be completed no later than Q1/2016.

After the effective date of the registration statement and prospectus, the investment in the Additional Asset No.1 will be processed by two alternative methods as follows:

1. Investment in the Additional Asset No. 1 together with the conversion
2. Investment in the Additional Asset No. 1 after the conversion





Remark: /1 XB stands for 'Excluding Other Benefits,' meaning that subscribers will not be eligible for benefits from subscription for the trust units under PPO.

\* The investment in the Additional Asset No.1 must be completed within six months from the date on which the SEC notifies its approval for the offering of newly issued trust units for conversion purpose and the investment in the Additional Asset No.1 and within one year from the date on which the meeting of unitholders of SPWPF resolves to approve the conversion of SPWPF into SPWREIT and the investment in the Additional Asset No.1.

1.3 RELEVANT PARTIES AND NATURE OF RELATIONSHIP

a. The acquisition of the Additional Asset No. 1

Acquirer: Sri panwa Hotel Real Estate Investment Trust (“SPWREIT”)

Seller: Charn Issara Residence Co., Ltd. (“CIR”)  
(an entity registered in Thailand)

b. The lease of the Additional Asset No. 1

Lessor: Sri panwa Hotel Real Estate Investment Trust (“SPWREIT”)

Lessee: Sri panwa Management Co., Ltd. (“SPM”)  
(an entity registered in Thailand)

Nature of Relationship:

1. CIR is a major unitholder of SPWPF, directly holding 40,813,300 units or 20.4% of the total investment units sold as at May 10, 2016, and will also be a major unitholder of SPWREIT after completion of the conversion of SPWPF into SPWREIT.
2. CIR is the owner of Sri panwa Project for Additional Asset No.1 that SPWREIT will invest in under this investment.
3. CIR is a major shareholder of SPM, which will lease the Additional Asset No.1 from SPWREIT, directly holding 2,999,998 shares or 99.99% of the total shares sold as at May 12, 2016.
4. CID is a major unitholder of SPWPF, directly holding 20,018,300 units or 10.0% of the total investment units sold as at May 10, 2016, and will also be a major unitholder of SPWREIT after completion of the conversion of SPWPF into SPWREIT.
5. CID is a shareholder of CIR, directly holding 1,120,600 shares or 80.0% of the total shares sold as at May 12, 2016.
6. CID is a major shareholder of CIRM, which was set up to act as the Settlor and Manager of SPWREIT, directly holding 999,998 shares or 99.99% of the total shares sold as at May 3, 2016.

Chart showing the pre-conversion relationship between SPWPF and its related parties

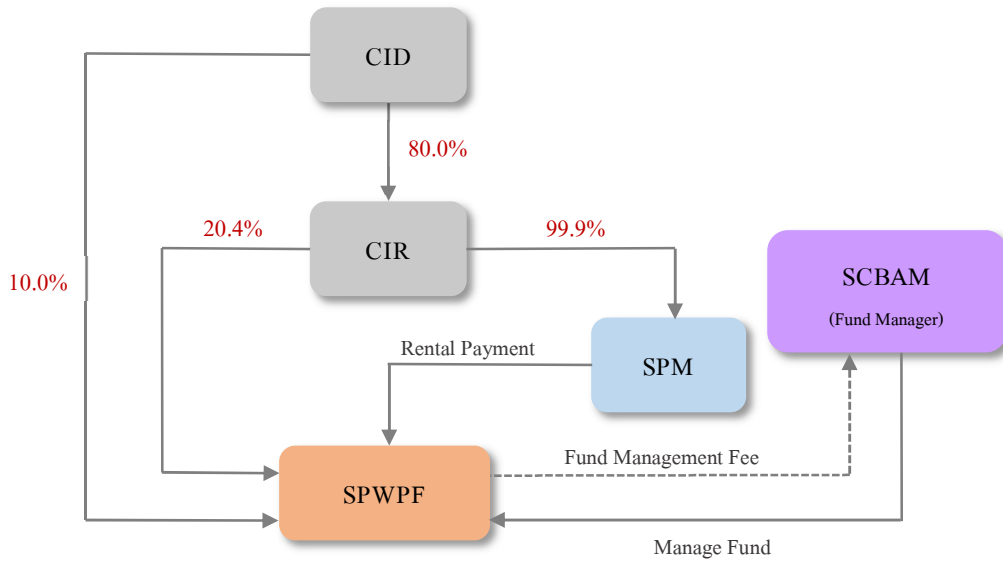
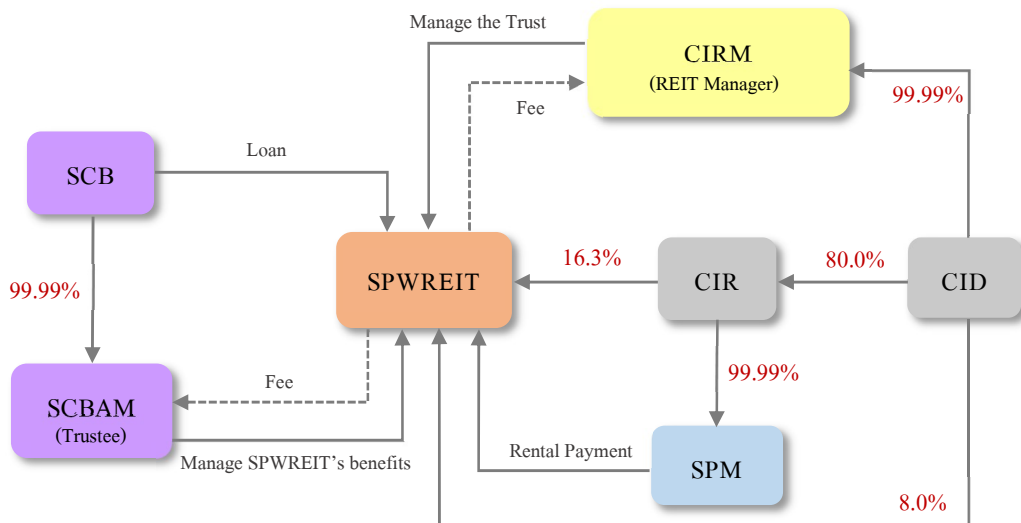


Chart showing the relationship after the conversion and the investment in the Additional Asset No.1 between SPWREIT and its related parties



As shown in the above charts, if SPWPF obtains approval for the conversion into SPWREIT and the investment in the Additional Asset No.1 through an offering and allocating of additional trust units to the existing unitholders of SPWPF (not less than 136.29 million units), this will create a control dilution effect on CIR and CID (in the event that an offering and allocating of the additional trust units under the preferential public offering 50% and public offering 50%). In this regard, the unitholding in SPWREIT by CIR and CID will be diluted to 16.3% (from 20.4%) and 8.0% (from 10.0%), respectively (based on SPWPF price as at May 24, 2016 of THB 11.10 per unit).

#### 1.4 DETAILS OF ASSETS BEING ACQUIRED

##### 1.4.1 General Information on the Additional Asset No. 1

The Additional Asset No. 1 to be invested by SPWREIT consist of Hotel Project Phase 2 and Villa X29 (“Additional Asset No.1”), including land, buildings, structures and movable properties used in business operation, all of which are owned by CIR. Details of the said assets are as follows:

1. Right of ownership to land and two exploitation deeds (Nor Sor 3 Kor) no. 349 and 1979, located in Wichit Sub-district, Mueang Phuket District, Phuket Province, with a total area of approximately 6 rai 50.6 square wah, which is where the Additional Asset No. 1 are situated, including public utility systems and component parts of land
2. Right of ownership to buildings and structures where the Additional Asset No. 1 are located, comprising
  - a. Hotel Project Phase 2 featuring a pool suite and penthouse (The Habita) building with 30 units, including facilities areas, reception building, restaurants, swimming pools, and maintenance building
  - b. Villa X29 featuring a pool villa building with five units
3. Right of ownership to movable properties necessary for business operation of Hotel Project Phase 2 and Villa X29 such as furniture, tools and equipment

#### Details of Land to be Additionally Invested by SPWREIT

SPWREIT will additionally invest in right of ownership and possession to land where Hotel Project Phase 2 and Villa X29 are located, details of which are as follows:

1. Land where Hotel Project Phase 2 is located, CIR currently has right of ownership and possession, covering an approximate area of 5 rai 1 ngan 7.3 square wah<sup>5</sup> under Nor.Sor. 3 Kor. No. 349<sup>6</sup>
2. Land where Villa X29 is located, CIR currently has right of ownership and possession, covering an approximate area of 3 ngan 43.3 square wah under Nor.Sor. 3 Kor. No. 1979

<sup>5</sup> The land where the Hotel Project Phase 2 is currently subject to a survey of land area.

<sup>6</sup> Land plots partial of Nor.Sor. 3 Kor. No. 349 is under obligations of servitude of walkway, walkway to sea, drive way, electricity, water supply, telephone, drain, including public utilities of SPWPF’s lands which are Nor.Sor. 3 Kor. No. 321, 350, 1725, 1726, 1727, 1731, 1771, 1773, 1827, 1828, 1829, 1858, 1860, 1864, 1888 and 1915 according to Memorandum of partial servitude (under mortgage) dated 1 August 2013 (which are the assets to be transferred to SPWREIT due to conversion), such servitude will be cancelled immediately upon registration of transfer of the Additional Asset No.1 to the SPWREIT.

No.	Project	Nor.Sor. 3 Kor. No.	Parcel No.	Map Sheet No.	Area (rai-ngan-sq. wah)	Current Ownership
1.	Hotel Project Phase 2	349	3	4624I	5-1-7.3	CIR
2.	Villa X29	1979	45	4624I	0-3-43.3	CIR

Source: CIR

#### Details of Buildings and Structures to be additionally invested by SPWREIT

1. Hotel Project Phase 2 consists of two pool suites and penthouse buildings with a total of 30 pool suite and penthouse units, divided into 20 pool suites and 10 penthouses, each of about 71.50 - 152.00 square meters and one swimming pool with the area of approximately 821 square meters.

Table showing details of pool suite and penthouse units (two buildings)

No.	Accommodation Type	Space (sq. m.)	No. of Units	No. of Units		Total Space (sq.m.)
				Building A	Building B	
1	Pool suite	71.50	20	12	8	1,430.00
2	Penthouse 1	143.00	7	3	4	1,001.00
3	Penthouse 2	152.00	3	3	0	456.00
Total		366.50	30	18	12	2,887.00

Source: Knight Frank

- The Habita Building A has three stories with a total area of 2,050 square meters, consisting of 12 pool suite units and 6 penthouse units.

Table showing details of pool suite and penthouse units (Building A)

Level	No. of Rooms	Room Space (sq.m.)	Restaurant / Lounge (sq.m.)	Corridor Area (sq.m.)	System Control Area (sq.m.)	Total Area (sq.m.)
1	7	567.00	-	110.00	-	677.00
2	7	567.00	-	116.00	-	683.00
3	4	574.00	-	116.00	-	690.00
Total	18	1,708.00	-	342.00	-	2,050.00

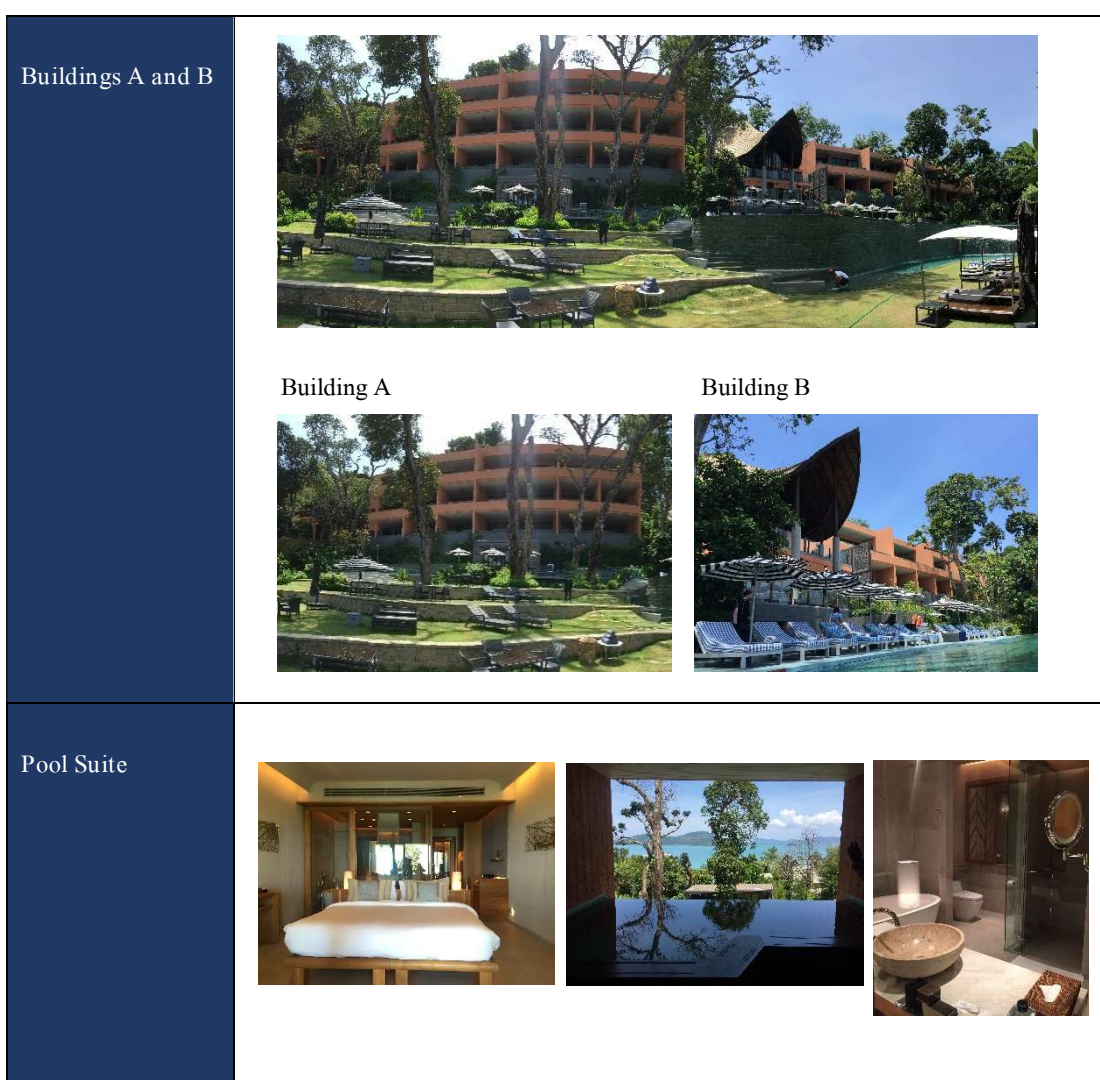
Source: Knight Frank

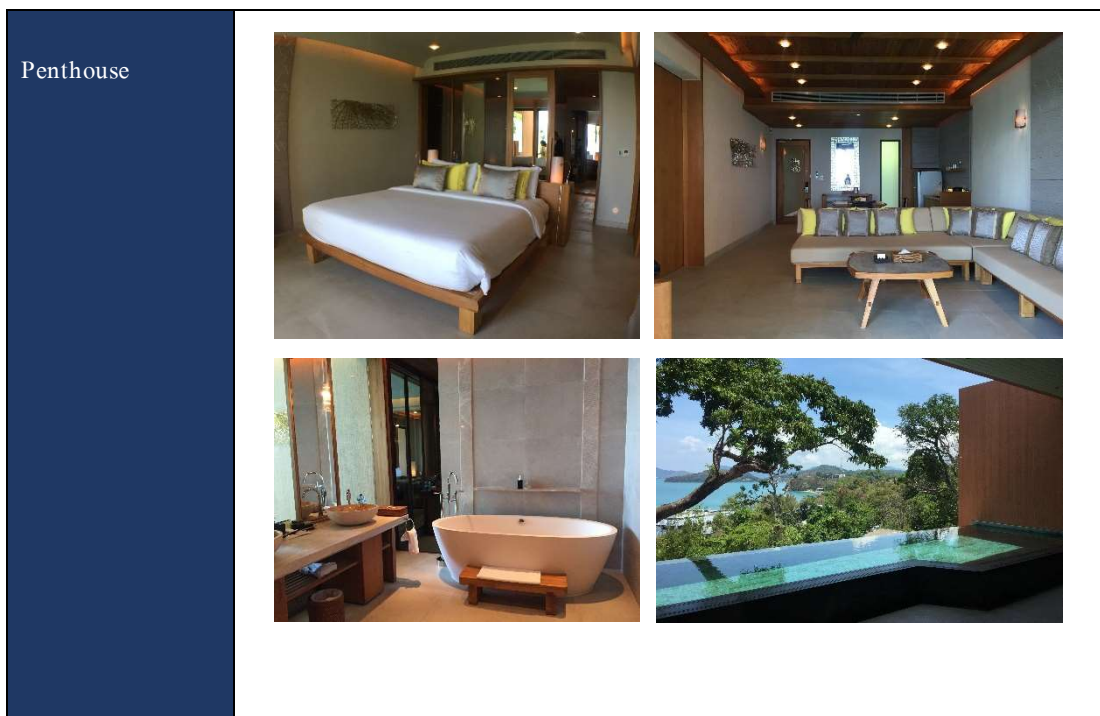
- The Habita Building B has two stories with a total area of 2,016 square meters, consisting of eight pool suite units and four penthouse units, together with a reception area, a recreational area, a Chinese restaurant, and a two-level swimming pool.

Table showing details of pool suite and penthouse units (Building B)

Level	No. of Rooms	Room Space (sq.m.)	Restaurant / Lounge (sq.m.)	Corridor Area (sq.m.)	System Control Area (sq.m.)	Total Area (sq.m.)
1	-	-	81.00	262.00	-	343.00
2	8	556.00	187.00	125.00	-	868.00
3	4	564.00	-	241.00	-	805.00
Total	12	1,120.00	168.00	628.00	-	2,016.00

Source: Knight Frank





2. Villa X29 is a three-storied villa building with five bedrooms each equipped with a private swimming pool, covering a total area of 1,634 square meters. Villa X29 was previously used as a sample residential unit. CIR intends to have SPWREIT invest in this property as well. The villa X29 is currently under the process of preparation of Initial Environmental Examination (IEE) for the purpose of submission for hotel license.



Table showing details of Villa X29

Level	Room Area (sq.m.)	Corridor Area (sq.m.)	Swimming pool Area (sq.m.)	Pond Area (sq.m.)	System Control Area (sq.m.)	Total Area (sq.m.)
Pump room	-	-	-	-	57.00	57.00
Lower	602.00	20.00	130.00	12.00	-	764.00
Ground	483.00	34.00	97.00	-	-	614.00
Upper	110.00	89.00	-	-	-	199.00
Total	1,195.00	143.00	227.00	12.00	57.00	1,634.00

Source: Knight Frank

Additionally, CIR will register the servitude with indefinite period and without consideration on lands which CIR has ownership and possession right, situating at Tambon Wichit, Amphoe Muaeng Phuket, Phuket Province, consisting of 1 land title deed, 14 Nor.Sor. 3 Kor., totaling 15 deeds having an area of approximately 11 rai 33.9 square wah for the purpose of entrance-exit, street, walkway, walkway to sea, drive way, electricity, water supply, telephone, drain, including public utilities within the Sri panwa Project to lands which the SPWREIT will be received transfer from CIR, of which details are as follows:

No.	Land title deed No.	Land No.	Map No.	Approximate Area (rai-ngan-square wah)
1 land title deed				
1.	41458	32/71	6 Tor. 2 Or. 4/4624 I 3462-00	0-0-98.2
Total Land				0-0-98.2
14 Nor.Sor. 3 Kor.				
1.	259	1	4624I	2-3-75.0
2.	343	5	4624I	0-0-32.0
3.	351 <sup>/1</sup> (บางส่วน)	5	4624I	0-1-20.0
4.	1332	10	4624I	0-1-12.1
5.	1772	15	4624I	0-0-26.0
6.	1865	29	4624I	0-2-73.2
7.	1873	21	4624I	0-0-52.3
8.	1876	24	4624I	1-3-53.8
9.	1878	37	4624I	0-2-18.7
10.	1879	38	4624I	0-1-13.4
11.	1882	41	4624I	0-3-73.7
12.	1883	42	4624I	0-0-41.6
13.	1887	53	4624I	0-0-76.9
14.	1892	58	4624I	2-1-67.0
Total (Nor.Sor. 3 Kor)				10-3-35.7
Total				11-0-33.9

**Remark:** /1 Land plot Nor.Sor. 3 Kor. No. 351 is subject to further changes as it is currently under the demarcation of Nor.Sor.3 Kor for the purpose of registration of servitude to plots of land to be invested by SPWREIT.

#### 1.4.2 Age of Building

1. Pool suite and penthouse buildings were finished in 2015 and opened to service in early 2016, and is thus in a new condition.
2. Pool villa building was completed and opened to service concurrently with Phase 1 Project in 2010. Having been used for about six years, the building is still in a good condition.



### 1.4.3 Location

The Additional Asset No.1 is composed of Hotel Project Phase 2 and Villa X29 which is in the same compound as Sri panwa Project, located at No. 88 Moo 8, Wichit Sub-district, Mueang Phuket District, Phuket Province, covering a total area of approximately 6 rai 0 ngan 50.6 square wah.<sup>7</sup> The properties are adjacent to Ao Makham - Laem Panwa Road (Highway 4129), in the vicinity of Panwa Cape, and are surrounded by facilities and services as follows:

Facilities	Distance from Sri panwa Hotel Project
Marine and Coastal Resources Research and Development Institute	Next to the Project to the South
Third Naval Area Command, Royal Thai Fleet	About 300 meters
Islam Phattana School	About 600 meters
Laem Panwa School	About 1.60 kilometers
Water Transportation Office 5	About 2.20 kilometers
Phuket Marine Office	About 2.30 kilometers
Wichit Sub-district Health Station	About 2.50 kilometers
Andaman Sea Fisheries Research and Development Center	About 3.15 kilometers
Ban Ao Manao Telephone Office	About 3.50 kilometers
Ban Ao Nam Bo School	About 5.10 kilometers

Significant places nearest to the Additional Asset No. 1 are as follows:

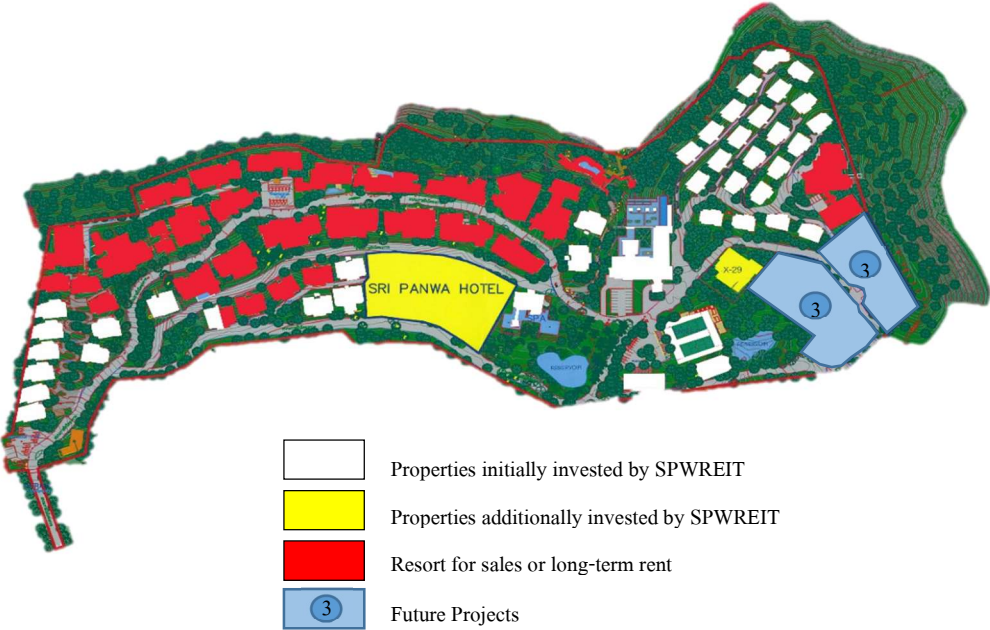
Significant Places	Distance from Sri panwa Hotel Project
Phuket downtown	About 15 kilometers
Phromthep Cape	About 25 kilometers
Phuket International Airport	About 40 kilometers

<sup>7</sup> This is the area indicated in Nor.Sor. 3 Kor. The actual area could be more or less than that specified in Nor.Sor. 3 Kor., depending on the survey result derived before or upon transfer of such land to SPWREIT. The signed agreement shall indicate the actual area of land derived from the survey.



Source: CIR

Map of the Location of Sri panwa Hotel's properties



Source: CIR

1.4.4 Past Operating Performance

## 1. Occupancy Rate

## a. Occupancy Rate of Hotel Project Phase 2

Accommodation Type	January 2016	February 2016	March 2016	Q1 Total
Average pool suite occupancy rate	24.0%	65.2%	39.8%	42.5%
Average penthouse occupancy rate	9.4%	53.8%	33.5%	31.8%
Total occupancy rate of Hotel Project Phase 2	19.1%	61.4%	37.7%	38.9%

Since the construction of Hotel Project Phase 2 was completed in late 2015, the hotel was closed from time to time for guestroom refurbishment during the first quarter of 2016. The average occupancy rate for the days the hotel was opened to service was as follows:

Accommodation Type	January 2016	February 2016	March 2016	Q1 Total
No. of days the hotel was closed for refurbishment	15 days	10 days	8 days	33 days
Average pool suite occupancy rate	46.6%	99.5%	53.7%	66.7%
Average penthouse occupancy rate	18.1%	82.1%	45.2%	49.8%
Total occupancy rate of Hotel Project Phase 2	37.1%	93.7%	50.9%	61.1%

## b. Occupancy Rate of Villa X29

Accommodation Type	2014	2015	2016 (3 M)
Average occupancy rate of Villa X29	48.2%	55.9%	45.1%

## 2. Average Daily Rate

## a. Average Daily Rate of Hotel Project Phase 2

(Unit: THB)

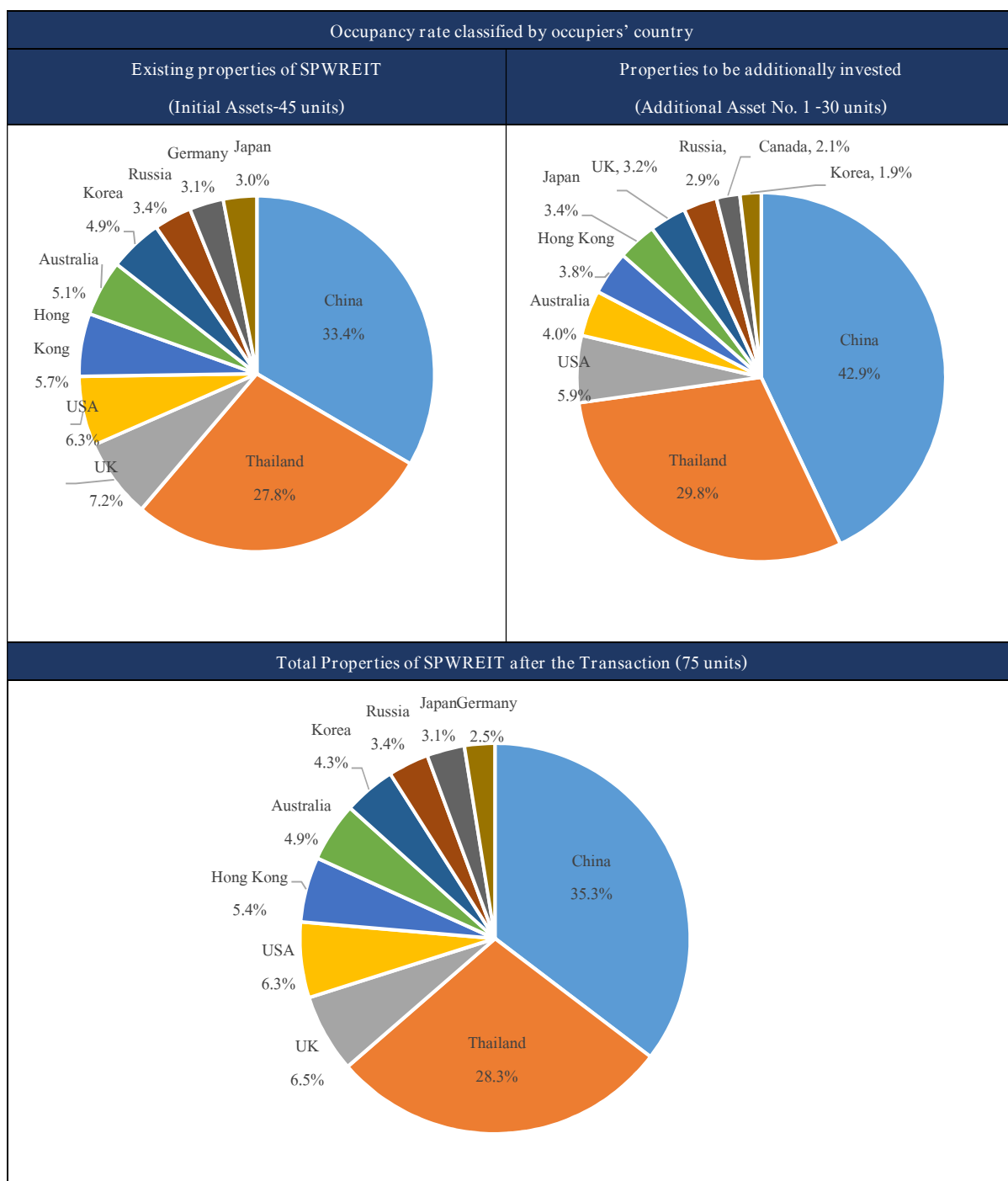
Accommodation Type	January 2016	February 2016	March 2016	Q1 Total
Average daily rate of pool suite	15,024	13,257	11,680	13,119
Average daily rate of penthouse	16,171	21,622	16,878	18,237
Average daily rate of Hotel Project Phase 2	17,813	15,901	13,110	15,321

## b. Average Daily Rate of Villa X29

(Unit: THB)

Accommodation Type	2014	2015	2016 (3 M)
Average daily rate of Villa X29	60,021	59,308	71,066

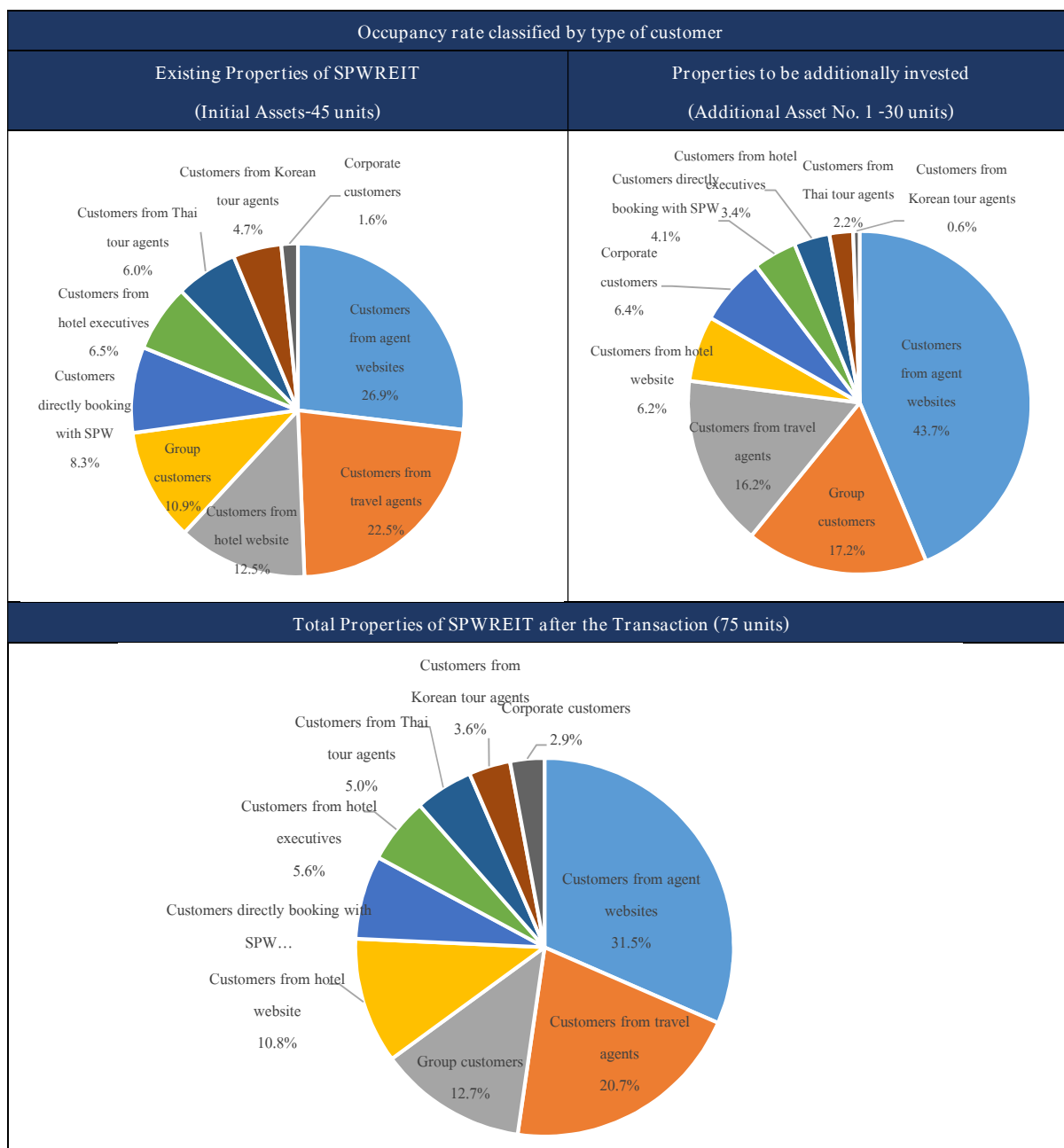
3. Room revenue structure classified by occupiers' country during January 1 – March 31, 2016



Source: CIR

Remark: Actual data between January 1 and March 31, 2016

4. Occupancy rate classified by type of customer (calculated from number of overnight stays) during January 1 – March 31, 2016



Source: CIR

Remark: Actual data between January 1 and March 31, 2016

1.4.5 Lease Term

SPM, as the Lessee, will enter into the Lease Agreement on assets of Hotel Project Phase 2 and Villa X29 with SPWREIT, the owner of those assets, for a period of approximately 2 years and 8 months from the date of signing rental contract. It is expected that SPWREIT will launch the investment and register leasehold right over the leased properties on December 1, 2016. Each party may exercise an option to renew the lease agreement for 3 times, each time 3 years during

the First Rent Period and may exercise an option to renew the lease agreement for 5 times, each time 3 years during the second rent period.

#### 1.4.6 Revenue and Cost Structure of the Additional Asset No. 1

Major revenue and cost structure of the Additional Asset No. 1 to be invested by SPWREIT, consisting of Hotel Project Phase 2 and Villa X29, during January - March 2016 is as follows:

##### a. Revenue Structure of Hotel Project Phase 2

(Unit: THB Thousands)

Particulars	Jan 16	% of Total Revenues	Feb 16	% of Total Revenues	Mar 16	% of Total Revenues	Total	% of Total Revenues
Revenues								
Room revenues	2,707.58	80.1	8,490.98	84.3	4,601.75	79.2	15,800.32	82.1
F&B revenues	631.10	18.7	1,438.81	14.3	1,127.73	19.4	3,197.63	16.6
Spa revenues	3.40	0.1	-	0.0	-	0.0	3.40	0.0
Other revenues	36.97	1.1	136.62	1.4	77.44	1.3	251.02	1.3
<b>Total revenues</b>	<b>3,379.05</b>	<b>100.0</b>	<b>10,066.40</b>	<b>100.0</b>	<b>5,806.92</b>	<b>100.0</b>	<b>19,252.38</b>	<b>100.0</b>
Particulars	Jan 16	% of Each Type of Revenues	Feb 16	% of Each Type of Revenues	Mar 16	% of Each Type of Revenues	Total	% of Each Type of Revenues
Costs of sales								
Room costs	632.67	23.4	1,492.74	17.6	790.91	17.2	2,916.33	18.5
F&B costs	618.39	98.0	948.66	65.9	804.25	71.3	2,371.29	74.2
Spa costs	-	0.0	0.03	N/A	0.02	N/A	0.06	1.7
Other costs	18.23	49.3	25.65	18.8	28.01	36.2	71.90	28.6
<b>Total costs of sales</b>	<b>1,269.29</b>	<b>37.6</b>	<b>2,467.09</b>	<b>24.5</b>	<b>1,623.20</b>	<b>28.0</b>	<b>5,359.57</b>	<b>27.8</b>
<b>Gross profit</b>	<b>2,109.76</b>	<b>62.4</b>	<b>7,599.31</b>	<b>75.5</b>	<b>4,183.72</b>	<b>72.0</b>	<b>13,892.81</b>	<b>72.2</b>

Remark: Costs of sales are exclusive of employee-related costs.

##### b. Revenue Structure of Villa X29

(Unit: THB Thousands)

Particulars	2014	2015	2016 (3M)
Rental income	10,742.60	11,601.02	2,619.78
Management cost	5,197.75	5,800.51	1,309.89
<b>Gross profit</b>	<b>5,544.85</b>	<b>5,800.51</b>	<b>1,309.89</b>

## 1.5 SUMMARY OF RELATED AGREEMENTS TO THE INVESTMENT OF ADDITIONAL ASSET NO.1

Investing by the SPWREIT in the Additional Asset No.1 has 4 related documents as follow:

### (1) Agreement to Sale and to Purchase of Immovable properties

Seller	Charn Issara Residence Co., Ltd.
Buyer	SCB Asset Management Company as Trustee of Sri panwa Hotel Real Estate Investment Trust
Assets to be sold and purchased	<p>Land with structures as follows:</p> <ol style="list-style-type: none"> <li>1. Right of possess to land and two exploitation deeds (Nor Sor 3 Kor) no. 349 and 351, located in Wichit Sub-district, Mueang Phuket District, Phuket Province, with a total area of approximately 6 rai 50.6 square wah, which is the site of Additional Asset No. 1, including public utility systems and component parts of land</li> <li>2. Right of ownership to buildings and structures where Additional Asset No. 1 is located, including but not limited to: <ol style="list-style-type: none"> <li>2.1 A pool suite and penthouse (Habita) building with 30 units, including facilities areas, reception building, restaurants, swimming pools, and maintenance building</li> <li>2.2 A Villa X29, pool villa building with 5 units</li> </ol> </li> </ol> <p>Including all systems, fixtures, facilities and component parts of such buildings, as well as any other immovable properties owned by CIR and used in current operation of the Additional Asset No. 1</p>
Condition Precedent	<ul style="list-style-type: none"> <li>- Assets to be purchased have no damage and/ or defect including no events that have significantly negative effects to those assets purchased</li> <li>- CIR is permitted from related regulatory persons without any objection from stakeholders of sales of properties</li> <li>- Important documents must be transferred to trust such as license and certificate of constructing, modifying, and demolishing buildings, blueprint and engineering report of buildings</li> <li>- Rights transfer registration and/or right to possess purchased assets without no disputes and then trust will be able to distribute, pay, transfer assets to be purchased if it is the same pattern of operation as transferred from CIR</li> </ul>
Sale and purchase price	Not more than 1,362.90 million baht including movable properties

### (2) Movable Properties Sale and Purchase Agreement

Seller	Charn Issara Residence Co., Ltd.
Buyer	SCB Asset Management Company as Trustee of Sri panwa Hotel Real Estate Investment Trust



Assets to be sold and purchased	Movable properties comprising furniture, tools and equipment necessary and suitable for operation of Sri panwa Hotel Project such as beds, closets, cabinets, sanitary ware, electrical appliances, etc.
Condition Precedent	<ul style="list-style-type: none"> <li>- Counter party signed an agreement to purchase immovable properties, and agreement of act, and right transfer registration and/or legal right of possess in purchased assets, and CIR must not breach the sales/purchases contract of immovable properties</li> <li>- Movable properties to be purchased have no damage and/ or defect including no events that have significantly negative effects to those assets purchased</li> <li>- CIR lets trust or representative, researcher, trust consultant inspect and review movable properties</li> <li>- CIR is permitted from related regulatory persons without any objection from stakeholders of sales of movable properties</li> </ul>
Sale and purchase price	Not more than 1,362.90 million baht including immovable properties

## (3) LEASE AGREEMENT

Lessor	SCB Asset Management Company as Trustee of Sri panwa Hotel Real Estate Investment Trust
Lessee	Sri panwa Management Co., Ltd.
Properties to be leased	<ol style="list-style-type: none"> <li>1. Two plots of land under exploitation deeds (Nor Sor 3 Kor) no. 349 and 1979, located in Wichit Sub-district, Mueang Phuket District, Phuket Province, which is the site of the Additional Asset No. 1, including public utility systems and component parts of land</li> <li>2. All buildings and structures built on the leased land where Phase 2 Project is located <ol style="list-style-type: none"> <li>(a) A pool suite and penthouse building with 30 units, including facilities areas, reception building, restaurants, swimming pools, and maintenance building</li> <li>(b) A Villa X29, pool villa building with 5 units, including all systems, fixtures, facilities and component parts of such buildings, as well as any other immovable properties owned by SPWREIT and used in current operation of the Additional Asset No. 1.</li> </ol> </li> <li>3. Movable properties such as furniture, tools and equipment necessary and suitable for operation of Sri panwa Hotel Project</li> </ol>
Lease term	About 2 years and 8 months from the date of registration of leasehold right over the leased properties until July 31, 2019. SPWREIT is expected to enter into the investment and register leasehold right over the leased properties to the Lessee on December 1, 2016 unless one of

	<p>the counter parties or both will agree to renew the contract as for terms and conditions of this agreement</p>										
<p>Renewal of lease agreement and fees for the first rent period</p>	<p>Each counterparty has option to renew the lease agreement by preparing legal notice to the other party at least 6 months ahead of the end of contract. The right is to extend the lease term to three time periods, 3 years each (until 31 July 2028) ("the first rent period), respectively. Each party can request the counterparty to renew the agreement by rights. If the party extends the agreements, the other party agrees to renew the lease for another period mentioned above under the terms as outlined below.</p> <ol style="list-style-type: none"> <li>1. Trust or lessee (as the case may be) abides by a substantial agreement, as stated in the lease agreement including no breach of contract, and</li> <li>2. In the event that the lessee is a party using the right to renew the lease agreement, CIR as a counterparty to the contractual terms, agreement of act or any other agreement has been entered into by CIR and Trust complies with the terms and conditions of the essence, as stated by the performance contract or any other agreement has been entered into by CIR. and Trust completely             <ol style="list-style-type: none"> <li>2.1 Rental fees for the First Rent Period are according to details in "Rental fee and payment the first rent period"</li> <li>2.2. The other terms and conditions are as stated in this agreement except rent calculation for the renewal of the first rent period that must be in line with details of "Rental fee and payment of the first rent period" with adherence to rules and regulations of SEC.</li> </ol> </li> </ol>										
<p>Rental fee and payment in the first rent period</p>	<p>The Lessee agrees to pay rental fee for the leased properties to SPWREIT on a monthly basis, divided into fixed rental payable throughout the entire lease term and variable rental (for year 8 to year 12 of the First Rent Period), the details of which are as follows:</p> <ul style="list-style-type: none"> <li>- Fixed rental of the First Rent Period</li> </ul> <p>Lessee agrees to pay fixed rental for the first rent period on an annually basis as of the day the agreement is effective, divided into monthly fixed rental by percentage of fixed rental payable throughout the entire lease term and renewal of the First Rent Period lease agreement, and variable rental (for year 8 to year 12 of the first rent period in case there is a renewal of lease agreement)</p> <table border="1" data-bbox="619 1715 1315 2020"> <thead> <tr> <th>Month in year 1 (2017)</th> <th>Fixed rental per month (THB)</th> </tr> </thead> <tbody> <tr> <td>December</td> <td>17,670,000</td> </tr> <tr> <td>January</td> <td>10,230,000</td> </tr> <tr> <td>February</td> <td>10,230,000</td> </tr> <tr> <td>March</td> <td>5,580,000</td> </tr> </tbody> </table>	Month in year 1 (2017)	Fixed rental per month (THB)	December	17,670,000	January	10,230,000	February	10,230,000	March	5,580,000
Month in year 1 (2017)	Fixed rental per month (THB)										
December	17,670,000										
January	10,230,000										
February	10,230,000										
March	5,580,000										

April	9,300,000
May	2,790,000
June	5,580,000
July	3,720,000
<b>Total</b>	<b>65,100,000</b>

Yearly Fixed rental in year 2-12 is as follow:

Year	Fixed rental per year (THB)
Year 2 (2018)	93,000,000
Year 3 (2019)	93,000,000
Year 4 (2020)	93,000,000
Year 5 (2021)	93,000,000
Year 6 (2022)	102,300,000
Year 7 (2023)	102,300,000
Year 8 (2024)	102,300,000
Year 9 (2025)	112,530,000
Year 10 (2026)	112,530,000
Year 11 (2027)	112,530,000
Year 12 (2028)	123,783,000

Percentage of monthly fixed rental

Month	Monthly Fixed Rental (% of Yearly Fixed Rental)
January	11.0
February	11.0
March	6.0
April	10.0
May	3.0
June	6.0
July	4.0
August	6.0
September	4.0
October	11.0
November	9.0
December	19.0
<b>Total</b>	<b>100.0</b>

	<p>- Variable rental for the first rent period</p> <p>Lessee agrees to pay variable rental on an annual basis, the first payment will be at year 8 (date as of 1 August, 2024) of the first rent period until the end of this period (Year 12 (date as of 31 July, 2028). Payments needed to be paid within 45 days from the due of annual payment, variable rental shall be payable at a rate of 30% of total income generated from the operation of Phase 2 Project and a pool villa X29 after deduction of expenses such as total costs, selling and administrative expenses, and fixed rental as specified in the agreement. Variable rental shall be paid on a yearly basis during years 8-12 of the lease term.</p>						
<p>Renewal of lease agreement and fees for the second rent period</p>	<p>Apart from right to renew an agreement after a maturity of the first rent period, each counter party has option to renew the lease agreement life by preparing legal notice to the other party at least 12 months ahead of the end of the first rent period. The right is to extend the life to five time periods, 3 years each ("the second rent period). Each party can request the counterparty to renew the agreement by rights. If the party extends the agreements, the other party agrees to renew the lease for another period mentioned above under the terms as outlined below.</p> <ol style="list-style-type: none"> <li>1. Trust or lessee (as the case may be) abides by a substantial agreement, as stated in the lease agreement including no breach of contract, and</li> <li>2. In the event that the lessee is a party using the right to renew the lease agreement, CIR as a counterparty to the contractual terms, agreement of act or any other agreement has been entered into by CIR and Trust complies with the terms and conditions of the essence, as stated by the performance contract or any other agreement has been entered into by CIR and Trust completely</li> </ol> <p>In this circumstance, both parties agree to negotiate about limitations and conditions including percentage of the second rent period fee. In the case that the agreement cannot be made within 6 months from a notice of one party for circumstances above. Trust shall consider renewing the second rent period with limitations and conditions as defined in this agreement unless percentage of rental fee calculation for renewal of the second rent period is specified in "Rental fee and payment for the second rent period" with adherence to rules and regulations of SEC.</p>						
<p>Rental fee and payment for the second rent period</p>	<p>- Fixed rental shall be subject to rental rate as shown in the table below:</p> <table border="1" data-bbox="619 1850 1313 2007"> <thead> <tr> <th>Year</th> <th>Yearly Fixed Rental (THB)</th> </tr> </thead> <tbody> <tr> <td>1-2</td> <td>123,783,000</td> </tr> <tr> <td>3-5</td> <td>136,161,300</td> </tr> </tbody> </table>	Year	Yearly Fixed Rental (THB)	1-2	123,783,000	3-5	136,161,300
Year	Yearly Fixed Rental (THB)						
1-2	123,783,000						
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Opinion of the Independent Financial Advisor	<table border="1"> <tr> <td style="text-align: center;">6-8</td> <td style="text-align: right;">149,777,430</td> </tr> <tr> <td style="text-align: center;">9-11</td> <td style="text-align: right;">164,755,173</td> </tr> <tr> <td style="text-align: center;">12-14</td> <td style="text-align: right;">181,230,690</td> </tr> <tr> <td style="text-align: center;">15</td> <td style="text-align: right;">199,353,759</td> </tr> </table>	6-8	149,777,430	9-11	164,755,173	12-14	181,230,690	15	199,353,759																				
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Total	100.0																												
- Variable rental shall be based on the original formula of calculation, payable from the first year in which the lease is renewed onwards, and shall always remain in effect throughout the renewed lease term.																													
Duty of the Lessee regarding the use of profit from management of residential houses	The Lessee agrees to use the profit earned from management of residential houses for paying the Shortfall Rental under the Lease Agreement for Phase 1 Project (if any) and then for paying the Shortfall Rental under the Lease Agreement for Phase 2 Project before using the remaining profit for other purposes.																												

(4) UNDERTAKING AGREEMENT

Contract Acceptor	SCB Asset Management Company as Trustee of Sri panwa Hotel Real Estate Investment Trust
Contract Giver	Charn Issara Residence Co., Ltd. (CIR)
Preliminary agreement	The parties hereto agree that the policies and objectives in operating Phase 3 Project shall not cause any conflict of interest or a possible adverse impact on the business income of the

	Additional Asset No. 1. However, CIR or Sri panwa Management Co., Ltd. (SPM) can operate the hotel business in Phase 3 Project.
Operation related to the licenses	CIR agrees to give assistance so that Sri panwa Management Co., Ltd. can obtain related licenses for the business operation of Additional Asset No. 1, including granting of the right to use the trade names and/or trademarks related to Additional Asset No. 1 and to do any act so that those licenses remain effective as long as SPM is a lessee.
Financial support	<p>Throughout the lease term, CIR agrees to provide additional financial support including a reserve to support the expenses in case where SPM lacks financial liquidity or has insufficient money to pay for the expenses incurred in the hotel operation under Additional Asset No. 1 or any budget as requested by SPM or SPWREIT in order that SPM can operate Additional Asset No. 1.</p> <p>In case where SPM has insufficient income from Additional Asset No. 1 to pay for operation costs and administrative expenses, including rentals under the Lease Agreement for Additional Asset No. 1, CIR agrees to be responsible for the said costs and expenses by providing financial support to SPM in any form.</p>
Right to use the properties	CIR agrees that SPWREIT, the Lessee, personnel of SPWREIT and the Lessee, customers and business partners of Additional Asset No. 1 shall have the right to use the properties and common facilities, common utilities, roads, walkways, all entrances and exits within the Project, including walkways to the beach.

#### 1.6 OPINION OF THE INVESTMENT COMMITTEE REGARDING THE CONNECTED TRANSACTION

The Investment Committee already considered the connected transaction at its meeting, held on June 16, 2016, and resolved to grant approval for SPWPF to be converted into SPWREIT and invest in the Additional Asset No. 1.

## 2. REASONABLENESS OF THE ASSET ACQUISITION AND THE CONNECTED TRANSACTION

### 2.1 OBJECTIVE AND NECESSITY OF THE TRANSACTION

SPWREIT has the objective to mobilize funds from offering of trust units for acquisition or leasing of properties, accept a transfer of freehold and/or leasehold properties, generate benefits by leasing of the properties, manage benefits relevant to the leasing of properties, and modify, change, develop potentials and/or dispose of the properties invested or acquired by SPWREIT or execute any other actions for the interest of the properties in order to generate income and return for SPWREIT and the unitholders.

The REIT Manager has considered making additional investment in freehold properties in the type of hotel, whether owned by Charn Issara Group or by other parties, to be in line with the investment policy and objective of establishment of SPWREIT. The Board of Directors of the REIT Manager has made consideration on details of the transaction and opined that the Additional Asset No. 1 have been properly screened, analyzed and appraised by way of, among others, a legal due diligence review with respect to the properties, licenses and agreements, determination of reasonableness of property value, and asset appraisal by SEC-approved independent appraisers. Furthermore, the investment in the Additional Asset No. 1 is aligned with the objective and strategy of SPWREIT to achieve sustainable prosperity and generate reasonable income and return for the unitholders, while expecting that return from these assets will be at about the same level as the assets initially invested by SPWREIT. The maximum value of the Additional Asset No. 1 acquired from Charn Issara Group is THB 1,362.90 million. Although such asset value is higher than the minimum appraised price derived from the independent appraisers, the Board of Directors of the REIT Manager deems that the said maximum investment value is reasonable and acceptable, considering that the Additional Asset No. 1 is in a suitable location, which is a promising tourist attraction zone, and also are in a good physical condition, thus leading the asset value to likely edge up and become attractive to investors and lessees.

Besides, the entry into this transaction will provide an opportunity for the unitholders to receive higher returns from long-term investment in the future since the investment in the Additional Asset No. 1 will help diversify income sources of SPWREIT.

Funding sources to be used by SPWREIT for investment in the Additional Asset No. 1 will come from (1) an offering and allocating of additional trust units to the existing unitholders of SPWPF whose names appear in the unitholders register book through preferential public offering and public offering and/or (2) borrowing from banks and/or financial institutions, which may include loans from SCB.

## 2.2 FUNDING SOURCES

SPWREIT plans to secure additional funding sources of not more than THB 1,362.90 million (including expenses for acquiring such assets such as registration fee, value-added tax (VAT), other related fees and expenses which may be responsible by the SPWREIT), by issuing and offering additional trust units of not more than 136.29 million trust units and/or borrowing from banks and/or financial institutions which may include loan from SCB of not more than 20% of the total asset value of SPWREIT (after the conversion and the investment in the Additional Asset No. 1) or not more than THB 714.60 million or 52.4% of the total amount of additional fund. Details of such funding plan are as follows:

### 1) Issue and Offering of Additional Trust Units

In the conversion of SPWPF into SPWREIT and the investment in the Additional Asset No.1, SPWREIT will offer and allocate not more than 136.29 million trust units through an underwriter by two methods as follows:

#### 1.1) Preferential Public Offering (“PPO”)

SPWREIT will offer and allocate the trust units to the unitholders of SPWPF whose names appear on the unitholders register book as of the Record Date and the date of register book closing to determine rights to subscribe for the trust units for the investment in the Additional Asset No.1 (which may not be unitholders having right to attend and approving the conversion and investment in the Additional Asset No.1) in an amount of not less than 50% of the total trust units to be issued and offered or not less than THB 324.15 million or 29.20 million trust units (based on SPWPF price as at May 24, 2016 of THB 11.10 per unit). The existing unitholders may express an intention to subscribe for the trust units according to the allotted rights or in excess of rights or less than rights or may renounce their rights to subscribe.

In case there are unsubscribed trust units remaining from the above allocation, the Company will offer those units to the existing unitholders who have expressed an intention to subscribe for the excess rights units, as deemed appropriate. The excess rights units will be allotted pro rata to the percentage of unitholding of each unitholder, at least one round.

#### 1.2) Public Offering (“PO”)

SPWREIT will offer and allocate the remainder of the trust units for the investment in the Additional Asset No.1 for public offering, which may include the existing unitholders who have expressed an intention to subscribe for the excess rights units.

However, this will be subject to a sole discretion of the underwriter where rules and regulations shall be complied while investors will be informed through appropriate media. Any allotment of trust units is to comply with qualifications stated under Clause 5(3) Re: Diversification of REIT unit trusts held by retail investors under Regulation Re: Receiving and disclosing of information and termination of Unit trusts, B.E. 2558 (2015), dated



11 May 2015 and the amended. (In this regard, information in the SPWREIT's registration statement and a prospectus of trust units for conversion and additional investment no.1 shall be considered a number of trust units to be allotted and offered to each type of investors.)

Nevertheless, a price of trust units offered for sale for the investment of Additional Asset No.1, which will be allotted to the SPWPF's unitholders and other types of investors, will remain the same. The Fund Manager and the Company will determine and subsequently inform details of the method of determination the price of trust units to be issued and offered for sale for investment of Additional Asset No.1 in the invitation to the Unitholders' Meeting to be sent to unitholders for further consideration.

In this regard, the Fund Manager will determine the closing date of register book to suspend the transfer of the SPWPF's trust units for the right to subscribe to trust units (of the SPWREIT) to be issued and offered for sale for the investment of Additional Asset No.1 of SPWPF's unitholders after the SEC duly approves the offer for sale of trust units for the purpose of conversion and the investment of Additional Asset No.1 as mentioned above. The SPWPF's unitholders will have the right to subscribe additional trust units issued and offered following the SEC's approval of the offer for sale of trust units for the purpose of conversion and the investment of Additional Asset No.1. The Fund Manager will inform the closing date of a register book, an allotment ratio and the subscription date of trust units on the SET.

However, the allotment of trust units above will not make any trust unitholders or any group of persons to hold more than 50 percent of total trust units sold of the SPWREIT. The Company will also apply to list trust units issued and offered for the Additional Asset No.1 of the SPWREIT with the SET.

2) Borrowing from Banks and Financial Institutions, including SCB

SPWREIT is now in the process of considering the terms and conditions of loan agreements to be signed with banks and/or financial institutions, including SCB. It expects to raise loans for financing the investment in the Additional Asset No.1 of not more than 20% of the total asset value of SPWREIT (after the conversion and the investment in the Additional Asset No. 1) or not more than THB 714.60 million. (based on the audited financial statement as of March 31, 2016)

Table showing sources of financing

Financing Sources	Amount (THB million)	Remark
1. Issue and offering of additional trust units		The combination of (1.1) and (1.2) is not more than 136.29 million trust units
1.1 Preferential public offering (“PPO”)	≥ 324.15	
1.2 Public offering (“PO”)	≤ 324.15	
2. Borrowing from banks and financial institutions, incl. SCB	≤ 714.60	Maximum interest rate of not exceeding average MLR throughout the loan agreement period
Total	Approx. 1,362.90	

After completion of the investment in the Additional Asset No. 1, SPWREIT’s loans will increase by not more than THB 714.60 million, leading the debt to NAV ratio to instantly edge up to 0.25 time (based on the reviewed financial statements as of March 31, 2016).

### 2.3 ADVANTAGES AND DISADVANTAGES OF THE INVESTMENT IN THE ADDITIONAL ASSET

If the conversion of SPWPF into SPWREIT is accomplished, SPWREIT will implement a plan on investment in the Additional Asset No.1 which consists of Hotel Project Phase 2 of 30 rooms and one Villa X29 building. The total investment cost is estimated at not more than THB 1,362.90 million, which will be covered by issuing and offering additional trust units of not more than 136.29 million trust units and/or borrowing from banks and/or financial institutions which may include loan from SCB of not more than 20% of the total asset value of SPWREIT (after the investment in the Additional Asset No. 1). However, there are both advantages and disadvantages of such asset investment, as follows:

#### Advantages of the Investment in the Additional Asset No. 1

##### 1) Increasing the flexibility in managing Sri panwa Project

If SPWREIT invests in the Additional Asset No. 1, this will increase the flexibility in managing Sri panwa Project since both projects will operate under the same REIT. For example, guests can choose various type of rooms per their demands, and can also use the Sri panwa Hotel Project’s facility such as restaurant, spa and swimming pool.

##### 2) Eliminating the conflict of interest in managing Sri panwa Project

The Additional Asset No. 1 is located in the same location as Sri panwa Hotel Project. If SPWREIT invests in such assets and leases such assets to SPM, this can eliminate the conflict of interest. For example, the marketing will not fight over customers between 2 projects.

- 3) Option to extend the Lease Agreement during the First Rent Period three times and option to extend the Lease Agreement during the second rent period five times (three years each time)

SPWREIT and SPM (“Parties”) have an option to renew the lease for the First Rent Period three times, three years each time (until July 31, 2028). Each party can request the counterparty to renew the agreement by rights. If the party extends the agreements, the other party agrees to renew the lease for another period mentioned above. In addition, both parties have an option to renew the lease for the second rent period five times, three years each time. If the party extends the agreements, the other party agrees to renew the lease for another period mentioned above, the rental rate during the extended period is already specified. For the renewal of the second rent period, both parties can negotiate terms and conditions, including rental rate, to be in line with the economics and politics situation which both parties will agree in the future.

- 4) An ideal location of Sri panwa Hotel

Sri panwa Hotel is the only property situated on a private beach of Phuket Island, at the extreme tip of Panwa Cape, thus offering a 300-degree panoramic view of the island and the Andaman Sea. Sri panwa Hotel Project for Additional Asset No.1 is located in the same compound as Sri panwa Hotel Project, nestling at the foothill with an ambience of tranquility and privacy. Lying on the western side, the hotel allows its guests to enjoy a view of the Andaman Sea and the sunset from all rooms, attracting more tourists with the middle to high income to the hotel, hence, increase the hotel’s revenue generating capability.

Aside from the beautiful scenery, Sri panwa Hotel Project and Sri panwa Hotel Project for the Additional Asset No.1 are only 15 kilometers from downtown Phuket and are in the proximity of prominent tourist attractions such as Phuket Aquarium, Phromthep Cape, etc.

- 5) Ability to accommodate a growing number of customers from Sri panwa Hotel Project and broadening of target groups

Sri panwa Hotel Project has been widely recognized among tourists and received awards from various institutions, thereby helping to draw an increased number of Thai and foreign visitors to the hotel, which is always fully occupied especially during long holidays. By entering into the investment in the Additional Asset No.1, the hotel will be able to provide an alternative choice for customers to stay at Hotel Project Phase 2 where they can enjoy beautiful scenery and a private swimming pool equipped in every room, similar to that offered by Sri panwa Hotel Project.

In addition, from a management interview, it is found that there are several customers wishing to stay at the hotel in a large group, including seminar groups, wedding guests, etc. Since Sri panwa Hotel Project offers only private residential villas and seven serviced apartment units (pool suite), it is unable to cater to these customers who desire to stay in groups and in the same area, thus leading them to turn to other hotels. Hotel Project Phase 2 has

accordingly been designed to address the particular needs of these customers. This, coupled with a decrease of the average daily rate from that of Sri panwa Hotel Project, will help to broaden the target groups.

6) Economies of Scale

The investment in the Additional Asset No.1 will help increase revenue of SPWREIT and reduce the unit cost of SPWREIT and, hence, create economies of scale. As such, SPWREIT will earn a higher net investment income which will likely increase dividend sharing to the unitholders.

7) Positive NPV and higher return to the unitholders

From a feasibility analysis on the investment in the Additional Asset No. 1 using a discount rate of 7.75%, we could arrive at an NPV of the assets of THB 108.74 million, representing a positive NPV (please study more details in Section B. “3.1 Fairness of the Transaction Price). Moreover, the yield to unitholders during the contractual period and extended period of 11 years and 8 months is expected to increase from 11.53% to 11.70%. Therefore, the investment in the Additional Asset No. 1 can be considered as a worthwhile investment.

8) SPWREIT has full right to seek for more benefit of the Additional Asset No. 1

The investment in the Additional Asset No. 1 is the investment in the right of ownership to land and building, SPWREIT can fully seek the benefit of such assets and there is an opportunity that the property value of Sri panwa Hotel can be increase in the future due to an ideal location of the hotel and a limited number of the same level competitors. Therefore, in case that SPWREIT want to sell some assets to receive capital gain or liquidates business, the unitholders may receive the profit from sales of such assets, apart from the dividend.

### Disadvantages of the investment in the Additional Asset No. 1

#### 1) Impacts on the existing unitholders and SPWREIT's unit price

SPWREIT will use funding sources from additional fund mobilization and borrowing from financial institutions in a total amount not more than THB 1,362.90 million to cover the cost of the Additional Asset No.1. Details of the financing sources are as follows:

- a. Offering and allocating the trust units to the unitholders of SPWPF (Preferential Public Offering) whose names appear on the unitholders register book as of the Record Date and the date of register book closing to determine rights to subscribe for the trust units for the investment in the Additional Asset No.1 in an amount of not less than 50% of the total trust units to be issued and offered or not less than THB 324.15 million or 29.20 million trust units (based on SPWPF price as at May 24, 2016 of THB 11.10 per unit) and/or;
- b. Offering and allocating additional trust units by way of a public offering in an amount equal to the remainder from offering in (a), whereby the combined amount of (a) + (b) shall not exceed 136.29 million units and/or;
- c. Loans from banks and/or financial institutions of not more than 20% of the total asset value of SPWREIT (after the conversion and the investment in the Additional Asset No. 1) or not more than THB 714.60 million.

The above allocation of additional trust units will cause effects from control dilution to the existing unitholders of SPWPF. The IFA has measured the size of these effects under the assumption that SPWPF is able to sell a total of 136.29 million trust units, the outcome of which is as follows:

##### 1.1) Control Dilution

In case all existing unitholders exercise the right to subscribe for the newly issued trust units under the preferential public offering, but do not acquire the public offering portion, they will be affected by control dilution of not more than 20.25%, calculated with the following formula:

$$\text{Control Dilution} = \frac{\text{No. of trust units for public offering}}{(\text{No. of existing paid-up units} + \text{No. of newly offered units})}$$

A summary of the outcome is as tabulated below:

Unitholders	Before Fund Mobilization		After Fund Mobilization	
	No. of Units	Voting Rights (%)	No. of Units	Voting Rights (%)
1. Existing unitholders	200,183,000	100	≥ 268,328,000	≥ 79.75
2. New unitholders	-	-	≤ 68,145,000	≤ 20.25
Total	200,183,000	100	336,473,000	100

Remark SPWPF and Company resolved to propose to the unitholders' meeting to consider and approve the allotment of trust units additionally issued and offered in an amount not exceeding 136.29 million units, with details as follows:

- (1) Not less than 50% of the total newly issued and offered trust units shall be allotted to the existing unitholders of SPWPF through a preferential public offering; and

(2) The remainder from the allotment in (1) shall be allocated through a public offering.

The IFA has calculated the control dilution effect on the existing unitholders of SPWREIT under the assumption that SPWREIT can totally sell 136.29 million newly issued trust units.

#### 1.2) Price Dilution

From a management interview, it is initially expected that the offer price of the newly issued trust units will be based upon the market price of the investment units, hence causing no price dilution effect.

#### 2) A higher debt to NAV ratio

To finance Sri panwa Hotel Project for the investment in the Additional Asset No.1, SPWREIT may have to raise loans from SCB in an amount of approximately 20% of total assets value of SPWREIT (after the conversion and the investment in the Additional Asset No. 1). Given a success in this investment, its debt value will increase by not more than THB 714.60 million and net assets by not less than THB 648.30 million, leading the debt to NAV ratio to instantly edge up to 0.25 time (based on the reviewed financial statements as of March 31, 2016). Currently, SPWPF does not bear any debt arising from borrowing.

According to SPWREIT's borrowing policy and leverage limit, it is able to leverage not more than 35% of its TAV. After completion of the investment in the Additional Asset No.1, its leverage ratio will rise to not more than 20 % (based on the reviewed financial statements as of March 31, 2016), which is still below the said leverage limit.

#### 3) Higher interest burden arising from borrowing

If SPWREIT invests in the Additional Asset No. 1 and raises loans with average interest rate not exceeding MLR, which stood at 6.275% as of May 17, 2016, SPWREIT forecasts that it will incur interest expenses of not more than THB 44.84 million a year. However, it can use cash flow from rental income for completely paying such interest.

#### 4) Incurrence of inevitable expenses irrespective of a success in the investment

Since this investment is subject to prior approval from the unitholders, there could be certain expenses inevitably incurred, whether approval is granted by the unitholders or not, such as asset appraisal fee, IFA fee, legal counseling fee, audit fee, expenses on preparation of notice of the unitholders' meeting, document delivery, meeting venue, and others.

2.4 ADVANTAGES AND DISADVANTAGES OF ENTERING INTO THE TRANSACTION WITH CONNECTED PERSONS

Advantages of Entering into the Transaction with Connected Persons:

- 1) The connected persons' experience in property management

CIR is a connected person in this transaction as it is 1) the seller of properties to SPWREIT, 2) a holder of SPWREIT units, and 3) a major shareholder of SPM which is the Property Manager of SPWREIT. CIR, a subsidiary of CID, has expertise and experience in managing properties of various types, hence ensuring that the Additional Asset No. 1 will be managed continuously and efficiently.

- 2) The connected persons' experience in working with SPWPF

SPWREIT made its initial investment in hotel and serviced apartment from CIR and has leased those properties to SPM, the same structure as SPWPF. Therefore, the two parties have had experience in working together, which accordingly enables smooth coordination in all matters. As such, in the entry into the connected transaction, the amount of time and resources used for the due diligence review will be lowered, yet with greater effectiveness. Given that the transaction is made with unconnected parties, it may incur more expenses and deploy more resources, which could relatively cause a delay in the transaction.

- 3) Asset management is in line with Sri panwa Hotel Project

The Additional Asset No. 1 to be invested by SPWREIT are similar in nature to the properties previously acquired by SPWREIT. Hence, after the investment in the Additional Asset No. 1 and lease such asset to SPM, it is easier and more convenient to manage the assets of Sri panwa Hotel Phase 1 and Sri panwa Hotel Phase 2, as the Property Manager readily has skill and experience in this type of property.

- 4) Terms and conditions in the draft Sale and Purchase Agreement on Immovable Properties and the Undertaking Agreement being in favor of SPWREIT

According to the draft Sale and Purchase Agreement on Immovable Properties to be signed by SCBAM (as the Trustee of SPWREIT) with CIR, CIR agrees to be responsible for tax and duty and any other expenses relating to the registration of transfer of ownership and/or possessory right over the properties being sold, including any other expenses relating to the sale and purchase of properties under the Sale and Purchase Agreement.

Moreover, under the Undertaking Agreement between CIR and SPWREIT, CIR agrees to render assistance to SPM, as the Property Manager, by 1) doing any act so that SPM can obtain related licenses for the business operation of Sri panwa Hotel Project; 2) granting the right to SPM to use the trade names and/or trademarks related to Sri panwa Hotel Project; 3) granting the right to SPM to use common properties and facilities and

all roads, walkways and entrance-exit within Additional Asset No. 1; and 4) providing financial support in case where SPM lacks financial liquidity, whereby such financial support shall be deemed as subordinated debt, or providing any form of financial support in case where SPM earns insufficient income from the business operation of Sri panwa Hotel Project for the investment in the Additional Asset No.1 to pay for the operating costs and expenses.

Disadvantages of Entering into the Transaction with Connected Persons:

- 1) Doubts concerned with the entry into the transaction with connected persons

The entry into the transaction with connected persons of the Seller of the Additional Asset No. 1 to be invested by SPWREIT, who are both the unitholders of SPWREIT and the major shareholders of the REIT Manager and the Property Manager, may give rise to doubts among stakeholders of SPWREIT, especially as to the terms and conditions for the transaction and the entry into the transaction with connected persons who have interest in SPWREIT.

There could be doubts as to whether SPWREIT may invest in overpriced assets or will negotiate for the best possible terms and conditions as in the case of entering into the transaction with unconnected parties, which will otherwise affect the benefits obtainable by SPWREIT's stakeholders, especially its unitholders.

However, the entry into such transaction must be thoroughly considered and reviewed by the Company and the Investment Committee of SPWPF before passing approval for the transaction.

- 2) Conflict of interest may be created

The entry into the transaction with connected persons of the REIT Manager may create conflict of interest relevant to the transaction. For example, there may be the difficulty in negotiation with the connected persons since stakeholders are business related.

- 3) Non-Transparency of the Transaction may occur

By entering into the transaction with unconnected persons, SPWREIT will not be suspicious of executing the transaction in a non-transparent manner or in favor of the Seller/Lessee. This is because both parties must try to the utmost to negotiate and protect their own rights and benefits so as to ensure the best possible interest for their stakeholders.



## 2.5 RISKS ASSOCIATED WITH THE INVESTMENT IN THE ADDITIONAL ASSET NO. 1

### 1) Risk concerned with national and global economic situations

Sri panwa Hotel Project and Sri panwa Hotel Project for the Additional Asset No.1 are five-star resort hotels whose target groups are medium- to high-income earners preferring a serene retreat and luxury accommodation at premium level. The Project's average daily rate is accordingly high (THB 19,000 – 187,000 during the low season and THB 34,000 – 300,000 during the high season). As such, the impacts from economic sluggishness or slowdown that would effect on tourists' income or the Baht appreciation will lead to risk of a decline in number of customers, especially international visitors who are the hotel's major clients.

### 2) Risk incidental to stiffer competition

Phuket is one of the world's famous travel destinations that could draw interest from a tremendous number of Thai and international visitors, thereby resulting in ongoing growth in both low-end and high-end hotel sectors. In 2016, an additional 1,778 guestrooms managed by reputable chain hotels will be completed (the tally of guestrooms will reach 51,423 units in 2016) (Source: C9 Hotelworks Market Research) to satisfy market demand. As such, tourists will have more choices to stay at other hotels of comparable prices, which could cause Sri panwa Hotel to be unable to attain the expected occupancy rate.

Despite the more intense competition, Sri panwa Hotel Project and Sri panwa Hotel Project for the Additional Asset No.1 are in a highly strategic location and focus on distinctive target groups. This, coupled with its friendly customer service, led Sri panwa to be selected as one of Thailand's top five resorts and also be rated among the world's most charming hotels, which is an advantage unmatched by its rivals.

### 3) Risk of a declining number of visitors

Apart from impacts from economic condition, there are other factors that have adversely affected foreign tourists' sentiments, including political turbulence, demonstrations, blockades, terrorism, epidemics, natural disasters, etc. These could raise tourists' concerns about safety on their visit to Thailand, which is deemed an uncontrollable risk.

### 4) Risk associated with a business license

To operate the hotel, the Lessee must obtain a hotel business license from the Ministry of Interior, whereby the Lessee must fully meet the qualifications and not possess any prohibited characteristics specified in the rules for application for and approval of a license. Moreover, the license is to be renewed after the end of a five-year period. Any part of the hotel that is non-compliant with the regulations could result in the license being canceled or revoked or not being renewed, thus leading the Lessee to be unable to continue the hotel operation. As a consequence, SPWREIT will be adversely impacted if the Lessee fails to fulfill the terms and conditions under

the Lease Agreement. Besides, the rules and regulations, including procedures for license approval adopted by the authority concerned with the license renewal could be changed in the future, which may cause a delay in the license renewal or an inability to renew the license. Villa X29 is in the process of amending the hotel business license.

According to the Undertaking Agreement between SCBAM (the Trustee) and CIR, CIR agrees to give assistance so that SPM can obtain all licenses and comply with the laws, rules and regulations of the authorities concerned with the business operation of Sri panwa Hotel (see details in Section B. “1.5 Summary of Relevant Agreements”).

5) Risk associated with the Lessee’s rental payment ability and no income guarantee

SPWREIT will earn income solely from rental payable by the Lessee according to the Lease Agreement. From its past performance, the Lessee (SPM) has incurred loss, with negative shareholders’ equity (Details as per Annex 4). If the Lessee continuously operates at a loss in the future or faces a financial trouble, this will affect its rental payment ability or the Lessee may decline to pay the rental or prematurely terminate the Lease Agreement.

A guarantee has been provided for revenue earning from the properties in Sri panwa Hotel Project initially invested by SPWPF, whereby CIR undertakes to jointly be responsible with the Lessee for paying the rental in the amount stipulated in the Lease Agreement for a period of five years from the date on which SPM has leased from SPWPF the properties initially invested by SPWPF and also for the following years after the first-five year period until the actual performance of the Lessee in any considered year only with respect to the properties invested by SPWPF is equal to or more than the fixed rental that the Lessee must pay under the Lease Agreement in that considered year according to the Undertaking Agreement. Moreover, CID agrees to provide a guarantee for the above rental payment by CIR under the Shortfall Rental Payment Agreement in order to reduce the impact from such risk. However, there is no income guarantee provided for the investment in the Additional Asset No.1 as in the case of Sri panwa Hotel Project described above.

Nevertheless, SPWREIT can use the profit earned from residential villa management for paying the shortfall rental in accordance with the Lease Agreement (see details in Section B. “1.5 Summary of Relevant Agreements”). It is, moreover, agreed in the Undertaking Agreement between SCBAM (the Trustee) and CIR that CIR will provide the additional financial support including a reserve to support the expenses in case where SPM lacks financial liquidity or has insufficient fund to pay for the expenses incurred in the operation of the hotel under Sri panwa Hotel Project, and in case where SPM has insufficient income to pay for any operating costs, management expenses, and rental under the Lease Agreement on Properties of Sri panwa Hotel Project, CIR agrees to be responsible for these costs and expenses by providing financial support to SPM in any form.

In addition, SPWREIT has measures to control the business operation by the Lessee. The management team of SPWREIT has expertise and experience in real estate management for longer than three decades. Meanwhile, tourism in Phuket has been growing annually (see details in Annex 1 “4. Economic and Industry Overview”). In view of these factors, it is anticipated that Sri panwa Hotel Project and Sri panwa Hotel Project for the investment in the Additional Asset No.1 will be able to attract an increasing number of visitors in the future.

6) Risk potentially arising from borrowing from financial institutions

Since SPWREIT may have to partially finance the investment in the Additional Asset No.1 by way of leveraging not more than 20% of total assets value of SPWREIT (after the conversion and the investment in the Additional Asset No. 1), using the Additional Asset No. 1 as collateral, it could be exposed to risk incidental to the ability to pay principal and interest, which may occur as a result of the SPM declines to pay the rental or SPM performance is lower than expected. If SPWREIT is unable to repay the loan according to the loan agreement, such assets may be seized, hence, the business will be interrupted.

However, the debt service ability of SPWREIT will depend on its rental income, which is its only income source. CIR and CID therefore have a policy to provide an income guarantee for Sri panwa Hotel Project to help strengthen the confidence of SPWPF. Although there is no income guarantee for the Additional Asset No. 1 (as described in Section 5), CIR agrees to give financial support to SPM. As such, there will be a minimal risk of SPWREIT defaulting on the loans raised from financial institutions due to its rather secure income earning. Besides, SPWREIT is permitted by the SEC rules to leverage up to 35% of its TAV, while its borrowing plan will be only 20% of TAV.

7) Risk of not getting the rental contract renewal upon expiry of the existing contracts

SPWREIT will lease the Additional Asset No. 1 by entering into the lease agreement of immovable properties and movable properties with the lease period of 2 years and 8 months. SPWREIT and SPM (“Parties”) has option to renew lease agreement by preparing legal notice to the other party at least 6 months ahead of the end of contract. The right is to extend the lease term to three time periods, 3 years each (until 31 July 2028) (“the first rent period”). Each party can request the counterparty to renew the agreement by rights. If the party extends the agreements, the other party agrees to renew the lease for another period mentioned above (see details in B “1.5 Summary of Relevant Agreements”)

In addition, apart from right to renew an agreement after a maturity of the first rent period, each counter party has option to renew the lease agreement life by preparing legal notice to the other party at least 12 months ahead of the end of the first rent period. The right is to extend the life to three time periods, 3 years each (“the second rent period”). Each party can request the counterparty to renew the agreement by rights. If the party extends the agreements, the other party agrees to renew the lease for another period mentioned above (see details in B “1.5 Summary of Relevant Agreements”) However, such terms and conditions, including rental

rate, can be negotiated if there is a contract renewal which will take into account of the performance of Sri panwa Hotel at that time and considering both parties' benefits.

However, the legal advisor has given an opinion that a short-term lease agreement (both parties have an option to renew the contract) may have some risk. It could be that even though SPWREIT exercises its right to renew the contract, under specified terms and conditions in the lease agreement, SPM (lessee) may reject to renew such contract which will be considered as a breach of contract. Such action will allow SPWREIT to terminate the contract and/or claim for the compensation. However, regardless short-term lease agreement (Additional Asset No. 1) or long-term lease agreement (15-years lease period of Initial Assets registered at the land registry), SPM may breach the contract or there may be any incidents that the contract may be terminated. Although, in this case, SPWREIT has a right to terminate the contract and/or claim for the compensation. Such event of default of SPM may impact SPWREIT in not receiving the benefit as stimulated in the agreement or enforce SPM to comply with terms and conditions. For example, SPWREIT cannot force SPM to renew the lease agreement according to the terms of the agreement, SPM may not compensate for SPWREIT's damages claims. Therefore, SPWREIT may have to enter into a justice system by filing to a court. The timeframe and the compensation of such action may not be forecasted until the judgement has been made, depending on the court's decision. However, if there is an appeal to a supreme court, the legal advisor has given an opinion that there is no Precedent case to adopt in the lessee's promise. If SPWREIT cannot claim all or partial damages from the lessee, the REIT manager may have to find a new tenant to replace the existing one. This may result in a delay or failure to acquire lessee as expected. SPWREIT may miss an opportunity to generate revenue streams and impact its cash flows and performance. SPWREIT's unitholders may not receive a return in full amount as expected or in the expected period.

8) Risk concerned with expropriation of land

The properties invested by SPWPF could risk being expropriated by government agencies for state infrastructure development, whereby SPWPF will no longer be able to use the properties for business operation and may not be compensated or may receive compensation less than its investment cost in the expropriated land, thus leading the returns for the unitholders to be lower than projected. Since land expropriation is subject to the government's land use policy and necessity, it is not possible to assess the opportunity of SPWREIT's land being expropriated. Nonetheless, based on the property appraisal report of Knight Frank Chartered (Thailand) Co., Ltd. dated May 3, 2016, it is found that the Additional Asset No. 1 to be invested by SPWREIT do not lie in the expropriation zone of any of the government's projects.

3. FAIRNESS OF PRICE AND CONDITIONS OF THE TRANSACTION

3.1 FAIRNESS OF THE TRANSACTION PRICE

The IFA has determined reasonableness of the asset acquisition price based on information relevant to the properties obtained from SPWREIT and from management interview, information from financial statements audited/reviewed by the SEC-approved auditor, and other publicly available information. Our opinion on the fairness of the transaction price is rendered under the assumption that all information obtained is correct and complete and based solely on the economic situation prevailing at the time of preparing this report. Therefore, any material change in these factors could affect our opinion provided herein.

Based on the obtained information, the IFA has identified the fairness of the transaction price by three different methodologies as follows:

Methodology 1 Determination of fair value of the Additional Asset No. 1

Methodology 2 Feasibility analysis of the investment in the Additional Asset No. 1

Methodology 3 Analysis of yields to unitholders after the investment in the Additional Asset No. 1

Details of the determination of fairness of the asset acquisition price by the above methodologies are as follows:

Methodology 1 Determination of fair value of the Additional Asset No. 1

To measure a fair value of the Additional Asset No. 1, the IFA has appraised the assets using three valuation approaches as follows:

1.1 Book Value Approach

1.2 Valuation by Independent Appraisers

1.3 Discounted Cash Flow Approach

Details of the valuation of the Additional Asset No. 1 by each of the above approaches are as described below:

1.1 Book Value Approach

By this approach, the IFA has appraised a fair value of the Additional Asset No. 1 based on book value of these assets as recorded in the financial statements of CIR, including ownership rights to land, buildings and structures of Hotel Project Phase 2 together with the pool suite and penthouse buildings with 30 units and one Villa X29 with five units, as at March 31, 2016, details of which are as follows:

No.	Building	Book Value As at March 31, 2016 (THB)
1	Hotel Project Phase 2	492,379,125.07
2	Villa X29	72,910,579.05
Total book value		565,289,704.12

Value of the Additional Asset No. 1, appraised by the book value approach, is equal to THB 565.29 million.

## 1.2 Valuation by Independent Appraisers

Under this approach, the IFA has based the asset valuation on the property appraisal reports prepared by two independent appraisers approved by the SEC, namely Knight Frank Chartered (Thailand) Co., Ltd. (May 3, 2016) and C.I.T. Appraisal Co., Ltd. (May 2, 2016). The objective of these reports was to determine the present market value of the Additional Asset No. 1 for public purposes to be a basis for establishment of a real estate investment trust, employing 1) cost method and 2) income approach with discounted cash flow model for the asset appraisal.

The two SEC-approved independent appraisers selected the income approach with discounted cash flow model for the asset appraisal, which is a suitable approach because the appraised assets are land with hotel buildings which are income producing properties.

The valuation of the Additional Asset No. 1 by the income approach with discounted cash flow model takes into account the structure of benefits generated by the assets. The assumptions used by the appraisers to evaluate the Additional Asset No. 1 are as follows:

Assumptions	Knight Frank Chartered (Thailand) Co., Ltd.	C.I.T. Appraisal Co., Ltd.
Appraisal method	Discounted cash flow model on the Additional Asset No. 1	
Projection period	12 years (August 1, 2016 – July 31, 2028)	12 years 3 months (May 2, 2016 – July 31, 2028)
Appraised assets	Phase 1 properties: 1) The Habita Hotel Building A of three stories with a total area of 2,050 square meters 2) The Habita Hotel Building B of two stories with a total area of 2,016 square meters Phase 2 properties: 3) Villa X29 of three stories with a total area of 1,634 square meters	
Number of rooms	1) Pool suite, 20 units 2) Penthouse, 10 units 3) Villa X29, 5 units	

Assumptions	Knight Frank Chartered (Thailand) Co., Ltd.	C.I.T. Appraisal Co., Ltd.
Occupancy rate	<p>1) Pool Suite: 55% in year 1, 65% in year 2, increasing by an average 5% per year and remaining constant at 75% throughout the projection period</p> <p>2) Penthouse: 55% in year 1, 65% in year 2, increasing by an average 5% per year and remaining constant at 75% throughout the projection period</p> <p>3) Villa X29: 55% in year 1, increasing by an average 5% per year and remaining constant at 70% throughout the projection period</p>	<p>1) Pool Suite: 55% in year 1, increasing by an average 5% per year and remaining constant at 75% throughout the projection period</p> <p>2) Penthouse: 50% in year 1, increasing by an average 5% per year and remaining constant at 80% throughout the projection period</p> <p>3) Villa X29: 50% in year 1, increasing by an average 3% per year and remaining constant at 65% throughout the projection period</p>
Average room rate	<p>1) Pool Suite: THB 13,700/night in year 1, increasing by an average 4% per year in years 2-7, 0% per year in years 8-9, 8% in year 10, 7% in year 11, and 4% in year 12</p> <p>2) Penthouse: THB 13,700/night in year 1, increasing by an average 4% per year in years 2-7, 0% per year in years 8-9, 8% in year 10, 7% in year 11, and 4% in year 12</p> <p>3) Villa X29: THB 62,000/night in year 1, increasing by an average 4% per year in years 2-7, 0% per year in years 8-9, 8% in year 10, 7% in year 11, and 4% in year 12</p>	<p>1) Pool Suite: THB 11,600/night in year 1, increasing by an average 3% per year</p> <p>2) Penthouse: THB 16,500/night in year 1, increasing by an average 3% per year</p> <p>3) Villa X29: THB 61,000/night in year 1, increasing by an average 3% per year</p>
Income from food and beverages	THB 4,800/room/night, increasing by 4% per year	17% of room revenues
Income from wedding banquet services	-	10% of room revenues
Other income	<ul style="list-style-type: none"> <li>● Telephone charges: THB 10/room/night, increasing by 1% per year</li> <li>● Other income: THB 600/room/night, increasing by 4% per year</li> </ul>	-
Referral fee	-	<p>- Whole project: About 5.5% of gross profit before referral fee</p> <p>- Villa X29: About 7% of gross profit before referral fee</p>

Assumptions	Knight Frank Chartered (Thailand) Co., Ltd.	C.I.T. Appraisal Co., Ltd.
Cost of sales	<ul style="list-style-type: none"> <li>Room cost: THB 1,750/room/night, increasing by 3% per year</li> <li>Cost of food and beverages: 51.25% of income from food and beverages</li> <li>Cost of other income: 50% of other income</li> </ul>	<ul style="list-style-type: none"> <li>Room cost: 16.5% of room revenues</li> <li>Cost of food and beverages: 56% of income from food and beverages</li> <li>Cost of wedding banquet: 44% of income from wedding banquet services</li> <li>Staff salary: THB 8,700,000, increasing by 3% per year</li> </ul>
Operating expenses	<ul style="list-style-type: none"> <li>General operating expenses: THB 1,180/room/night, increasing by 3% per year</li> <li>Selling and marketing expenses: THB 840/room/night, increasing by 3% per year</li> <li>Water/electricity fee: THB 820 /room/night, increasing by 2% per year</li> <li>Cost of maintenance, public utilities and energy: THB 700/room/night, increasing by 3% per year</li> </ul>	<ul style="list-style-type: none"> <li>General operating expenses: 5% of total revenues</li> <li>Staff salary: THB 7,000,000, increasing by 4% per year</li> <li>Personnel expenses: 0.2% of total revenues</li> <li>Selling and marketing expenses: 2.4% of total revenues</li> <li>Cost of maintenance, public utilities and energy: 5% of total revenues</li> </ul>
Fixed costs	<ul style="list-style-type: none"> <li>Management fee: 2% of total revenues</li> <li>Insurance premium: 0.12% of building and structure value</li> <li>Taxes and fees: 12.5% on 15% of room revenues</li> <li>Contingency for building and equipment improvement: 3% of total revenues</li> </ul>	<ul style="list-style-type: none"> <li>Insurance premium: THB 78,086, increasing by 3% every 3 years</li> <li>Building tax: 0.3%, increasing by 3% every 3 years</li> <li>Contingency for building and equipment improvement: 2.5% of total revenues</li> <li>Investment expenses: 2.4% of total revenues</li> </ul>
Discount rate	9.5%	10%

The appraised value by the two independent appraisers can be shown in the below table:

Independent Appraiser	Appraised Value
Knight Frank	THB 1,150.00 million
Colliers	THB 1,195.00 million

The fair value of the Additional Asset No. 1 appraised by the independent appraisers, using the income approach with discounted cash flow model, is in a range of THB 1,150.00 million – THB 1,195.00 million.



The two appraisers also conducted the appraisal based on the revenue structure of SPWREIT, using the key assumptions as follows:

Assumptions for SPWREIT's revenues	Knight Frank Chartered (Thailand) Co., Ltd.	C.I.T. Appraisal Co., Ltd.
Appraisal method	Discounted cash flow model on SPWREIT's revenues	
Projection period	11 years 7 months (January 1, 2017 - July 31, 2028)	11 years 7 months (January 2, 2017 - July 31, 2028)
Total fixed rental obtainable by SPWREIT (THB million)	1,187.70	1,187.70
Total variable rental obtainable by SPWREIT (THB million)	16.31	6.47
Selling expenses (THB million)	48.70	-
Discount rate	9.5%	10%

The appraised value based on the revenue structure of SPWREIT by the two independent appraisers can be shown in the following table:

Independent Appraiser	Appraised Value of Assets Based on Revenue Structure
Knight Frank	THB 1,239.00 million
Colliers	THB 1,255.00 million

The fair value of the Additional Asset No. 1 based on the revenue structure appraised by the independent appraisers, using the income approach with discounted cash flow model, is in a range of THB 1,239.00 million – THB 1,255.00 million.

### 1.3 Appraisal by the IFA by the Discounted Cash Flow Approach

The IFA has prepared the financial projection of the Additional Asset No. 1, comprising Hotel Project Phase 2 and Villa X29, by using the discounted cash flow approach (“DCF”). This approach focuses on the future cash flow generating ability of such assets by estimating net present value of free cash flow with an appropriate discount rate. The IFA has calculated the weighted average cost of capital (“WACC”) to be used as a discount rate for discounting future free cash flow derived from cash flow projection of the Additional Asset No. 1.

The IFA has projected cash flow expected from business operation of the Additional Asset No. 1 over a period of 11 years and 8 months (Dec 1, 2016 – Jul 31, 2028) to align with the term of the Lease Agreement between SPWREIT

and SPM in case that the contract will be extended 3 times, each time 3 years, total of 11 years and 8 months during the First Rent Period, by assuming that the assets can generate income on an ongoing basis. The assumptions used in this projection relate to future events and are based upon the Lease Agreement between SPWREIT and SPM, the information obtained from management interview, SPWREIT's operating policy, and past operating performance of the existing assets ("Sri panwa Hotel Phase 1") and the Additional Asset No. 1 ("Sri panwa Hotel Phase 2") (hereinafter collectively called "Sri panwa Hotel"). Moreover, such assumptions are based on the current economic and industrial situations and the information prevailing at the time of preparing this report. Therefore, if there is any significant change in these factors that affect SPWREIT's operation, there could be a material discrepancy between the financial forecast in this report and the actual results.

The major assumptions used in the financial projection of the assets are as follows:

1. Room Revenues

The Additional Asset No. 1 consist of 20 pool suite units, 10 penthouse units, and one Villa X29 of 5 units.

- Average room rate per night is forecast based on the average actual room price per night of Sri panwa Hotel Phase 2 in Q1/2016 by excluding Seasonal Effect from a high season of Phuket tourism. These average room price is set to increase 4% per year according to the average past growth rate of room prices of Sri panwa Hotel Phase 1 and Villa X29 during 2010 – 2015. The IFA has conducted the projection based on Conservative Basis in forecasting an increase of room prices.

Additional Asset No. 1	No. of Rooms	Average Room Price in 2016 (THB/night)	% Increase
Hotel Project Phase 2			
Pool Suite	20	11,618.12	4% per year
Penthouse	10	16,150.43	4% per year
Villa X29			
Pool Villa	5	62,935.03	4% per year

- Occupancy rate is projected based on the average actual occupancy rate of Sri panwa Hotel Phase 2 in Q1/2016. Despite the fact that the first quarter is a high season period for Phuket tourism when the occupancy rate is above the whole year average, Sri panwa Hotel Phase 2 was closed during Q1/2016 for room refurbishment and, hence, by averaging the occupancy rate for a full year, Sri panwa Hotel Phase 2 will be able to maintain such occupancy rate. The IFA has revised the occupancy rate forecast for Sri panwa Hotel Phase 2 up by 6% per year based on the past increase in occupancy rate of Sri panwa Hotel Phase 1 during 2010 – 2015.

Additional Asset No. 1	No. of Rooms	Average Occupancy Rate in 2016	% Increase
Hotel Project Phase 2			
Pool Suite	20	42.5%	6% per year until reaching 70%
Penthouse	10	31.8%	6% per year until reaching 70%
Villa X29			
Pool Villa	5	45.1%	6% per year until reaching 60%

## 2. Other Revenues

### 2.1 Income from Food and Beverages

Income from food and beverages is projected from the average actual income from food and beverages per night of Sri panwa Hotel Phase 1 in 2014 and 2015, which is about THB 2,000/person/night in 2016, and is estimated to increase 4% per year on average. The IFA has forecast the restaurant occupancy rate of Sri panwa Hotel Phase 2 at 25% of the total number of room occupants of Sri Panwa Hotel because there is only one restaurant in Sri panwa Hotel Phase 2 out of the total four restaurants of Sri panwa Hotel.

### 2.2 Income from Wedding Banquet Services

Income from wedding banquet services is estimated based on the average actual income from wedding banquet services per event of Sri panwa Hotel Phase 1 in 2014 and 2015 of about THB 600,000/event in 2016, and is set to increase by an average of 4% per year. The IFA has forecasted that the number of wedding couples at five couples in 2017, rising by five couples per year in 2018 - 2020 and remaining constant at 25 couples from 2021 onwards.

### 2.3 Referral Fee from Sri panwa Hotel Phase 1

Since the Additional Asset No. 1 are located in the same compound as Sri panwa Hotel Phase 1, the occupants of Sri panwa Hotel Phase 2 can use the facilities and amenities offered by Sri panwa Hotel Phase 1, whereby a gross profit will be shared in the form of a referral fee at 50.0% of income from food and beverages, spa and other services derived from the use of these services by the occupants of Sri panwa Hotel Phase 1.

## 3. Costs of Sales and Services

Costs of sales and services are estimated in percentage of income from each type of service, based on the actual percentage of cost to income of Sri panwa Hotel Phase 1.

Costs of Sales and Services	Assumptions
Room cost	6.5% of room revenues
Cost of food and beverages	35.0% of income from food and beverages
Cost of wedding banquet	25.6% of income from wedding banquet services
Other room-related costs	15.2% of room revenues
Other food and beverages-related costs	20.3% of income from food and beverages
Other wedding banquet-related costs	20.3% of income from wedding banquet services

## 4. Referral Fee for Sri panwa Hotel Phase 1

Referral fee for Sri panwa Hotel Phase 1 is assumed to be 50.0% of gross profit from food and beverages of Sri panwa Hotel Phase 2 derived from the use of these services by the occupants of Sri panwa Hotel Phase 1.

## 5. Operating Expenses

Operating expenses include employee-related expenses and other operating expenses which are common area expenses. Operating expenses are forecast based on the proportion of revenues of Sri panwa Hotel Phase 2 to total revenues. The IFA has revised the said expense forecast up by 4% per year.

## 6. Fixed Costs

Fixed Costs	Assumptions
Land and building tax	0.24% of room revenues
Insurance premium	0.10% of total revenues
Contingency for building and equipment improvement	2% of total revenues in 2019-2026, 2.5% of total revenues from 2027 onwards
Capital expenditure	2% of total revenues from 2022 onwards

## 7. Asset Valuation

### 7.1 Growth of Terminal Value

The IFA assumes that terminal value will grow by 0% per year on a conservative basis.

### 7.2 Discount Rate

We use the weighted average cost of capital (WACC) as a discount rate to estimate the net present value of free cash flow. WACC is calculated from the weighted average cost of debt ( $K_d$ ) and cost of equity ( $K_e$ ) under the following formula:

$$WACC = K_e * E / (D + E) + K_d * (1 - T) * D / (D + E)$$

$K_e$  = Cost of equity or required rate of return for unitholders

$K_d$  = Cost of interest-bearing debt

T = Corporate income tax

E = Unitholders' equity

D = Interest-bearing debt

Cost of equity ( $K_e$ ) is calculated by the Capital Asset Pricing Model (CAPM), as follows:

$$K_e = R_f + \beta(R_m - R_f)$$

Where:

Risk Free Rate ( $R_f$ ) = Bid yield on 12-year government bond, equal to 2.10% per annum (as of May 17, 2016). Such government bond yield is consistent with this asset valuation with the financial projection period of 11 years and 8 months.

Beta ( $\beta$ ) = Coefficient of variation between SET index and investment units. Since the trading volume of SPWPF has not been high, its beta value may not reasonably reflect return on investment. Therefore, the IFA has instead taken into account the beta value of comparable property funds and REITs engaging in hotel business and the listed entities operating hotel business, totaling 21 companies ("Peers") (see lists of the listed companies, property funds and REITs selected by the IFA for the beta calculation in Annex 3). We have adopted the average beta value of the Peers over the past three years, up to May 17, 2016 (source: SET), equal to 0.33, and adjusted such beta by removing the leverage impact, which is the capital structure of the Peers, under the following formula:

Unleveraged Beta = Leveraged Beta / (1+(1-tax) x (D/E)<sub>SPWPF</sub>), from which an unleveraged beta is derived. After that, we have adjusted the unleveraged beta with the capital structure of SPWREIT under the following formula: Leveraged Beta = Unleveraged Beta x (1+(1-tax) x (D/E)<sub>SPWREIT</sub>), and obtained a beta value of 0.42.

Market Risk ( $R_m$ ) = Average rate of return on investment in the SET over the past 30 years from May 1986 to April 2016, equal to 17.10% per year.

Details of the variables and assumptions for the calculation are shown below:

Calculation Factors	Assumptions
Risk free rate on government bond ( $R_f$ )	2.10%
Rate of return on investment in SET ( $R_m$ )	17.10%
Market-based risk indicator of SPWREIT (Beta)	0.42
Cost of equity ( $K_e$ )	8.37%
Cost of debt ( $K_d$ )	5.28%
Targeted proportion of unitholders' equity to asset after the Additional Asset Investment ( $W_e$ )	80.00%
Targeted proportion of debt to asset after the Additional Asset Investment ( $W_d$ )	20.00%
WACC	7.75%

Based on the above assumptions, the WACC is equal to 7.75%, which is used as a discount rate for the estimation of the expected future cash flow generated from the investment in the Additional Asset No. 1.

From the information and assumptions described above, the cash flow of the Additional Asset No. 1 can be projected as follows:

Unit: THB Million	Dec 2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Jan – Dec 2028
Room revenues	5.52	78.15	92.10	106.24	120.92	133.32	143.13	150.56	157.01	162.85	169.36	176.14	107.15
Income from food and beverages	2.05	27.21	29.09	31.02	33.10	34.89	36.55	38.12	39.75	41.23	42.88	42.88	25.08
Income from wedding banquet services	-	3.32	6.91	10.77	14.94	19.42	20.20	21.00	21.84	22.72	23.63	24.57	14.91
Total revenues	7.57	108.68	128.09	148.03	168.95	187.63	199.88	209.69	218.61	226.80	235.87	243.59	147.14
Room cost	0.30	4.29	5.07	5.90	6.81	7.58	8.18	8.62	8.98	9.32	9.69	10.08	6.13
Cost of food and beverages	0.72	9.52	10.18	10.86	11.58	12.21	12.79	13.34	13.91	14.43	15.01	15.01	8.78
Cost of wedding banquet services	-	0.85	1.77	2.76	3.82	4.97	5.17	5.37	5.59	5.81	6.04	6.29	3.81
Total costs of sales	1.02	14.66	17.02	19.52	22.22	24.76	26.14	27.33	28.49	29.56	30.74	31.37	18.72
Employee-related expenses	0.74	9.36	9.74	10.13	10.53	10.95	11.39	11.85	12.32	12.81	13.33	13.86	8.41
Other expenses	1.13	18.09	21.31	24.64	28.14	31.30	33.29	34.90	36.39	37.75	39.26	40.48	24.42
Gross profit	4.67	66.57	80.02	93.75	108.06	120.61	129.06	135.61	141.42	146.67	152.54	157.87	95.59
Referral fee payable to Phase 1 Project	0.14	2.01	2.12	2.24	2.37	2.48	2.59	2.70	2.82	2.92	3.03	2.97	1.70
Referral fee receivable from Phase 1 Project	0.34	5.49	6.56	7.72	9.01	10.06	10.85	11.43	11.93	12.36	12.85	13.37	8.14
Gross profit after referral fee	4.87	70.05	84.46	99.23	114.69	128.19	137.32	144.34	150.53	156.12	162.36	168.28	102.04
Employee-related expenses	0.52	17.19	19.60	22.04	24.48	26.72	28.27	29.58	30.76	31.99	33.27	34.44	20.79
Other expenses	0.02	0.53	0.61	3.65	4.14	4.57	8.51	8.93	9.40	9.75	10.14	11.80	7.13
Cash flow from operation	4.33	52.33	64.24	73.53	86.08	96.91	100.54	105.83	110.37	114.37	118.95	122.04	74.12
Terminal Value													1,639.83
Net Cash Flow from operating activities													1,713.95
WACC (%)	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%
Present value as at December 31, 2016	4.33	48.57	55.34	58.78	63.86	66.73	64.25	62.77	60.76	58.43	56.40	53.70	722.07
Present value as at December 1, 2016	4.31	48.26	54.99	58.42	63.47	66.31	63.86	62.38	60.38	58.07	56.05	53.37	717.60
Net Present Value	1,367.46												

In determining the fair value of the Additional Asset No. 1 by the DCF approach, the net present value of the Additional Asset No. 1 is estimated at THB 1,367.46 million, which can be broken down into Hotel Project Phase 2 and Villa X29 in the table below:

Assets	Net Present Value (THB million)
Hotel Project Phase 2	1,209.65
Villa X29	157.81
<b>Total</b>	<b>1,367.43</b>

#### 8. Asset Valuation Based on Revenue Structure of SPWREIT

The IFA has evaluated the Additional Asset No. 1 based on the revenue structure of SPWREIT, similar to the appraisal by the two independent appraisers, over a period of 11 years and 8 months (Dec 1, 2016 – Jul 31, 2028) to align with the term of the Lease Agreement between SPWREIT and SPM under the assumption that the contract is extended 3 times, each time 3 years, using the following key assumptions:

##### 8.1 Rental Income

The IFA has forecast rental income of SPWREIT receivable from SPM for Sri panwa Hotel Phase 2 according to the Lease Agreement between SPWREIT and SPM. Such rental income is composed of fixed rental and variable rental, similar to Sri panwa Hotel Phase 1, and is calculated based on the actual lease period commencing on the first date of the Lease Term as specified in the Lease Agreement between SPWREIT and SPM.

- Fixed rental is receivable by SPWREIT from SPM in a yearly fixed amount according to the Lease Agreement between SPWREIT and SPM throughout the agreement term of 11 years and 8 months (December 2016 – July 2028) (in case the contract is extended). Rental payment starts from the effective date of the Lease Agreement until the end of the Lease Term, subject to the rental rate in year 1 as shown in the below table:

Month in Y1 (2017)	Monthly Fixed Rental (THB)
December	17,670,000
January	10,230,000
February	10,230,000
March	5,580,000
April	9,300,000
May	2,790,000
June	5,580,000
July	3,720,000
<b>Total fixed rental in Y1</b>	<b>65,100,000</b>



Fixed rental rate in year 2 – 12 are shown in the below table:

Year	Yearly Fixed Rental (THB)
2 (2018)	93,000,000
3 (2019)	93,000,000
4 (2020)	93,000,000
5 (2021)	93,000,000
6 (2022)	102,300,000
7 (2023)	102,300,000
8 (2024)	102,300,000
9 (2025)	112,530,000
10 (2026)	112,530,000
11 (2027)	112,530,000
12 (2028)	123,783,000

SPW will pay such rental on a monthly basis, calculated in percentage of the yearly fixed rental as follows:

Month	Monthly Fixed Rental (% of Yearly Fixed Rental)
January	11.0
February	11.0
March	6.0
April	10.0
May	3.0
June	6.0
July	4.0
August	6.0
September	4.0
October	11.0
November	9.0
December	19.0
<b>Total</b>	<b>100.0</b>

In this respect, CIR undertakes to provide financial support for Sri panwa Hotel Phase 2 in the event that SPM fails to pay the fixed rental to SPWREIT as agreed upon in the Agreement. In this projection, the IFA therefore assumes that SPWREIT will fully receive the fixed rental from SPM according to the Agreement.

- Variable rental is receivable by SPWREIT from SPM at a rate of 30% of total revenues generated from the business operation of Sri panwa Hotel Phase 2 after deduction of expenses such as total costs, selling and administrative expenses, and fixed rental payable by SPM to SPWREIT. SPWREIT will receive payment of the variable rental for Sri panwa Hotel Phase 2 from year 8 onwards until the end of the Lease Term in year 12 (in case the contracted is extended).

## 8.2 Expenses Relating to SPWREIT

### a. Expenses on SPWREIT management

The SPWREIT Manager will receive a management fee at a rate not exceeding 1.00% per year of TAV of SPWREIT.

### b. Trustee fee

Trustee fee is not exceeding 1.00% of TAV of SPWREIT.

### c. SET's annual fee

SPWREIT is to pay an annual fee to the SET at the same rate as that paid by SPWPF.

### d. Registrar fee

Registrar fee is not exceeding 1.00% per year of NAV of SPWREIT.

### e. Other fees and expenses relating to SPWREIT

Other fees and expenses consist of appraiser fee, auditor fee, general administrative expenses, etc.

## 8.3 Terminal Value

The IFA has forecasted an expansion of cash flow at the end of the projection period at 2.7% according to growth rate of rental income based on the Lease Agreement between SPWREIT and SPM since commencing on the first date of the Lease Term until 2042 (in case of lease renewal).

## 8.4 Discount Rate

This is based on the discount rate described in 7.2 above which is 7.75%.

In determining the fair value of the Additional Asset No. 1 based on the revenue structure of SPWREIT under the DCF approach, the net present value of the Additional Asset No. 1 is estimated at THB 1,516.02 million.

### Sensitivity Analysis

The IFA has additionally conducted a sensitivity analysis on the above cash flow projection of the Additional Asset No. 1 in order to demonstrate the potential effects on the cash flow of such assets arising from a change in the assumptions from the base case scenario. However, the actual cash flow may be higher or lower than the projection in this sensitivity analysis.

The IFA has conducted the sensitivity analysis under two assumptions as follows:

1) Assumption 1: Growth rate of the occupancy rate

The IFA has analyzed the effect of an increase/decrease of 5% in the occupancy rate in 2016 of Hotel Project Phase 2 and Villa X29.

Change in Occupancy rate	Asset Value (THB million)	Asset Value Based on Revenue Structure of SPWREIT (THB million)
Increase by 5%	1,480.67	1,542.36
Base case	1,367.46	1,516.02
Decrease by 5%	1,255.02	1,509.28

From the sensitivity analysis with a change in the occupancy rate assumption, the value of the Additional Asset No. 1 based on structure of SPWREIT is in a range of THB 1,509.28 million – 1,542.36 million.

2) Assumption 2: Growth rate of room revenues

The IFA has analyzed the effect of an increase/decrease of 1% in room revenues in 2016 of Hotel Project Phase 2 and Villa X29.

Change in Room Revenue	Asset Value (THB million)	Asset Value Based on Revenue Structure of SPWREIT (THB million)
Increase by 1%	1,490.65	1,546.37
Base case	1,367.46	1,516.02
Decrease by 1%	1,255.92	1,513.99

From the sensitivity analysis with a change in the room revenue assumption, the value of the Additional Asset No. 1 based on structure of SPWREIT is in a range of THB 1,513.99 million – 1,546.37 million.

## 3) Assumption 3: Leverage ratio

The IFA has analyzed the effect of a change in leverage ratio from financial institutions with the leverage ratio between 0% and 20%. The IFA has used WACC which based on SPWREIT's targeted capital structure at 7.75% (calculated on D/E ratio of 20%)

Leverage ratio	Asset Value (THB million)*	Asset Value Based on Revenue Structure of SPWREIT (THB million)
0%	1,367.46	1,507.64
5%	1,367.46	1,509.73
10%	1,367.46	1,511.83
15%	1,367.46	1,513.93
Base case (20%)	1,367.46	1,516.02

Remark: \* Asset value is not changed because the change in leverage ratio assumptions is not affected operating cash flow of the asset.

From the sensitivity analysis with a change in the leverage ratio, the value of the Additional Asset No. 1 based on structure of SPWREIT is in a range of THB 1,507.64 million – 1,516.02 million.

## 4) Assumption 4: Discount rate

The IFA has analyzed the effect of a change in discount rate with an increase/decrease of 0.5% - 1% in discount rate.

Change in WACC	Asset Value (THB million)	Asset Value Based on Revenue Structure of SPWREIT (THB million)
Increase by 1%	1,188.48	1,271.00
Increase by 0.5%	1,272.35	1,383.15
Base case	1,367.46	1,516.02
Decrease by 0.5%	1,476.17	1,675.84
Decrease by 1%	1,601.50	1,871.58

From the sensitivity analysis with a change in the discount rate, the value of the Additional Asset No. 1 based on structure of SPWREIT is in a range of THB 1,271.00 million – 1,871.58 million. However, if the discount rate is higher by 1%, the value of the Additional Asset No. 1 based on structure of SPWREIT will lower than the price that SPWREIT will invest in such asset.

Comparison of the key assumptions used in the financial projection by the independent appraisers and the IFA can be summarized as follows:

A. Asset Valuation

	Knight Frank	Colliers	IFA
Appraisal date	May 3, 2016	May 2, 2016	May 25, 2016
Projection period	12 years (August 1, 2016 – July 31, 2028)	12 years 3 months (May 2, 2016 – July 31, 2028)	11 years 8 months (December 1, 2016 – July 31, 2028)
Appraised value (THB million)	1,150.00	1,195.00	1,367.46
Transaction price (THB million)	Not over 1,362.90	Not over 1,362.90	Not over 1,362.90
Transaction price vs. appraised value	Lower by 18.52%	Lower by 14.05%	Higher by 0.34%
<b>Key assumptions</b>			
1) Occupancy rate			
Pool Suite	55% in year 1, increasing gradually to a constant rate of 75%	55% in year 1, increasing gradually to a constant rate of 75%	42.5% in year 1, increasing 6% per year until reaching a constant rate of 70%
Penthouse	55% in year 1, increasing gradually to a constant rate of 75%	50% in year 1, increasing gradually to a constant rate of 80%	31.8% in year 1, increasing 6% per year until reaching a constant rate of 70%
Villa X29	55% in year 1, increasing gradually to a constant rate of 70%	50% in year 1, increasing gradually to a constant rate of 65%	45.1% in year 1, increasing 6% per year until reaching a constant rate of 60%
2) Average room rate			
Pool Suite	THB 13,700/night in year 1, increasing by an average 4% per year in years 2-7, 0% per year in years 8-9, 8% in year 10, 7% in year 11, and 4% in year 12	THB 11,600/night in year 1, increasing by an average 3% per year	THB 11,618/night in year 1, increasing by an average 4% per year
Penthouse	THB 16,500/night in year 1, increasing by an average 4% per year	THB 16,500/night in year 1, increasing by an average 3% per year	THB 16,150/night in year 1, increasing by an average 4% per year
Villa X29	THB 62,000/night in year 1, increasing by an average 4% per year	THB 61,000/night in year 1, increasing by an average 4% per year	THB 62,935/night in year 1, increasing by an average 4% per year

	Knight Frank	Colliers	IFA
3) Cost Allocation	No	No	Yes
4) Discount rate	9.50%	10.00%	7.75% using WACC as a discount rate

## B. Asset Valuation Based on Revenue Structure of SPWREIT

	Knight Frank	Colliers	IFA
Appraisal date	May 3, 2016	May 2, 2016	May 25, 2016
Projection period	11 years 7 months (January 1, 2017 – July 31, 2028)	11 years 7 months (January 2, 2017 - July 31, 2028)	11 years 8 months (December 1, 2016 - July 31, 2028)
Appraised value (THB million)	1,239.00	1,255.00	1,516.02
Transaction price (THB million)	Not over 1,362.90	Not over 1,362.90	Not over 1,362.90
Transaction price vs. appraised value	Lower by 10.00%	Lower by 8.60%	Higher by 11.24%
Key assumptions based on Revenue Structure of SPWREIT			
1) Total fixed rental receivable by SPWREIT (THB million)	1,187.70	1,187.70	1,205.37
2) Total variable rental receivable by SPWREIT (THB million)	16.31	6.47	5.17
3) Expenses on SPWREIT management, Trustee fee, Other fees and expenses relating to SPWREIT	No*	No*	Yes
4) Selling expenses (THB million)	48.70	-	-
5) Expenses on asset acquisition (THB million)	-	-	26.60
6) Discount rate	9.5%	10%	7.75% using WACC as a discount rate

**Remark:** \* The objective of independent appraisers' reports was to determine the present market value of Additional Asset No. 1. According to appraisal's professional standards, expenses on asset acquisition, including fees and taxes will not be taken into account. The present market value of Additional Asset No. 1 is based on market information, not the actual transactions in the market.

Summary of Asset Valuation under Methodology 1: Determination of Fair Value of the Additional Asset No. 1

The IFA has measured a fair value of the Additional Asset No. 1 by the book value approach, discounted cash flow approach by the independent appraisers, and the discounted cash flow approach by the IFA. Comparison of the fair value of the Additional Asset No. 1 derived from these approaches is illustrated in the table below:

Fair Value of Assets (THB Million)	Book Value Approach	Valuation by Independent Appraisers		Discounted Cash Flow Approach	
		Asset Value	Asset Value Based on Revenue Structure	Asset Value	Asset Value Based on Revenue Structure
Hotel Project Phase 2	492.38	1,150.00- 1,195.00	1,239.00-1,255.000	1,209.65	1,516.02
Villa X29	72.91			157.81	
Total fair value	565.29			1,367.46	

The IFA is of the opinion that the book value approach is not appropriate because it reflects the assets' value at a certain point in time, but takes no account of the future cash flow generating ability of those assets.

The IFA is of the opinion that the DCF approach by the independent appraisers and the DCF approach by the IFA are appropriate based on the following rationale:

The valuation by the independent appraisers The two independent appraisers valued the Additional Asset No. 1 by the income approach with discounted cash flow model. This approach focuses on the cash flow generating ability of the assets, which are income producing properties. The assumptions used by the independent appraisers are based upon the same type of properties in nearby areas, information on business performance and financial information obtained from Sri panwa Hotel, etc.

The DCF approach by the IFA This approach analyzes the historical operating performance and uses the results thereof to estimate SPWREIT's ability to generate revenues and cash flow in the future. The projection is made under the assumptions that have been established by basing on the historical data and past performance, as well as the enquiries with the hotel executives and the Fund Manager. These factors can reflect the future trend of operating income and expenses. However, any change in such factors that affect the said assumptions could cause the future performance to deviate from the IFA's projection and, thus, result in a relative change in the value of the assets.

From the above analysis, the fair value of the assets is in a range of THB 1,150.00 million – 1,367.46 million. However, the fair value of asset valuation based on revenue structure of SPWREIT, which can project real revenues and expenses of SPWREIT, is in a range of THB 1,239.00 million – 1,516.02 million. The acquisition price of not over THB 1,362.90 million falls within the said range. Therefore, the IFA is of the opinion that the acquisition price for this investment is reasonable.



Methodology 2 Feasibility test of the investment in the Additional Asset No. 1

In conducting the feasibility test of the investment in the Additional Asset No. 1, the IFA has evaluated the assets' future cash flow generating ability and then estimated the net present value ("NPV") of the future cash flow from the assets. If the NPV of the Additional Asset No. 1 is positive, the investment is considered worthwhile and is able to increase value to SPWREIT.

The IFA has prepared the cash flow projection of the investment in the Additional Asset No. 1 according to the existing Lease Term of 11 years and 8 months (December 1, 2016 - July 31, 2027) by basing on the same revenue and expense assumptions as the DCF approach under Methodology 1 and using WACC as a discount rate.

(Unit: THB million)

Particulars	11 Years 8 Months Projection Period
Present value of cash flow*	1,516.02
Additional Asset Investment	(1,362.90)
NPV of cash flow from the assets	153.12

From the above feasibility test of the investment in the Additional Asset No. 1 using a discount rate of 7.75% per year, the NPV of cash flow from the assets is equal to THB 153.12 million. In view of the positive NPV of the Additional Asset No. 1, the IFA accordingly deems that the price for this transaction of not over THB 1,362.90 million is reasonable.

### Methodology 3 Analysis of yields to unitholders after the investment in the Additional Asset No. 1

The IFA has evaluated the potential impacts on SPWREIT from the investment in the Additional Asset No. 1 at a price of not more than THB 1,362.90 million. After completion of the ownership transfer from CIR to SPWREIT, the number of units and number of rooms of the hotel will relatively change as follows:

Accommodation Type	Before Investment		Hotel Project Phase 2		After Investment	
	Total Number of Units	Total Number of Rooms	Total Number of Units	Total Number of Rooms	Total Number of Units	Total Number of Rooms
Pool Villa	38	53	-	-	38	53
Pool Suite	7	7	20	20	27	27
Penthouse	-	-	10	10	10	10
Villa X29	-	-	1	5	1	5
<b>Total</b>	<b>45</b>	<b>60</b>	<b>30</b>	<b>30</b>	<b>75</b>	<b>90</b>

In assessing the potential impacts on SPWREIT, the IFA has prepared a financial projection of SPWREIT over a period of 11 years and 8 months, to be consistent with the term of the Lease Agreement between SPWREIT and SPM. The said projection has been prepared in case SPWPF is converted into SPWREIT and invests in the Additional Asset No. 1.

The key assumptions used for preparing the financial projection of SPWREIT are as follows:

#### 1. Rental Income

Please refer to the calculation under the assumption for asset valuation based on revenue structure of SPWREIT as described in Item 8.1 above.

#### 2. Interest Income

Interest income is projected by using the interest rate of 0.5%, based on savings deposit rate of commercial banks.

#### 3. Expenses Relating to SPWREIT

Please refer to expenses relating to SPWREIT under the assumption for asset valuation based on revenue structure of SPWREIT as described in Item 8.2 above.

## 4. Other expenses relating to the conversion into SPWREIT

Expenses	Fee Rate
Application fee for approval of offering of trust units	THB 100,000
Fee for filing of registration statement for offering of trust units	0.01% of total offering value
SET listing fee	Waived
Transfer fee	0.01% of appraised property price or sale and purchase price, whichever is higher but not exceeding THB 100,000
Value added tax	Waived
Specific business tax	Waived
Stamp duty	Waived

## 5. Expenses on Asset Acquisition

Under the Sale and Purchase Agreement, SPWREIT agrees to be responsible for the ownership transfer fee of 2% of value of the Additional Asset No. 1 being acquired.

## 6. Interest Expenses

SPWREIT will seek funding for the asset investment in Sri panwa Hotel Phase 2 partially from borrowing from banks and/or financial institutions, which may include loans from SCB. Interest incurred on such borrowing is calculated based on the interest rate under the loan agreement signed by SPWREIT with SCB, with the average rate not exceeding MLR which currently stands at 6.275%, as at May 17, 2016.

According to the above information and assumptions, the rate of yields to the unitholders can be estimated in all three scenarios as follows:

	Scenario 1 SPWPF does not enter into the Conversion Transaction	Scenario 2 SPWPF enters into the Conversion Transaction	Scenario 3 SPWPF enters into the Conversion Transaction and the Additional Asset Investment
Yields to unitholders throughout the 11 years and 8 month-period	11.53%	11.13%	11.70%

If SPWPF enters into the Conversion Transaction and the investment in the Additional Asset No. 1, yields to the unitholders are estimated at 11.70%. The unitholders will receive a higher rate of yields in case of SPWPF's

entry into the Conversion Transaction and the investment in the Additional Asset No. 1 than in case SPWPF does not enter into the Conversion Transaction.

3.2 APPROPRIATENESS OF CONDITIONS FOR THE TRANSACTION

The meeting of the Investment Committee of SCBAM on June 16, 2016 set a major condition for the transaction that the investment in the Additional Asset No. 1 shall be contingent upon approval from the Extraordinary General Meeting of Unitholders of SPWPF No. 1/2016, to be held on August 10, 2016, and approval from the SEC. In this respect, the approval from such unitholders' meeting must be passed with affirmative votes of not less than three-fourths of the total votes of the unitholders who attend the meeting and have the right to vote, whereby the unitholders who have special interest in the transaction shall not be entitled to cast vote thereon.

The above condition is in line with the rules and regulations for good corporate governance and the relevant regulations of the SEC and aims at protecting interest of the existing unitholders of SPWPF.

4. CONCLUSION OF THE INDEPENDENT FINANCIAL ADVISOR'S OPINION ON THE ACQUISITION OF ASSETS OF SPWREIT AND TRANSACTION BETWEEN SPWREIT AND CONNECTED PERSONS OF THE REIT MANAGER

The IFA has determined reasonableness of price of the Additional Asset No. 1 and the connected transaction by different methodologies under the assumption that the Lease Agreement between SPWREIT and SPM will be extended 3 times, each time 3 years during the First Rent Period (11 years and 8 months) including past operating performance, information and documents obtained from the Company, and the interview with the management of SPWPF and concerned advisors.

Methodology 1 Determination of fair value of the Additional Asset No. 1

The IFA is of the opinion that the discounted cash flow approach by the independent appraisers and the discounted cash flow approach by the IFA are appropriate for valuation of the said assets. This is because the two approaches focus on the cash flow generating ability of the assets, using the assumptions that have been established by basing on the Lease Agreement actually signed with the Lessee, the historical data and past performance, and the enquiries with The Fund Manager.

From the valuation by the two approaches, the fair value of the assets is in a range of THB 1,239.00 million - 1,516.02 million. The transaction price of not over THB 1,362.90 million falls within the said range. Therefore, the IFA is of the opinion that the transaction price is reasonable.

Methodology 2 Feasibility test of the investment in the Additional Asset No. 1

The IFA has estimated the net present value (NPV) of future cash flow from the assets to conduct a feasibility test of the investment in the Additional Asset No. 1 at a price of not exceeding THB 1,362.90 million. From the cash flow projection of the investment in the Additional Asset No. 1 prepared by the IFA, the NPV of cash flow from the assets is equal to THB 153.12 million. In view of such positive NPV of the Additional Asset No. 1, the IFA accordingly deems that the price for this transaction of not over THB 1,362.90 million is reasonable.

Methodology 3 Analysis of yields to unitholders after the investment in the Additional Asset No. 1

The IFA has evaluated the potential impacts on SPWREIT from the investment in the Additional Asset No. 1, which will result in a change in yields to the unitholders. It has been found that, by entering into this transaction, yields on investment throughout a period of 11 years and 8 months will edge up from the original 11.53% per year to 11.70% per year.

From the determination of appropriateness of the transaction price by the three methodologies, which are Methodology 1 Determination of fair value of the Additional Asset No. 1, Methodology 2 Feasibility test of the investment in the Additional Asset No. 1, and Methodology 3 Analysis of yields to unitholders after the investment

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in the Additional Asset No. 1, the IFA could reach a conclusion that the transaction price of not exceeding THB 1,362.90 million and the rental income obtainable by SPWREIT throughout the First Rent Period of THB 1,205.37 million are appropriate.

## C. OPINION OF THE INDEPENDENT FINANCIAL ADVISOR ON THE CONNECTED TRANSACTION BETWEEN SPWREIT AND CONNECTED PERSON OF THE TRUSTEE

For the investment in the Additional Asset No. 1 of not more than THB 1,362.90 million, part of the sources of funds for the investment would be from loans from financial institutions of not over THB 714.60 million which may include the loan from Siam Commercial Bank Public Company Limited (SCB). SCBAM, as Trustee, will act on behalf of SPWREIT. Hence, the above transaction is deemed as a connected transaction between SPWREIT and the connected person of the Trustee and required approval with a resolution of the unitholders who attend the meeting and have the right to vote passed by a majority votes. However, this matter may fall within the meaning of the conflict of interest transaction of SPWREIT. Therefore, there must not be dissenting votes against the resolution of the unitholders' meeting in an amount exceeding one-fourth of the total number of investment units sold pursuant to the Connected Transaction Notifications. When counting votes exercised by all unitholders having voting rights, the votes of the unitholders with special interest in a particular agenda will not be counted. Details of the unitholders with special interest on the particular agenda will be as described in the invitation to the SPWPF unitholders' meeting which will be delivered to the unitholders for their consideration.

### 1. NATURE OF THE TRANSACTION

Funding sources to be used by SPWREIT for investment in the Additional Asset No. 1 of not more than THB 1,362.90 million will come from (1) an offering and allocating of additional trust units to the existing unitholders of SPWPF whose names appear in the unitholders register book through preferential public offering and public offering and/or (2) borrowing from banks and/or financial institutions, which may include loans from SCB. SPWREIT may have to enter into a loan security agreement with respect to such borrowing, which will include Additional Asset No. 1, comprising Hotel Project Phase 2 and Villa X29.

#### 1.1 TYPE AND SIZE OF THE TRANSACTION

Size of the transaction between SPWREIT and connected persons of the Trustee

SPWREIT will take on loan not exceeding 20% of the total asset value of SPWREIT (after the conversion and the investment in the Additional Asset No. 1) or approximately THB 714.60 million. This might include loan from SCB which is the major shareholder of SCBAM (Trustee), holding 100% of the total voting shares, whereas, SCBAM will act on behalf of SPWREIT to take the loan for investing in the Additional Asset No. 1, making this investment a connected transaction between SPWREIT and connected person of the Trustee.

By calculating the total value of the transaction under the Connected Transaction Notifications, the transaction size is equal to 32.35% of the NTA of SPWPF according to the reviewed financial statements as at March 31<sup>st</sup>, 2016. Details of the said calculation of the connected transaction value are as follows:

$$\begin{array}{rccccccc} \text{Connected transaction value} & = & \frac{\text{Loan Amount} \times 100}{\text{NTA of SPWREIT}} & = & \frac{714,600,000 \times 100}{2,208,755,000} & = & 32.35\% \end{array}$$

The transaction between SPWREIT and connected person of the Trustee

The borrowing with security for the Additional Asset No. 1 from a connected person of the Trustee is the transaction made between SPWREIT and connected person of the SPWREIT Manager and the Trustee, with transaction size higher than 3% of net asset value of SPWREIT. As such, SPWREIT is required to disclose information on such transaction to the SET and obtain approval from its unitholders' meeting with a majority vote of the unitholders who attend the meeting and have the right to vote. However, since the transaction may also be deemed as an act of a conflict of interest with SPWREIT; therefore, the resolution of the unitholders' meeting must not be passed with dissenting votes of more than one-fourth of the total investment units sold. In this regard, the votes of the unitholders who have a special interest in the transaction proposed for voting shall not be incorporated into the total votes of the unitholders who have the right to vote. Details of the unitholders who have a special interest in the transaction proposed for voting are as specified in the notice of the unitholders' meeting to be submitted to the unitholders for consideration.

#### 1.2 DATE OF THE TRANSACTION

The transaction will be entered into after approval has been obtained from the unitholders' meeting and the SEC for the matters relating to the Conversion Transaction and the investment in the Additional Asset No. 1, and also after SPWREIT has completed the issue and offering of trust units for the investment in the Additional Asset No. 1 and the counterparties have fulfilled the conditions precedent stipulated in the agreements relevant to the borrowing of SPWREIT.

#### 1.3 RELEVANT PARTIES AND NATURE OF RELATIONSHIP

Currently, the REIT manager is considering the terms and conditions on entering into loan agreements with financial institutions such as loan amount, interest rate, principal and interest repayment scheme and collaterals, etc. The borrowing will be made by taking into account the best interest of unitholders.

If SPWREIT decides to borrow from SCB, the transaction is deemed as a connected transaction between SPWREIT and the connected person of the Trustee, with details are as follows:

Lender: Siam Commercial Bank Public Company Limited (SCB)

Borrower / Employer: SCB Asset Management Company Limited (SCBAM) as the Trustee, act on behave of Sri panwa Hotel Real Estate Investment Trust (SPWREIT)



Nature of Their Relationship: SCB is a major shareholder of SCBAM, holds 100% of the total voting shares of SCBAM as at March 31<sup>st</sup>, 2016.

#### 1.4 SUMMARY OF LOAN AGREEMENT

Lender	Siam Commercial Bank Plc.
Borrower	The Trustee acting on behalf of SPWREIT
Loan amount	Not exceeding 20% of total assets of SPWREIT
Interest rate	Not over MLR throughout the loan agreement term (MLR: Minimum loan rate refers to interest rate charged by Siam Commercial Bank Plc. from prime customers.)
Agreement term	Principal repayment period of [5] years with a grace period of [5] years
Principal repayment	The principal shall be repaid in full amount as of the expiry date of the loan agreement and/or in partial amount before the expiry date as to be specified in the loan agreement. The Company may consider refinancing the loan in whole or in part based on factors such as terms and conditions in the loan agreement, interest rate, financial status and cash flow position of SPWREIT so as to ensure the utmost benefit for SPWREIT and the unitholders.
Interest payment	On a quarterly basis
Loan security	Sri panwa Hotel Project for Additional Asset No. 1, comprising Hotel Project Phase 2 and Villa X29

SPWREIT has also been offered terms and conditions for borrowing from another financial institution (“2<sup>nd</sup> Financial Institution”), with loan amount of not more than THB 400 million at interest rate not exceeding MLR.

Even though 2<sup>nd</sup> Financial Institution has offered the interest rate not exceeding MLR, which might slightly lower than SCB’s, such loan amount may not be sufficient for the investment in the Additional Asset No. 1. SPWREIT may propose 2<sup>nd</sup> Financial Institution for more loan amount. However, if such loan amount cannot be increased, SPWREIT will choose to borrow from SCB.

The terms and conditions for loans proposed by SCB and 2<sup>nd</sup> Financial Institution are only a tentative offer and are subject to change according to the approval of their respective board of directors.

## 2. REASONABLENESS OF THE CONNECTED TRANSACTION

### 2.1 OBJECTIVE AND NECESSITY OF THE TRANSACTION

The objective of fund raising by SPWREIT is to invest in immovable properties and seek benefits from such properties in the form of granting of leases and manage benefits relating to such leases, as well as renovate, modify, develop and/or dispose of the properties invested or acquired by SPWREIT or take any other actions for the benefit of the properties in order to generate income and returns for SPWREIT and its unitholders.

The maximum value of the Additional Asset No. 1 is not exceeding THB 1,362.90 million. Funding sources to be used by SPWREIT for investment in the Additional Asset No. 1 will come from (1) an offering and allocating of additional trust units to the existing unitholders of SPWPF whose names appear in the unitholders register book through preferential public offering and public offering and/or (2) borrowing from banks and/or financial institutions, which may include loans from SCB of not more than 20% of the total asset value of SPWREIT (after the conversion and the investment in the Additional Asset No. 1) or approximately THB 714.60 million.

### 2.2 ADVANTAGES OF ENTRY INTO THE TRANSACTION WITH CONNECTED PERSON OF THE TRUSTEE:

#### Advantages of Entry into the Transaction with Connected Person of the Trustee:

#### 1) Smooth negotiation regarding the transaction

As the Trustee will act on behalf of SPWREIT, the negotiation regarding the entry into transaction with connected person of the Trustee will be conducted smoothly and will be in favor of both parties.

#### 2) Availability of loans to cover the Additional Asset No. 1

SPWREIT will be granted credit facilities from SCB in an amount not exceeding 20% of the total asset value of SPWREIT (after the conversion and the investment in the Additional Asset No. 1) or approximately THB 714.60 million, which is aligned with its capital structure after investment in the Additional Asset No. 1.

#### Disadvantages of Entry into the Transaction with Connected Person of the Trustee:

#### 1) Doubt raised from entry into the transaction with connected person of the Trustee

Entry into the transaction with the Trustee's connected person, which is the major shareholder of the Trustee, may raise doubt among stakeholders of SPWREIT, particularly about the terms and conditions of loans.

There could be concern as to whether negotiation with the Trustee's connected person, which operates both lending and financial advisory units, will be made with best effort similar to a transaction with unconnected person. It is likely that the Trustee's connected person may not offer better terms and conditions than those

received from a third party that has no conflict of interest, which will affect benefits obtainable by SPWREIT's stakeholders, especially its unitholders.

However, the entry into this transaction will be thoroughly screened and reviewed by the Company and the Investment Committee of SPWPF before the approval thereof is given.

### 2.3 RISK OF ENTRY INTO TRANSACTION WITH CONNECTED PERSON OF THE TRUSTEE

#### 1) Risk incidental to a conflict of interest

SCBAM, as the Trustee, has duty to supervise and ensure that the SPWREIT Manager undertakes business operation, raises loans for SPWREIT, incurs any obligations upon properties of SPWREIT, and conducts all activities on behalf of SPWREIT in compliance with the SPWREIT Establishment Agreement and the applicable laws. Meanwhile, SCBAM is a 100% owned subsidiary of SCB.

Given that SPWREIT borrows loans from SCB to finance the Additional Asset No. 1 and there is a conflict between SPWREIT and such creditor in the future, SCBAM will then have a conflict of interest with SCB.

Nonetheless, the Trustee must perform its duty with integrity and due care under good professional practices for the utmost benefit of the unitholders as a whole in order to conform to the SPWREIT Establishment Agreement and the applicable laws. At the same time, SCB, as a SET-listed company, is duty-bound to comply with rules and regulations of the SET and the SEC and to publicly disclose information on the connected transactions so as to ensure transparency in all transactions. As such, there is a low risk involved with a conflict of interest.

### 3. APPROPRIATENESS OF CONDITIONS FOR THE TRANSACTION

In case a transaction is entered into between SPWREIT and connected person of the Trustee, SPWREIT will proceed with the following actions:

- 1) Disclose information on such transaction through the SET or any other channels that extensively allow the unitholders to access such information.
- 2) Disclose the information within a reasonable period of not less than 14 days.
- 3) Clearly notify the channels, procedures and period for objection, whereby such objection period must not be less than 14 days, except where approval is sought from the unitholders for such transaction in which case the objection shall be made on any such occasion.

In case there are unitholders clearly expressing their objection according to the procedures indicated in 3) above in the amount exceeding one-fourth of the total trust units sold, the Trustee may neither conduct, nor consent to, the transaction that is in conflict of interest with SPWREIT.

The meeting of the Investment Committee of SCBAM on July 16, 2016 set a major condition that the entry into borrowing transaction with security for the investment in the Additional Asset No. 1 with connected person of the Trustee shall be contingent upon approval from the Extraordinary General Meeting of Unitholders of SPWPF No. 1/2016, to be held on August 10, 2016. In this regard, SPWPF must obtain approval from such unitholders' meeting with a majority vote of the unitholders who attend the meeting and have the right to vote. However, since the transaction may also be deemed as an act of a conflict of interest with SPWREIT; therefore, the resolution of the unitholders' meeting must not be passed with dissenting votes of more than one-fourth of the total investment units sold. Moreover, the votes of the unitholders who have a special interest in the transaction proposed for voting shall not be incorporated into the total votes of the unitholders who have the right to vote.

The above condition is in line with the SPWREIT Establishment Agreement, pursuant to the SEC Notification No. SorRor. 27/2557 Re: Regulations relating to Conflict of Interest with Real Estate Investment Trust, and the rules and regulations for good corporate governance and aims at protecting interest of the existing unitholders of SPWPF.

4. CONCLUSION OF THE INDEPENDENT FINANCIAL ADVISOR'S OPINION ON THE CONNECTED TRANSACTION BETWEEN SPWREIT AND CONNECTED PERSON OF THE TRUSTEE

The IFA has determined appropriateness of the borrowing with security for the investment in the Additional Asset No. 1 that might be a transaction done with SCB which is deemed as a connected person of the Trustee. The IFA is of the opinion that such transaction is reasonable if the terms and conditions on loans, interest rate, terms of principal and interest payment, and loan security are concluded on an arm's-length basis and will not cause SPWREIT to lose any benefits. Moreover, those terms and conditions are comparable with the regular terms and conditions offered by the lender to its other prime customers with a similar type and risk exposure and in a similar industry.

Taking into account yields to the unitholders based on the loan conditions expected from SCB, it is found that yields to the unitholders throughout a period of 11 years and 8 months will edge up from the original 11.53% per year to 11.70% per year. However, if SPWREIT is offered better terms and conditions from other financial institution, the SPWREIT Manager will then consider entering into the transaction with such financial institution in order to maintain the unitholders' interest.

## CONCLUSION OF THE INDEPENDENT FINANCIAL ADVISOR'S OPINION

Conclusion of the IFA's opinion on the conversion of the property fund into a real estate investment trust, the acquisition of assets of SPWREIT and the transactions between SPWREIT and connected persons of the SPWREIT Manager and the Trustee

The IFA is of the opinion that the conversion of SPWPF into SPWREIT is reasonable and beneficial to the unitholders, taking into account the objective and necessity of the conversion into a REIT in order to invest in Sri panwa Hotel Project for Additional Asset No. 1. Such investment will be made only after completion of the conversion.

Although the conversion will cause tax effects on SPWREIT and its unitholders, but in the long run it will be beneficial to them in various aspects, particularly in the enhancement of capability for real estate investment expansion. This is because SPWREIT will have more flexibility in asset investment with a higher leverage limit and will be able to achieve the objective of investment in the Additional Asset No. 1 which consist of Hotel Project Phase 2 and Villa X29.

As for the acquisition of assets of SPWREIT, the IFA deems that the entry into such transaction is reasonable since it is in line with the investment policy and objective of establishment of SPWREIT. Moreover, the Additional Asset No. 1 are in a strategic location in the same compound as Sri panwa Hotel, thus allowing cross services between them with an ability to accommodate a growing number of customers from Sri panwa Hotel Project, broaden the target groups, and eradicate the conflict of interest in the project management. The investment in the Additional Asset No. 1 will also help generate long-term income in the future and reduce unit cost, enabling SPWREIT to earn higher net investment income.

The entry into transaction with CIR, which is deemed a connected person since it is 1) the seller of properties to SPWREIT, 2) a holder of SPWREIT units, and 3) a major shareholder of SPM which is the Property Manager of SPWREIT, and the leasing of the Additional Asset No. 1 to SPM, which is a connected person, are considered reasonable. This is because CIR has expertise and experience in managing properties of various types, hence ensuring that the Additional Asset No. 1 will be managed continuously and efficiently. Besides, SPWREIT (as SPWPF before the conversion) has had experience in working with SPM in the initial investment in hotel and serviced apartment by leasing these properties to SPM, thus leading to uninterrupted coordination in business operation. As a result, in the entry into such connected transaction, the amount of time and resources used for the due diligence review will be lowered. Furthermore, the terms and conditions in all draft agreements relating to the transaction are in favor of SPWREIT. For instance, according to the draft Sale and Purchase Agreement on Immovable Properties to be signed with CIR, CIR agrees to be responsible for tax and duty and any other expenses relating to the registration of transfer of ownership and/or possessory right over the properties being sold, including any other expenses relating to the sale and purchase of properties under the Sale and Purchase Agreement. Moreover, under the Undertaking Agreement between CIR and SPWREIT, CIR agrees to render assistance, especially financial support, to SPM in case where SPM lacks financial liquidity or earns insufficient income from the business operation of Hotel Project Phase 2 and Villa X29 to pay for the operating costs and expenses.

The IFA has determined reasonableness of price of the Additional Asset No. 1 and the connected transaction by different methodologies under the assumption that the Lease Agreement between SPWREIT and SPM will be extended 3 times, each time 3 years during the First Rent Period (11 years and 8 months) including past operating performance, information and documents obtained from the Company, and the interview with the management of SPWPF and concerned advisors.

Methodology 1 Determination of fair value of the Additional Asset No. 1

The IFA is of the opinion that the discounted cash flow approach by the independent appraisers and the discounted cash flow approach by the IFA are appropriate for valuation of the said assets. This is because the two approaches focus on the cash flow generating ability of the assets, using the assumptions that have been established by basing on the Lease Agreement actually signed with the Lessee, the historical data and past performance, and the enquiries with The Fund Manager.

From the valuation by the two approaches, the fair value of the assets is in a range of THB 1,239.00 million - 1,516.02 million. The transaction price of not over THB 1,362.90 million falls within the said range. Therefore, the IFA is of the opinion that the transaction price is reasonable.

Methodology 2 Feasibility test of the investment in the Additional Asset No. 1

The IFA has estimated the net present value (NPV) of future cash flow from the assets to conduct a feasibility test of the investment in the Additional Asset No. 1 at a price of not exceeding THB 1,362.90 million. From the cash flow projection of the investment in the Additional Asset No. 1 prepared by the IFA, the NPV of cash flow from the assets is equal to THB 153.12 million. In view of such positive NPV of the Additional Asset No. 1, the IFA accordingly deems that the price for this transaction of not over THB 1,362.90 million is reasonable.

Methodology 3 Analysis of yields to unitholders after the investment in the Additional Asset No. 1

The IFA has evaluated the potential impacts on SPWREIT from the investment in the Additional Asset No. 1, which will result in a change in yields to the unitholders. It has been found that, by entering into this transaction, yields on investment throughout a period of 11 years and 8 months will edge up from the original 11.53% per year to 11.70% per year.

From the determination of appropriateness of the transaction price by the three methodologies, which are Methodology 1 Determination of fair value of the Additional Asset No. 1, Methodology 2 Feasibility test of the investment in the Additional Asset No. 1, and Methodology 3 Analysis of yields to unitholders after the investment in the Additional Asset No. 1, the IFA could reach a conclusion that the transaction price of not exceeding THB 1,362.90 million and the rental income obtainable by SPWREIT throughout the First Rent Period of THB 1,205.37 million are appropriate.

For the investment in the Additional Asset No. 1 with investment value of not exceeding THB 1,362.90 million, SPWREIT will seek funding sources partly from borrowing in the amount of not more than 20% of the total asset value of SPWREIT (after the conversion and the investment in the Additional Asset No. 1) or not over THB 714.60 million. This may include loans from SCB, whereby SCBAM will act on behalf of SPWREIT as the Trustee. As such, this is considered a connected transaction between SPWREIT and connected person of the Trustee.

According to the determination of appropriateness of the entry into such connected transaction with the Trustee, the IFA is of the opinion that the transaction is reasonable if the terms and conditions on loans, interest rate, terms of principal and interest payment, and loan security are concluded on an arm's-length basis and will not cause SPWREIT to lose any benefits. Those terms and conditions are comparable with the regular terms and conditions offered by the lender to its other prime customers with a similar type and risk exposure and in a similar industry.

Taking into account yields to the unitholders based on the loan conditions expected from SCB, it is found that yields to the unitholders throughout a period of 11 years and 8 months will edge up from the original 11.53% per year to 11.70% per year. However, if SPWREIT is offered better terms and conditions from other financial institution, the SPWREIT Manager will then consider entering into the transaction with such financial institution in order to maintain the unitholders' interest.

Therefore, the unitholders should approve the transactions in the conversion of SPWPF into SPWREIT, the acquisition of assets and the transactions between SPWREIT and connected persons of the SPWREIT Manager and the Trustee. However, the decision as to vote in favor of the said transactions depends principally on the unitholders' individual judgment. The unitholders are recommended to additionally study the information in all documents enclosed with the notice of the unitholders' meeting so as to use your judgment and discretion for proper voting decision.

Baker Tilly Corporate Advisory Services (Thailand) Ltd., as the IFA, hereby certifies that we have considered and analyzed all information and rendered opinion fairly and thoroughly under professional standards by paying attention primarily to the interest of the unitholders.

In providing the above opinion, the IFA has taken into account the information and documents available publicly, the information from industry analyses and forecasts, the information and documents supplied by the Company and SPWPF, including interviews with the management of the Company and SPWPF. The IFA may not certify the accuracy



or completeness of the information obtained from the Company and SPWPF and the information from interviews with the management of the Company and SPWPF. Moreover, the opinion hereby proposed to the unitholders is given regarding reasonableness of the conversion of the property fund into a real estate investment trust, the Additional Asset Investment and the transactions between SPWREIT and connected persons of the SPWREIT Manager and the Trustee only. Such opinion is based on the economic environment and the information prevailing at the time of preparing this report. Therefore, any significant change in these factors could have an impact on the IFA's opinion.

Yours sincerely,

(Mr. Yanyong Tantiviramanon)

Senior Partner

Compliance Supervisor

Baker Tilly Corporate Advisory Services (Thailand) Limited

## Annex 1: Information on Sri panwa Hotel Property Fund

### 1. Background and General Information

Sri panwa Hotel Property Fund (“SPWPF”) is a closed-end specific property fund without a defined maturity. Established on July 15, 2013, SPWPF has a total registered capital, fully paid up by unitholders, of THB 2,001.83 million (200,183,000 units of THB 10.00 each). Its investment units were approved by the Stock Exchange of Thailand (“SET”) to be listed on the SET and to commence trading as from August 8, 2013.

SPWPF has the objective to raise funds from general investors and use proceeds from such fund raising for purchase, lease and/or sub-lease of immovable properties. SPWPF accepts a transfer of ownership and/or leasehold rights and/or sub-leasehold rights over the immovable properties and seeks benefits from such properties in the form of granting of leases or sub-leases, transfer and/or disposal of immovable properties which SPWPF has invested in or acquired. SPWPF also renovates, modifies, constructs and/or develops immovable properties by accepting a transfer of construction permits and/or applying for other permits and/or taking any other relevant and necessary actions for the benefit of SPWPF and its unitholders. In addition, SPWPF invests in other properties and/or securities and/or generates returns by any other means as allowed by the securities laws and/or any other applicable laws.

SPWPF made the initial investment in Sri panwa Hotel Project on August 1, 2013 in a total amount of THB 1,981.62 million, by investing in the ownership rights over land, buildings and structures and purchasing furniture, tools and equipment for all systems of the hotel and serviced apartment relating to this project.

## 2. Unitholder Structure

SPWPF's major unitholders are as follows:

No.	Major Unitholders	No. of Shares (Shares)	Proportion (%)
1	Social Security Office	42,095,400	21.03
2	Charm Issara Residence Co., Ltd.	40,813,300	20.39
3	Charm Issara Development Plc.	20,018,300	10.00
4	Miss Chaliya Phanupong	2,418,100	1.21
5	One Property Plus Dividend Fund	2,027,900	1.01
6	Mr. Suthichai Sindhavanuchit	1,040,600	0.52
7	Mrs. Chedi Cholsaranon	1,000,000	0.50
8	Mrs. Jairak Sanitwong Na Ayudhya	1,000,000	0.50
9	Mrs. Wilaiwan Chatamornwong	1,000,000	0.50
10	Mrs. Surang Suttijitranon	1,000,000	0.50
11	Minority shareholders	87,769,400	43.84
	<b>Total</b>	<b>200,183,000</b>	<b>100.00</b>

Source: Data as of February 9, 2016 (the latest closing date of unitholders register book), Stock Exchange of Thailand

### 3. Management Structure

#### Management Company

Name, address, company registration number, telephone and fax number, and website of the Management Company:

Name	SCB Asset Management Company
Address	Fl. 7-8, SCB Park Plaza 1 No. 18 Ratchadaphisek Road, Chatuchak Sub-district, Chatuchak District, Bangkok 10900
Company registration number	0105535048198
Telephone no.	0-2949-1500
Fax no.	0-2949-1501
Website	<a href="http://www.scbam.com">http://www.scbam.com</a>

#### Board of Directors as at May 31, 2016

No.	Name	Position
1	Mr. Anucha Laokwansatit	Chairman
2	Mr. Smith Banomyong	Chief Executive Officer
3	Miss Ellen Nora Ryan	Director
4	Mr. Chalitti Nuangchamnong	Director
5	Miss Waritput Tanawigai	Director
6	Mrs. Apiphan Charoenanusorn	Director and Audit Committee Member
7	Miss Saranya Vajakul	Director and Audit Committee Member

## Management team as at May 31, 2016

No.	Name	Position
1	Mr. Smith Banomyong	Chief Executive Officer
2	Mr. Narongsak Plodmechai	Managing Director and Chief Investment Officer
3	Mrs. Nunmanus Piamthipmanus	Executive Vice President, International Investment & Product Strategy Group
4	Miss Jarupat Tonglongya	Executive Vice President, Equity Investment Group
5	Miss Pinkeo Saikeo	Executive Vice President, Provident Fund Business Group
6	Mrs. Pinsuda Phuwiphadawat	Executive Vice President, Strategy & Planning Group
7	Mrs. Tipaphan Puttarawigorm	Senior Vice President, Property & Infrastructure Investment Group
8	Miss Varisa Labanukrom	Senior Vice President, Private & Institutional Business Group
9	Miss Amornmarn Ampornpisit	Senior Vice President, Agents Business Group
10	Miss Somjai Rojnertchanya	Senior Vice President, Accounting & Operation Group

## Managers of SPWPF as at May 31, 2016

- 1) Mr. Smith Banomyong
- 2) Mrs. Tipaphan Puttarawigorm<sup>1</sup>
- 3) Miss Pijitra Trairatanathada
- 4) Miss Wannaphat Nomklom
- 5) Miss Ornanong Chaithong

Remark: <sup>1</sup> Miss Tipaphan Puttarawigorm is the manager of Property & Infrastructure Investment Group, which is not directly be the manager of SPWPF

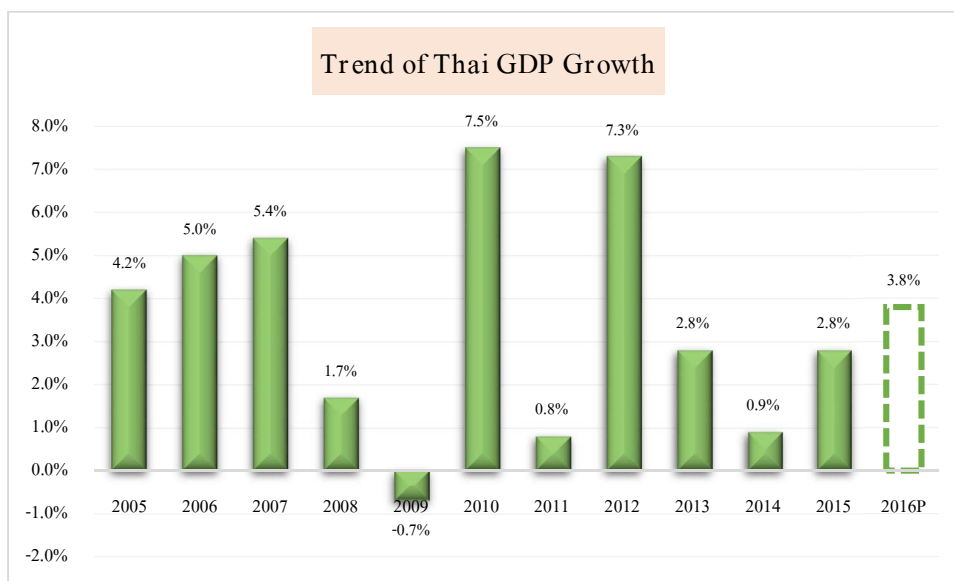
Source: SCBAM website

#### 4. Economic and Industry Overview

##### 4.1 Economic Situation

Thai economy grew by 2.8% in 2015, versus 0.8% in 2014. Spending was driven by faster growth in public sector investments and household and government expenditures and also by recovery of private sector investments. Meanwhile, exports declined and hindered the economic expansion. On the production side, construction witnessed strong growth, whereas hotels, restaurants and other service sectors expanded at a favorable rate. Industrial sector saw ongoing growth, while agriculture was hit by drought.

For the 2016 outlook, Thai GDP is forecast to grow at a faster pace of 2.8% – 3.8%. Factors contributing to such growth include (1) acceleration of government sector’s spending and investments; (2) economic stimulus measures additionally introduced by the government during September 2015 – January 2016; (3) the Baht weakening which will help shore up export value in THB terms and, thus, improve entrepreneurs’ income and liquidity; (4) oil prices which are anticipated to stay at a low level and help underpin economic recovery; and (5) steady growth in tourism. Exports are expected to grow by 1.2% in value. Household consumption and investments will expand by 2.7% and 4.9% respectively. Headline inflation is predicted in a range of (-0.1)% – 0.9% and current account surplus is forecast at 8.2% of GDP.



Source: Office of the National Economic and Social Development Board

#### 4.2 Thai Tourism Industry

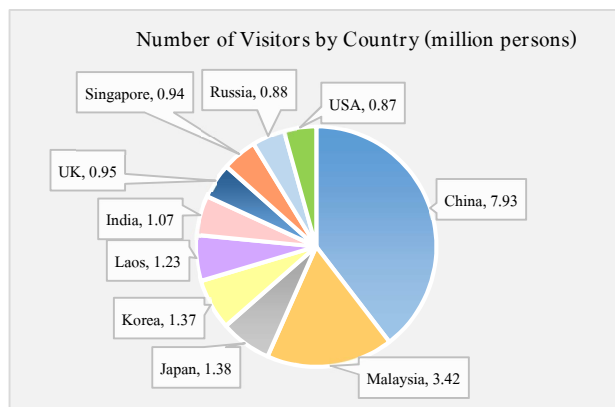
In 2015, number of international visitors recovered from a year earlier and yet could grow dramatically by 20.4% to 29,881,091 persons, a rebound from the preceding year’s contraction of 6.5% which stemmed from the country’s political turbulence and the shrinkage in number of Russian tourists due to their economic problems. In 2015, a more peaceful atmosphere,



the government-initiated Discover Thainess project and growth of budget airlines helped to kick-start Thai tourism recovery within a short period of time. Better still, the tourism sector could expand healthily although it was threatened by certain factors at home and abroad, including the earthquakes in Nepal, the MERS virus outbreak in Korea, the bombing at Ratchaprasong intersection, and the Paris terrorist attacks. Despite these occasional disruptions, Thai tourism in overall could continue to grow in the whole year of 2015.

The recovery from turbulent times in 2014 was key to the robust growth in international tourist arrivals in Thailand in 2015. In particular, number of Chinese visitors, which had an influence on the size and trend of growth of East Asian tourists throughout the past year, surged by more than 71%. Number of visitors from American continent also expanded continually, due to growth in tourist figures from almost all countries, especially the US which was the main market and grew by as much as 13%. Likewise, South Asian tourists increased constantly as a result of growth in both the primary and the secondary markets. However, European visitors shrank by about 8.7%, caused by a sharp drop of 44% in Russian tourists due to economic woes in Russia. As such, the proportion of Russian tourists diminished from 6% in 2014 to only around 3% in 2015. Growth of visitors from other parts such as Middle East, Oceania and Africa was volatile, ascribed to various factors including tourist base adjustment from the preceding year, domestic economic condition, and cheaper prices of overseas tourist destinations.

Tourism revenue reached THB 1.45 trillion in 2015. Ranking top was revenue from visitors from East Asia, accounting for THB 0.76 trillion, followed by Europe, America, Oceania, South Asia, Middle East and Africa, respectively. Based on a year-on-year comparison, the revenue rose by 23.4%, contributed by revenue growth from almost all regions, except for Europe from which the tourism revenue contracted in tandem with the declining number of Russian visitors.

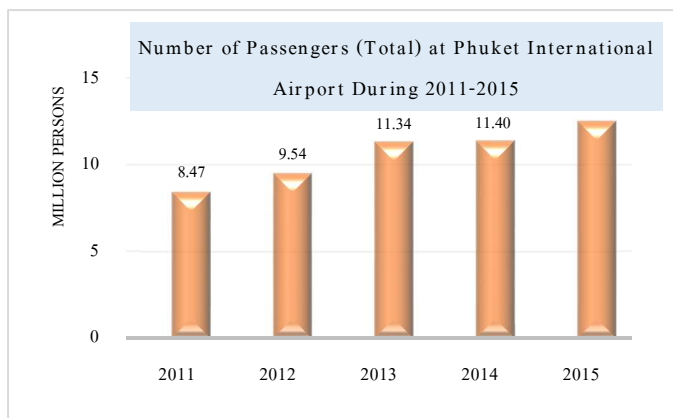


For the 2016 outlook, Thai tourism industry is expected to grow continuously from late last year, helped by an increase in number of visitors from almost all regions especially Europe which will likely recover. Number of tourist

arrivals from China, the main market, will continue to grow as well. It is predicted that Thai tourism will grow by 10% – 12% in 2016.

Source: Department of Tourism, Ministry of Tourism and Sports

#### 4.3 Tourism Industry in Phuket



Phuket is one of the top travel destinations that is popular with both Thai and international visitors. Its outstanding marine tourist attractions, arts and culture, and yearly traditional events, including convenient transportation, could draw a massive number of travelers.

In 2015, Phuket tourism expanded remarkably, spurred by Chinese visitors travelling directly via low-cost airlines from Don Mueang

International Airport. There were 44 airlines offering regular services at Phuket International Airport, with a total of approximately 82,000 departure and arrival flights, which increased by 10.1%. Of such total, 43,316 were international flights, both regular and chartered services, which grew by 7.3%, and 38,684 were domestic flights, rising 13.4%. Number of passengers totaled 12,538,042 persons, an increase of 11.2%, comprising 6,848,457 international passengers, up by 7.3%, and 5,689,585 local passengers, up by 16.3%.

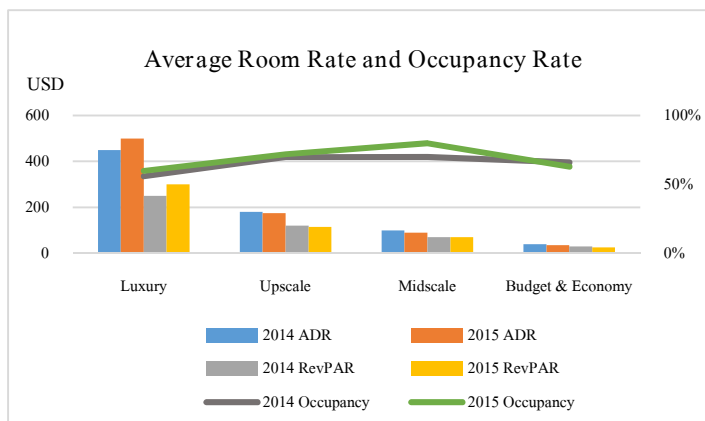
To cope with passenger growth, Phuket International Airport plans to boost its capacity to cater to 12.5 million travelers a year (divided into 5 million international passengers and 7.5 million domestic passengers) which could accommodate passengers and air traffic volumes until 2018, with an estimated investment cost of THB 5,791.12 million (such amount has been approved by the Cabinet and is inclusive of 10% contingency and 7% VAT). Construction is currently underway and is expected to be completed by 2017.

Source: Airports of Thailand Plc.



#### 4.4 Hotel Industry in Phuket

Hotel business in Phuket continues to expand. Throughout 2016, new hotels will be completely constructed, thereby offering an additional 1,778 guestrooms to the market. As room demand is anticipated to grow in tandem with supply, the market therefore remains promising. Currently a total of approximately 49,645 guestrooms are offered by hotels and resorts in Phuket.



Average room rate of hotels in Phuket in 2015 declined from 2014, except for luxury hotels whose average room rate edged up to around USD 500 in 2015. At the same time, the occupancy rate of hotels and resorts grew from 2014, with midscale hotels recording the highest occupancy rate of about 80%. Luxury hotels’ and upscale hotels’ occupancy rate stood at around 60% and 72% respectively.

Source: C9 Hotelworks Market Research

The internal political unrest and the Ratchaprasong terrorist attack that took place in 2014 and 2015 did not have as much adverse impact on Phuket tourism as earlier predicted by many parties. The reasons why Phuket could ride out such crisis were that the turmoil occurred in Bangkok and that Phuket has its own airport to accommodate visitors who flew directly from either domestic or overseas destinations without a stop in Bangkok, which at the time was deemed as a center of unrest.

In 2016, Phuket tourism will likely to expand in the wake of a calmer political situation, which is expected to help winning a greater number of international visitors back to Thailand’s major tourist destinations, including Phuket, despite the consistent decline in number of Russian tourists, one of the main target visitors, due to the weakening of the Russian Ruble.

Source: Jones Lang LaSalle’s report

#### 4.5 Competitors

At present, there are 766 licensed hotel operators in Phuket, offering a total of 49,645 guestrooms. Between 2016 and 2019, as many as 30 new hotel projects will be launched, with 5,216 rooms, mainly sited at Chalong Beach, downtown Phuket area, Kamala Beach and Bang Thao Beach.

Source: Hotelworks’s report

### SPWPF's Financial Position Reports

Reports consist of statement of financial position, statement of income, and statement of cash flow, including a financial ratio table, for the period as at December 31, 2014 and December 31, 2015, duly audited by a certified public accountant and statement of financial position and statement of income as at March 31, 2016.

#### 1. Statement of financial position as at December 31, 2014, December 31, 2015 and March 31, 2016

(Unit : Thousand THB)

Items	Dec 31, 2014	As % of Total Assets	Dec 31, 2015	As % of Total Assets	Change		Mar 31, 2016
					Amount	%	
<b>Assets</b>							
Investment in immovable properties at fair value (cost as at Mar 31, 16: THB 1,982 million; cost as at Dec 31, 15: THB 1,982 million; cost as at Dec 31, 14: THB 1,982 million)	2,048,772	95.3	2,136,000	96.5	87,228	4.1	2,149,000
Investment in securities at fair value (cost as at Mar 31, 16: THB 2 million; cost as at Dec 31, 15: THB 4 million; cost as at Dec 31, 14: THB 15 million)	15,367	0.7	4,032	0.2	(11,335)	(281.1)	2,049
Cash and deposits at banks	2,568	0.1	15,720	0.7	13,152	83.7	17,502
Accrued rental revenues	23,228	1.1	-	0.0	(23,228)	N/A	-
Accounts receivable							
- From rentals	42,280	2.0	42,280	1.9	-	-	25,670
- From interest	4	0.0	5	0.0	1	15.5	22
Deferred rental registration fees	17,432	0.8	16,150	0.7	(1,282)	(7.9)	15,831
Other assets	53	0.0	53	0.0	0	0.3	26
<b>Total assets</b>	<b>2,149,704</b>	<b>100.0</b>	<b>2,214,240</b>	<b>100.0</b>	<b>64,536</b>	<b>2.9</b>	<b>2,210,100</b>
<b>Liabilities</b>							
Accrued expenses	1,267	0.1	1,242	0.1	(26)	(2.1)	1,345
<b>Total liabilities</b>	<b>1,267</b>	<b>0.1</b>	<b>1,242</b>	<b>0.1</b>	<b>(26)</b>	<b>(2.1)</b>	<b>1,345</b>
<b>Net assets</b>							
Registered capital							
200,183,000 investment units of THB 10 each	2,001,830	93.1	2,001,830	90.4	-	-	2,001,830
Capital paid up by unitholders							
200,183,000 investment units of THB 10 each	2,001,830	93.1	2,001,830	90.4	-	-	2,001,830
Retained earnings	146,607	6.8	211,168	9.5	64,562	30.6	211,168
<b>Net assets</b>	<b>2,148,437</b>	<b>99.9</b>	<b>2,212,998</b>	<b>99.9</b>	<b>64,562</b>	<b>2.9</b>	<b>2,208,755</b>

2. Statement of income for the period of January 1, 2014 – December 31, 2014 and January 1, 2015 – December 31, 2015 and January 1, 2016 – March 31, 2016

(Unit : Thousand THB)

Items	2014	As % of Revenues	2015	As % of Revenues	2016 (Jan – Mar)	As % of Revenues
Revenues from investments						
Rental revenues	174,902	99.8	174,902	99.9	43,127	99.9
Interest income	376	0.2	223	0.1	32	0.1
Other revenues	18	0.0	-	-	-	-
<b>Total revenues</b>	<b>175,297</b>	<b>100.0</b>	<b>175,125</b>	<b>100.0</b>	<b>43,159</b>	<b>100.0</b>
Expenses						
Management fee	7,813	4.5	8,150	4.7	2,061	4.8
Trustee fee	625	0.4	652	0.4	165	0.4
Registrar fee	731	0.4	699	0.4	177	0.4
Audit fee	335	0.2	350	0.2	90	0.2
Project operation expenses	2,444	1.4	2,109	1.2	527	1.2
<b>Total expenses</b>	<b>11,949</b>	<b>6.8</b>	<b>11,960</b>	<b>6.8</b>	<b>3,020</b>	<b>7.0</b>
<b>Revenues from investments-net</b>	<b>163,348</b>	<b>93.2</b>	<b>163,166</b>	<b>93.2</b>	<b>40,139</b>	<b>93.0</b>
Net profit from investments						
Realized net profit from investment in securities	55	0.0	61	0.0	23	0.1
Unrealized net profit (loss) from investment in securities	(16)	(0.0)	4	0.0	(6)	(0.0)
Unrealized net profit from investment in immovable properties	50,772	29.0	40,098	23.0	12,153	28.2
<b>Total realized and unrealized net profit from investments</b>	<b>50,811</b>	<b>29.0</b>	<b>40,163</b>	<b>23.0</b>	<b>12,170</b>	<b>28.2</b>
<b>Increase in net operating assets</b>	<b>214,160</b>	<b>122.2</b>	<b>203,328</b>	<b>116.1</b>	<b>52,309</b>	<b>121.2</b>

## 3. Statement of cash flow for the year ended December 31, 2014 and December 31, 2015

(Unit: Thousand THB)

Items	Dec 31, 2014	Dec 31, 2015
Cash flow from operating activities		
Increase in net operating assets	214,160	203,328
Adjustments to reconcile increase in net operating assets to net cash provided by (used in) operating activities:		
Purchase of investment in securities	(131,700)	(66,700)
Sale of investment in securities	128,400	78,100
Increase in accrued rental revenues	(23,228)	(23,902)
(Increase) Decrease in accounts receivable from interest	35	(1)
Decrease in deferred rental registration fees	1,284	1,282
(Increase) Decrease in other assets	275	(0)
Increase (Decrease) in accrued expenses	231	(26)
Decrease in other liabilities	(675)	-
Realized net profit from investment in securities	(55)	(61)
Unrealized net (profit) loss from investment in securities	16	(4)
Unrealized net profit from investment in immovable properties	(50,772)	(40,098)
<b>Net cash provided by operating activities</b>	<b>137,969</b>	<b>151,919</b>
Cash flow from financing activities		
Sharing of equity to unitholders	(153,020)	(138,767)
<b>Net cash used in financing activities</b>	<b>(153,020)</b>	<b>(138,767)</b>
<b>Net increase (decrease) in cash and deposits at banks</b>	<b>(15,051)</b>	<b>13,152</b>
Cash and deposits at banks at beginning of year	17,618	2,568
<b>Cash and deposits at banks at end of year</b>	<b>2,568</b>	<b>15,720</b>

## 4. Key financial ratios for the period from July 30, 2013 (SPWPF's registration date) to December 31, 2013 and as at December 31, 2014 and December 31, 2015

Financial Ratios	Jul 30, 13 - Dec 31, 13	Dec 31, 14	Dec 31, 15
NAV at end of year/period (THB)	2,087,296,827	2,148,436,537	2,212,998,128
Total expenses to average NAV during the year/period (%)	0.24	0.57	0.55
Total revenues from investments to average NAV during the year/period (%)	3.61	8.42	8.06
Weighted average investment trading during the year/period to average NAV during the year/period (%)*	96.69	-	-
Average NAV during the year/period (THB)	2,046,356,937	2,082,400,973	2,172,319,927

**Remark:** \* Investment trading value during the year/period did not include bank deposits and investments in bank deposits and was calculated by the weighted average method for the remaining duration of that year/period.

## Analysis of SPWPF's Financial Position and Operating Performance as of December 31, 2015

## 1. Financial Position

## 1.1. Assets

As of December 31, 2015, SPWPF had total assets of THB 2,214.24 million, mainly comprising investment in immovable properties of THB 2,136 million or 96.5% of total assets, which were the investment in purchase of Sri panwa Hotel's Assets Phase 1. Besides, as of such date, SPWPF's cash and deposits at banks increased by THB 13.15 million from 2014, while its accrued rental revenues declined from 2014 by the full amount of THB 23.23 million.

## 1.2. Liabilities

As of December 31, 2015, SPWPF had total liabilities of THB 1.24 million, consisting entirely of accrued expenses which decreased slightly by THB 25,514.00 from 2014.

## 1.3. Net Assets

As of December 31, 2015, SPWPF's net assets stood at THB 2,213.00 million, composed of registered capital of THB 2,001.83 million, capital paid up by unitholders of THB 2,001.83 million, and retained earnings of THB 211.17 million, which grew from the previous year by THB 64.56 million.

## 2. Operating Results

For the one-year period ended December 31, 2015, SPWPF could generate net revenues from investments of THB 163.17 million, with total revenues of THB 175.13 million and total expenses of THB 11.96 million.

Total revenues included rental revenues of THB 174.90 million and interest income of THB 0.22 million.

Total expenses were primarily comprised of 1) management fee of THB 8.15 million, representing 68.1% of total expenses; 2) project operation expenses of THB 2.11 million, making up 17.6% of total expenses; 3) registrar fee of THB 0.70 million, which was 5.8% of total expenses; 4) trustee fee of THB 0.65 million, or 5.5% of total expenses; and 5) audit fee of THB 0.35 million, or 2.9% of total expenses.

## Annex 2: Historical Operating Performance of SPWPF

### 1. AVERAGE OCCUPANCY RATE OF SRI PANWA HOTEL

#### 1.1 POOL VILLA

Item	2014	2015	2016 (3 months)
Number of unit (Units)	38	38	38
Number of room night (Units*night)	13,870	13,870	3,458
Number of occupancy room night (Units*night)	7,907	7,903	1,958
AVERAGE OCCUPANCY RATE	57.0%	57.0%	56.6%

#### 1.2 POOL SUITE

Item	2014	2015	2016 (3 months)
Number of unit (Units)	7	7	7
Number of room night (Units*night)	2,555	2,555	637
Number of occupancy room night (Units*night)	1,948	1,958	477
AVERAGE OCCUPANCY RATE	76.2%	76.6%	74.9%

### 2. AVERAGE ROOM RATE OF SRI PANWA HOTEL

#### 2.1 POOL VILLA

Item	2014	2015	2016 (3 months)
Number of unit (Units)	38	38	38
Average unit rate (THB per night)	22,644	23,096	27,943

#### 2.2 POOL SUITE

Item	2014	2015	2016 (3 months)
Number of unit (Units)	7	7	7
Average unit rate (THB per night)	12,349	12,716	15,733

### Annex 3: Listed Company and Property Fund Operating Hotel

No.	Company / Property Fund	Symbol	Type
1	ASIA HOTEL PUBLIC COMPANY LIMITED	ASIA	Listed Company
2	CENTRAL PLAZA HOTEL PUBLIC COMPANY LIMITED	CENTEL	Listed Company
3	CENTARA HOTELS & RESORTS LEASEHOLD PROPERTY FUND	CTARAF	Property Fund
4	DUSIT THANI PUBLIC COMPANY LIMITED	DTC	Listed Company
5	DUSIT THANI FREEHOLD & LEASEHOLD PROPERTY FUND	DTCPF	Property Fund
6	THE ERAWAN GROUP PUBLIC COMPANY LIMITED	ERW	Listed Company
7	ERAWAN HOTEL GROWTH PROPERTY FUND	ERWPF	Property Fund
8	GRANDE ASSET HOTELS AND PROPERTY PUBLIC COMPANY LIMITED	GRAND	Listed Company
9	LAND AND HOUSES FREEHOLD AND LEASEHOLD PROPERTY FUND	LHPF	Property Fund
10	LAGUNA RESORTS & HOTELS PUBLIC COMPANY LIMITED	LRH	Listed Company
11	LUXURY REAL ESTATE INVESTMENT FUND	LUXF	Property Fund
12	THE MANDARIN HOTEL PUBLIC COMPANY LIMITED	MANRIN	Listed Company
13	MFC PATONG HERITAGE PROPERTY FUND	M-PAT	Property Fund
14	OHTL PUBLIC COMPANY LIMITED	OHTL	Listed Company
15	QUALITY HOSPITALITY LEASEHOLD PROPERTY FUND	QHOP	Property Fund
16	ROYAL ORCHID HOTEL (THAILAND) PUBLIC COMPANY LIMITED	ROH	Listed Company
17	SAMUI BURI PROPERTY FUND	SBPF	Property Fund
18	SHANGRI-LA HOTEL PUBLIC COMPANY LIMITED	SHANG	Listed Company
19	SRI PANWA HOTEL PROPERTY FUND	SPWPF	Property Fund
20	THAI HOTEL INVESTMENT FREEHOLD AND LEASEHOLD PROPERTY FUND	THIF	Property Fund
21	THAILAND HOSPITALITY PROPERTY FUND	TLHPF	Property Fund

Remark: This does not include LH Hotel Real Estate Investment Trust (“LHHOTEL”) which has started trading on SET from December 22, 2015

## ANNEX 4: FINANCIAL STATUS REPORT OF SPM

### 1. Statement of financial position as at December 31<sup>st</sup>, 2014 and December 31<sup>st</sup>, 2015

(Unit : THB)

Item	31 Dec 14	As % of Total Assets	31 Dec 15	As % of Total Assets	Change	
					Amount	%
<u>Assets</u>						
Current assets						
Cash and cash equivalent	47,305,649	24.3	56,214,549	28.0	8,908,900	18.8
Account receivable and other receivable	56,884,984	29.2	47,324,177	23.5	(9,560,807)	(16.8)
Inventories	19,367,824	10.0	21,051,997	10.5	1,684,173	8.7
Other current assets	7,337,055	3.8	6,403,068	3.2	(933,987)	(12.7)
<b>Total current assets</b>	<b>130,895,512</b>	<b>67.3</b>	<b>130,993,791</b>	<b>65.2</b>	<b>98,279</b>	<b>0.1</b>
Non-current assets						
Deferred fee on hire purchase contract registration	8,717,560	4.5	8,075,776	4.0	(641,784)	(7.4)
Prepaid rental	23,290,320	12.0	18,449,817	9.2	(4,840,503)	(20.8)
Land, buildings and equipment	31,088,845	16.0	42,276,781	21.0	11,187,936	36.0
Other non-current assets	505,596	0.3	1,198,626	0.6	693,030	137.1
<b>Total non-current assets</b>	<b>63,602,321</b>	<b>32.7</b>	<b>70,001,000</b>	<b>34.8</b>	<b>6,398,679</b>	<b>10.1</b>
<b>Total assets</b>	<b>194,497,833</b>	<b>100.0</b>	<b>200,994,791</b>	<b>100.0</b>	<b>6,496,958</b>	<b>3.3</b>
<u>Liabilities and shareholders' equity</u>						
Current liabilities						
Payables - rent	42,280,000	21.7	42,280,000	21.0	-	0.0
Accrued rental	23,227,593	11.9	47,129,950	23.4	23,902,357	102.9
Accounts payable and other payables	75,706,575	38.9	79,640,892	39.6	3,934,317	5.2
Current portion of liability under hire-purchase agreements	2,900,061	1.5	3,401,676	1.7	501,615	17.3
Room deposits received from customers	42,904,759	22.1	58,122,725	28.9	15,217,966	35.5
Other current liabilities	15,328,297	7.9	12,769,176	6.4	(2,559,121)	(16.7)
<b>Total current liabilities</b>	<b>202,347,285</b>	<b>104.0</b>	<b>243,344,419</b>	<b>121.1</b>	<b>40,997,134</b>	<b>20.3</b>
Non-current liabilities						
Current portion of hire-purchase payable	6,990,053	3.6	4,806,987	2.4	(2,183,066)	(31.2)
Provision for long-term employees' benefit	2,041,117	1.0	2,789,132	1.4	748,015	36.6
<b>Total non-current liabilities</b>	<b>9,031,170</b>	<b>4.6</b>	<b>7,596,119</b>	<b>3.8</b>	<b>(1,435,051)</b>	<b>(15.9)</b>
<b>Total liabilities</b>	<b>211,378,455</b>	<b>108.7</b>	<b>250,940,538</b>	<b>124.8</b>	<b>39,562,083</b>	<b>18.7</b>
<u>Shareholders' equity</u>						
Share capital						
Authorized share capital						
Ordinary shares paid-up shares 3,000,000 share @ 10.00						
THB	30,000,000	15.4	30,000,000	14.9	-	0.0
Retained earnings (Deficits)	(46,880,622)	(24.1)	(79,945,747)	(39.8)	(33,065,125)	70.5
<b>Total shareholders' equity</b>	<b>(16,880,622)</b>	<b>(8.7)</b>	<b>(49,945,747)</b>	<b>(24.8)</b>	<b>(33,065,125)</b>	<b>195.9</b>
<b>Total liabilities and shareholders' equity</b>	<b>194,497,833</b>	<b>100.0</b>	<b>200,994,791</b>	<b>100.0</b>	<b>6,496,958</b>	<b>3.3</b>



2. Statement of income for the period from January 1<sup>st</sup>, 2014 to December 31<sup>st</sup>, 2014 and January 1<sup>st</sup>, 2015 to December 31<sup>st</sup>, 2015

(Unit : THB)

Item	2014	As % of Total Assets	2015	As % of Total Assets	Change	
					Amount	%
<b>Revenues</b>						
Income from hotel operations	394,118,326	90.5	432,683,301	87.6	38,564,975	9.8
Income from management	26,208,486	6.0	39,113,536	7.9	12,905,050	49.2
Other income	15,081,775	3.5	22,414,509	4.5	7,332,734	48.6
<b>Total revenues</b>	<b>435,408,587</b>	<b>100.0</b>	<b>494,211,346</b>	<b>100.0</b>	<b>58,802,759</b>	<b>13.5</b>
<b>Expenses</b>						
Cost on hotel business	393,441,116	90.4	444,504,959	89.9	51,063,843	13.0
Selling expenses	19,347,152	4.4	19,602,234	4.0	255,082	1.3
Administrative expenses	66,259,081	15.2	63,020,727	12.8	(3,238,354)	(4.9)
<b>Total expenses</b>	<b>479,047,349</b>	<b>110.0</b>	<b>527,127,920</b>	<b>106.7</b>	<b>48,080,571</b>	<b>10.0</b>
Gain (Loss) before financial expenses	(43,638,762)	(10.0)	(32,916,574)	(6.7)	10,722,188	(24.6)
Financial expenses	(301,637)	(0.1)	(148,551)	(0.0)	153,086	(50.8)
<b>Net profit (Loss)</b>	<b>(43,940,399)</b>	<b>(10.1)</b>	<b>(33,065,125)</b>	<b>(6.7)</b>	<b>10,875,274</b>	<b>(24.8)</b>

Analysis of Financial and Operating Performance of SPM as at December 31<sup>st</sup>, 2016

1. Financial Performance

1.1. Assets

As of December 31<sup>st</sup>, 2015, SPM had total assets amounted to THB 200.99 million, which were mainly Cash and Cash Equivalents of THB 56.21 million, Trade and Other Receivables of THB 47.32 million, Plant and Equipment of THB 42.28 million and Inventories of THB 21.05 million.

The comparison between Y2014 and Y2015 shows that an increase in total assets by THB 6.50 million or 3.3% of total assets were mainly due to an increase in Plant and Equipment of THB 11.19 million and Cash and Cash Equivalents of THB 8.91 million. On the contrary, there was a decrease in Trade and Other Receivables of THB 9.56 million and Prepaid Rental Expenses of THB 4.84 million.

1.2. Liabilities

As of December 31<sup>st</sup>, 2015, SPM had total liabilities amounted to THB 250.94 million or 124.8% of total assets which were mainly comprised of Trade and Other Payables of THB 79.64 million, Room Deposits Received from Customers of THB 58.12 million, Accrued Rental Expenses of THB 47.13 million and Rental Payable – Related Party of THB 42.80 million.

The comparison between year 2014 and 2015 shows that an increase in total liabilities by THB 41 million were mainly due to an increase in Accrued Rental Expenses of THB 23.90 million and Room Deposits Received from Customers of THB 15.22 million.

### 1.3. Shareholders' Equity

As of December 31<sup>st</sup>, 2015, SPM had a capital deficit of THB 49.95 million which comprised of fully-paid registered capital of THB 30 million and accumulated deficit of THB 79.95 million (Deficit increased by THB 33.07 million from 2014).

## 2. Operating Results

Operating performance for the year ended December 31<sup>st</sup>, 2015, SPM had total revenues of THB 494.21 million which increased from 2014 by THB 58.80 million or 13.5%. Revenues mainly comprised of Revenue from Hotel Operations of THB 432.68 million, Management Fee Income of THB 39.11 million and Other Income of THB 22.41 million.

However, SPM had total expenses of THB 527.13 million which increased from Y2014 only by THB 48.08 million or 10%. Expenses mainly comprised of Cost of Hotel Operations of THB 444.50 million, Selling Expenses of THB 19.60 million and Administrative Expenses of THB 63.02 million. This leads to a decrease of net loss for the year by THB 10.88 million or 24.8%.

Nevertheless, Management team stated from an interview that the net loss for the Y2014 (THB 43.94 million) and Y2015 (THB 33.07 million) was affected by the Cost of Hotel Operations which was recorded according to accounting standard. The rental cost that SPM paid to SPWPF was recorded with straight line method throughout 15-year contract (Details as per A. "2.2 Rental Agreement"), therefore, the rental cost of THB 174.90 million per year was actually paid by Cash of THB 151 million per year (from 1<sup>st</sup> year to 5<sup>th</sup> year of contract). Moreover, there were Depreciation Expenses from Plant and Equipment for the year 2014 and 2015 amounted to THB 3.37 million and THB 7.75 million, respectively, which resulted in net loss consecutively.

## ANNEX 5: FINANCIAL STATUS REPORT OF CIR

### 1. Statements of financial position as at December 31<sup>st</sup>, 2014 and 2015

(Unit : THB Million)

Item	Dec 31, 2014	As % of Total Assets	Dec 31, 2015	As % of Total Assets	Change	
					Amount	%
<u>Assets</u>						
<b>Current Assets</b>						
Cash and cash equivalents	25,216,974	2.8	8,289,273	0.7	(16,927,701)	(67.1)
Current investments	10,000,000	1.1	-	N/A	(10,000,000)	(100.0)
Accounts receivable and other receivables	34,321,319	3.8	24,047,314	2.0	(10,274,005)	(29.9)
Cost of property development for sales	316,781,455	34.7	170,635,128	14.0	(146,146,327)	(46.1)
Inventories	-	N/A	3,976,949	0.3	3,976,949	N/A
Prepaid expenses	9,280,447	1.0	-	N/A	(9,280,447)	(100.0)
Other current assets	6,084,495	0.7	5,982,394	0.5	(102,101)	(1.7)
<b>Total current assets</b>	<b>401,684,690</b>	<b>43.9</b>	<b>212,931,058</b>	<b>17.5</b>	<b>(188,753,632)</b>	<b>(47.0)</b>
<b>Non-current Assets</b>						
Pledged bank deposits	40,000,000	4.4	42,303,556	3.5	2,303,556	5.8
Investments in subsidiaries	30,000,000	3.3	30,000,000	2.5	-	-
Investments in associate	408,022,171	44.6	408,022,171	33.6	-	-
Property, plant and equipment	26,861,866	2.9	509,873,697	42.0	483,011,831	1,798.1
Prepaid rental	4,000,000	0.4	2,589,583	0.2	(1,410,417)	(35.3)
Other non-current assets	3,586,354	0.4	8,870,987	0.7	5,284,633	147.4
<b>Total non-current assets</b>	<b>512,470,391</b>	<b>56.1</b>	<b>1,001,659,994</b>	<b>82.5</b>	<b>489,189,603</b>	<b>95.5</b>
<b>Total assets</b>	<b>914,155,081</b>	<b>100.0</b>	<b>1,214,591,052</b>	<b>100.0</b>	<b>300,435,971</b>	<b>32.9</b>

(Unit : THB Million)

Item	Dec 31, 2014	As % of Total Assets	Dec 31, 2015	As % of Total Assets	Change	
					Amount	%
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Accounts payable and other payables	65,019,410	7.1	126,417,493	10.4	61,398,083	94.4
Hire purchase payable – current portion	-	N/A	722,844	0.1	722,844	N/A
Current portion of long-term loans	-	N/A	27,000,000	2.2	27,000,000	N/A
Retention payable	4,290,197	0.5	13,226,801	1.1	8,936,604	208.3
Room deposit received from customers	629,798	0.1	832,525	0.1	202,727	32.2
Income tax payable	-	N/A	495,388	0.0	495,388	N/A
Other current liabilities	2,530,673	0.3	2,305,746	0.2	(224,927)	(8.9)
<b>Total current liabilities</b>	<b>72,470,078</b>	<b>7.9</b>	<b>171,000,797</b>	<b>14.1</b>	<b>98,530,719</b>	<b>136.0</b>
<b>Non-current liabilities</b>						
Hire purchase payable - net	-	N/A	1,413,491	0.1	1,413,491	N/A
Long-term loan	50,000,000	5.5	261,141,000	21.5	211,141,000	422.3
Employee benefit obligations	1,591,554	0.2	1,895,156	0.2	303,602	19.1
Other non-current liabilities	4,618,682	0.5	4,618,684	0.4	2	0.0
<b>Total non-current liabilities</b>	<b>56,210,236</b>	<b>6.1</b>	<b>269,068,331</b>	<b>22.2</b>	<b>212,858,095</b>	<b>378.7</b>
<b>Total liabilities</b>	<b>128,680,314</b>	<b>14.1</b>	<b>440,069,128</b>	<b>36.2</b>	<b>311,388,814</b>	<b>242.0</b>
<b>Shareholders' equity</b>						
<b>Issued and paid-up share capital</b>						
Common stocks 1,400,000 shares @ THB 100	140,000,000	15.3	140,000,000	11.5	-	-
<b>Retained earnings</b>						
Appropriated – legal reserves	14,000,000	1.5	14,000,000	1.2	-	-
Unappropriated	631,474,767	69.1	620,521,924	51.1	(10,952,843)	(1.7)
<b>Total shareholders' equity</b>	<b>785,474,767</b>	<b>85.9</b>	<b>774,521,924</b>	<b>63.8</b>	<b>(10,952,843)</b>	<b>(1.4)</b>
<b>Total liabilities and shareholders' equity</b>	<b>914,155,081</b>	<b>100.0</b>	<b>1,214,591,052</b>	<b>100.0</b>	<b>300,435,971</b>	<b>32.9</b>

2. Statements of income for the period from January 1<sup>st</sup>, 2014 to December 31<sup>st</sup>, 2014 and for the period from January 1<sup>st</sup>, 2015 to December 31<sup>st</sup>, 2015

(Unit: THB Million)

Item	2014	As % of Income	2015	As % of Income	Change	
					Amount	%
<b>Revenue</b>						
Revenue from sales of property	187,383,178	66.7	-	N/A	(187,383,178)	N/A
Other revenue						
Service and public utility income	43,423,712	15.4	46,559,124	47.5	3,135,412	7.2
Dividend income	31,188,421	11.1	28,291,780	28.9	(2,896,641)	(9.3)
Rental income	10,742,603	3.8	11,601,017	11.8	858,414	8.0
Management fee income	6,764,423	2.4	8,774,094	9.0	2,009,671	29.7
Other	1,563,385	0.6	2,728,432	2.8	1,165,047	74.5
<b>Total Revenue</b>	<b>281,065,722</b>	<b>100.0</b>	<b>97,954,447</b>	<b>100.0</b>	<b>(183,111,275)</b>	<b>(65.1)</b>
<b>Expenses</b>						
Cost of sales of property	182,603,397	65.0	-	N/A	(182,603,397)	N/A
Cost of rental	5,197,753	1.8	5,800,509	5.9	602,756	11.6
Selling expenses	10,053,793	3.6	8,740,660	8.9	(1,313,133)	(13.1)
Administrative expenses	75,994,065	27.0	89,219,444	91.1	13,225,379	17.4
<b>Total expenses</b>	<b>273,849,008</b>	<b>97.4</b>	<b>103,760,613</b>	<b>105.9</b>	<b>(170,088,395)</b>	<b>(62.1)</b>
<b>Profit (loss) before financial costs</b>	<b>7,216,714</b>	<b>2.6</b>	<b>(5,806,166)</b>	<b>(5.9)</b>	<b>(13,022,880)</b>	<b>(180.5)</b>
Financial costs	7,451,685	2.7	5,146,677	5.3	(2,305,008)	(30.9)
<b>Net losses</b>	<b>(234,971)</b>	<b>(0.1)</b>	<b>(10,952,843)</b>	<b>(11.2)</b>	<b>(10,717,872)</b>	<b>(4,561.4)</b>

### Analysis of Financial Status and Operating Performance of CIR as at December 31<sup>st</sup>, 2015

#### 1. Financial Performance

##### 1.1. Assets

As of December 31<sup>st</sup>, 2015, SPM had the total assets of THB 1,214.59 million, which were PPE of THB 509.87 million, Investment in Subsidiaries of THB 408.02 million and Cost of Property Development for sales of THB 170.64 million.

Comparing between Y2014 and Y2015, total assets increased by THB 300.44 million or 32.9%, mainly from an increase in PPE of THB 483.01 million. However, Cost of Property Development for Sales decreased by THB 146.15 million or 46.1%

##### 1.2. Liabilities

As of December 31<sup>st</sup>, 2015, CIR had the total liabilities of THB 440.07 million, which was mainly Long-term Loan of THB 261.14 million, increased from Y2014 of THB 211.14 million. Moreover, CIR had Accounts Payable and Other Payables of THB 126.42 million, increased from Y2014 of THB 61.40 million.

### 1.3. Shareholders' Equity

As of December 31<sup>st</sup>, 2015, CIR had the total shareholders' equity of THB 774.52 million which comprised of the shareholders' capital of THB 140.00 million, the appropriated retained earnings of THB 14.00 million and the unappropriated retained earnings of THB 620.52 million. The retained earnings, during the accounting period, had decreased by THB 10.95 million.

## 2. Operating Results

For the 1-year period as of December 31<sup>st</sup>, 2015, CIR had the net income of THB 97.95 million. The Service and Public Utility Income Accounts for THB 46.56 million or 47.5% of total revenues and Dividend Income from the investment in SPWPF for THB 28.29 million or 28.9% of the total revenues. However, when comparing the total revenues between Y2014 and Y2015, the total revenues decreased by THB 183.11 million or 65.1%. The main reason was as a result of a decrease in Income from Sales of Property of THB 187.38 million.

However, the total expenses of CIR in Y2015 were THB 103.76 million, decreased by THB 170.09 million or 62.1% from Y2014's figure. The main reason was as a result of a decrease in Cost from Sales of Property of THB 182.60 million. The Administrative Expenses increased by THB 13.23 million. Consequently, losses before financial costs in Y2015 was THB 5.81 million and net losses was THB 10.95 million.