

Part 2

General Information of Hemaraj Leasehold Real Estate Investment Trust

1. Name and Address of REIT Manager

Hemaraj REIT Management Company Limited

27th Floor, UM Tower 9, Ramkhamhaeng Road, Suangluang, Bangkok 10250

Registration No: 0105558056893

Website: www.hemarajreit.com

Tel: 02 717 3901

Fax: 02 717 3902

2. Description of Business Operation by Business Group

2.1 Business Overview

Hemaraj REIT Management Company Limited, as the settlor of the REIT in the Initial Public Offering (IPO) of THB 5,693,600,000, with the objective of utilizing the raised fund in the investment in the initial assets, consisting of the leasehold rights of 1) 21 units of Detached Building-type factories, with a total leasable area of 107,202 square meters, 2) 59 units of Attached Building-type factories, with a total leasable area of 60,170 square meters, and 3) 21 units of warehouses with a total leasable area of 93,942 square meter, altogether a total of 101 units with a total leasable area of 261,314 square meters, located on land covering an area of 239 rai 3 ngan 10.46 square wah.

After the establishment of the REIT, the REIT Manager has been utilizing the assets for the benefit procurement by way of subleasing. The operation of the REIT Manager is under the compliance monitoring by the REITee, in order to ensure the creation of incomes and returns to the unitholders, appropriate investments in other assets and/or securities, or other means of benefit procurement, in compliance with the relevant securities law and/or other related laws.

For the capital increase fundraising, additional trust units will be offered to all trust units issued and offered for sale for this increase of capital to existing trust unitholders (Rights offering), to the asset owners and/or their affiliated companies, and the public (Public Offering) including debt financing from a financial institution in order to in the leasehold rights in lands and factory buildings, warehouses, distribution centers and offices located on such lands including component part of such property, and purchasing any related movable properties used for the business operation within the leased properties.

2.2 Industry and Competition Outlook

2.2.1 Ready-built warehouse market

Ready-built warehouses are designed for industrial entrepreneurs who do not aim to hold ownership in warehouses, reducing operating costs and potential risks. Ready-built warehouses are suitable in various industries. Up to 90 percent of warehouse lessees are foreigners. Location is the most important factor for lessees since they look for convenience in transportation to seaports and airports, distance from Bangkok, and standard of infrastructure. A standard ready-built warehouse is 1-storey with a floating floor are for an office, fences, a guard house, a parking lot, and loading docks. However, the standard warehouse can be adjusted to meet lessees' requirements.

Warehouses can be divided into 2 categories. 1) Built-to-suit is constructed in accordance with customer's request; thus, its occupancy rate is 100 percent. The construction period usually takes more than 3 years but the lease terms are more than a decade. The rent is quite high. 2) General ready-built factories or RBF aim at small to medium-sized enterprises (SMEs). Their functionality is for general purposes. Sizes range from 400-1,000 square meters. Lease terms are usually 3 years.

Developers of warehouses for sale or for lease can be classified into 3 types.

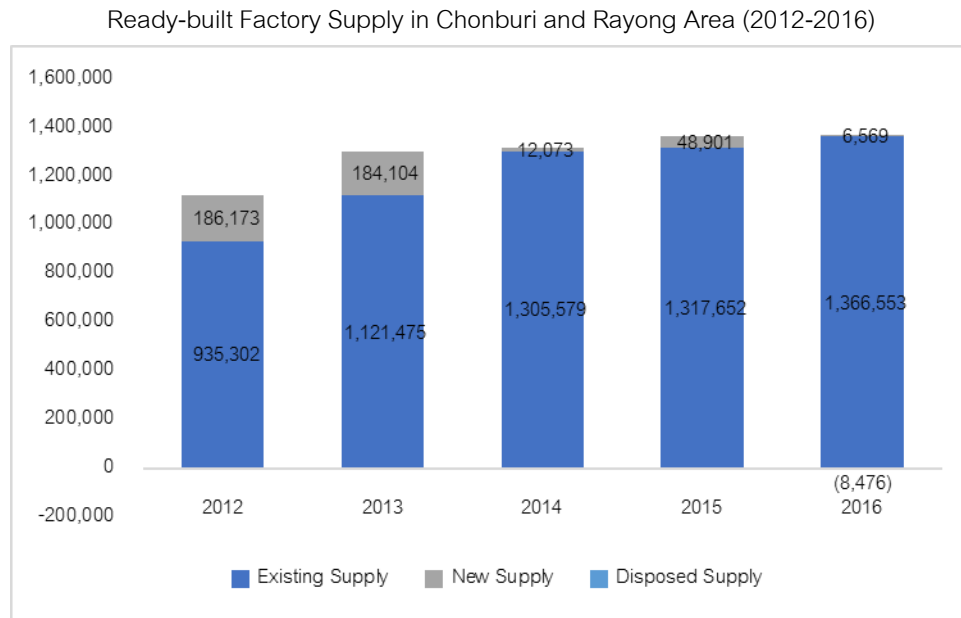
1. Warehouse developers on owned land (eg. Amata Summit Ready Built Company Limited, Pinthong Industrial Park Co., Ltd.). The developers are initially an industrial estate developer, and then build standard warehouses for sale or for lease to SMEs.
2. Warehouse developers that buy or rent land from other industrial landlords (eg. Ticon Industrial Connection Public Company Limited, WHA Corporation Public Company Limited).
3. Retail warehouse developers (eg. Tip Holding Company Limited). They develop small standard warehouse for sale or lease in strategic location such as Bangna-Trad area.

Supply of Warehouse by Area

Supply of Warehouses in Chonburi and Rayong

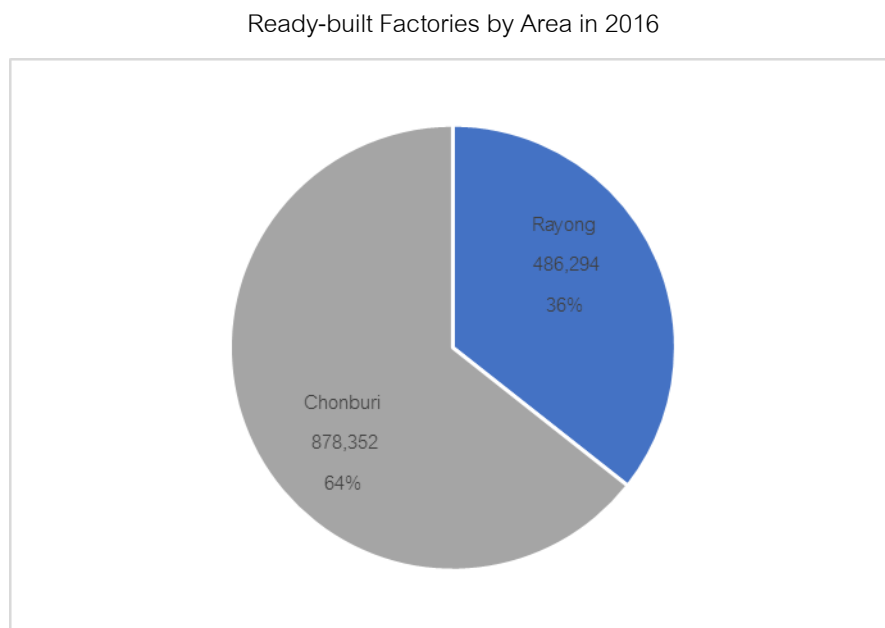
As of the end of 2016, the gross area of ready-built warehouses is 1,364,646 square meters. In 2015, the

supply dramatically increased by approximately 48,901 square meters. In 2016, it increased 6,569 square meters and 8,476 square meters were sold to industrial corporations.



Source: Research Department, Knight Frank (Thailand) Co., Ltd

Most of supply is in Chonburi province. While it has 878,353 square meters, or 64 percent, Rayong possesses 486,294 square meters or 36 percent.



Source: Research Department, Knight Frank (Thailand) Co., Ltd

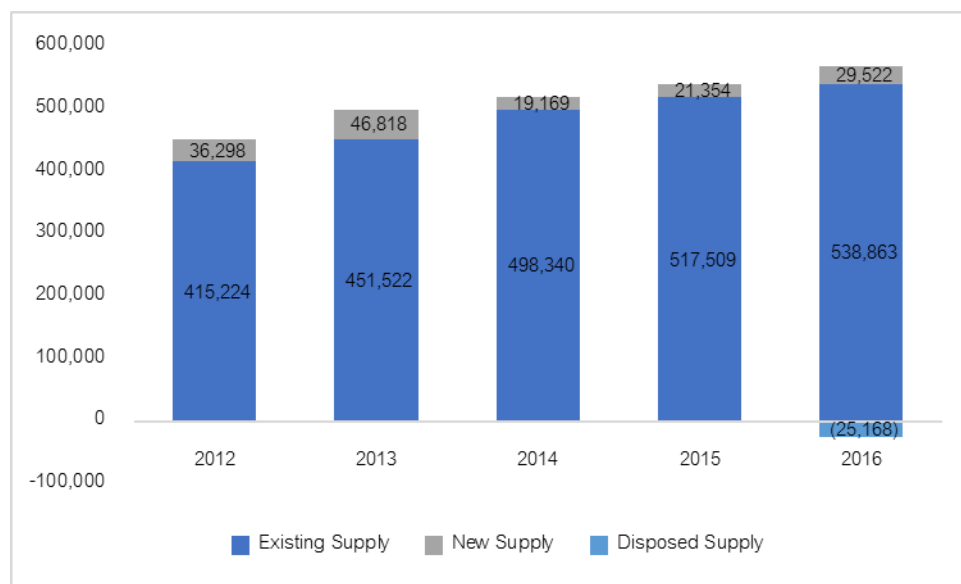
New supply of ready-built warehouses is expected to significantly increase in Chonburi and Rayong provinces because these areas are under development as a special economic zone, the “Eastern Economic Corridor: EEC”. Therefore, this area will attract investors looking for tax privileges, comprehensive services, excellent supply chain management, and other government supports such as the high-speed rail, dual track railways, U-tapao Airport expansion, and Motorway expansion. Furthermore, Chonburi and Rayong are supported as a cluster of the industrial sector, resulting in promising growth. The key players in these areas are Amata Summit Ready Built Company Limited and TFD Group.

Supply of Warehouses in Saraburi

Saraburi and its proximity i.e. Ayudhaya province have a great number of industrial estates such as Rojana industrial estate, Hi-tec industrial estate, and Hemaraj-Saraburi industrial estate. This area retains its place for ease of doing business since it's only 1-hour away from the North of Bangkok and able to connect to Northern and North-Eastern part of Thailand. The industry in this area is construction materials, ceramic, paper and packaging, metals, and electricity.

At the end of 2016, the gross area of ready-built warehouse in Saraburi and Ayudhaya was 543,217 square meters. In 2015-2016, new supply rose approximately 21,354 and 29,522 square meters, respectively. Approximately 25,168 square meters of supply was sold to industrial corporations.

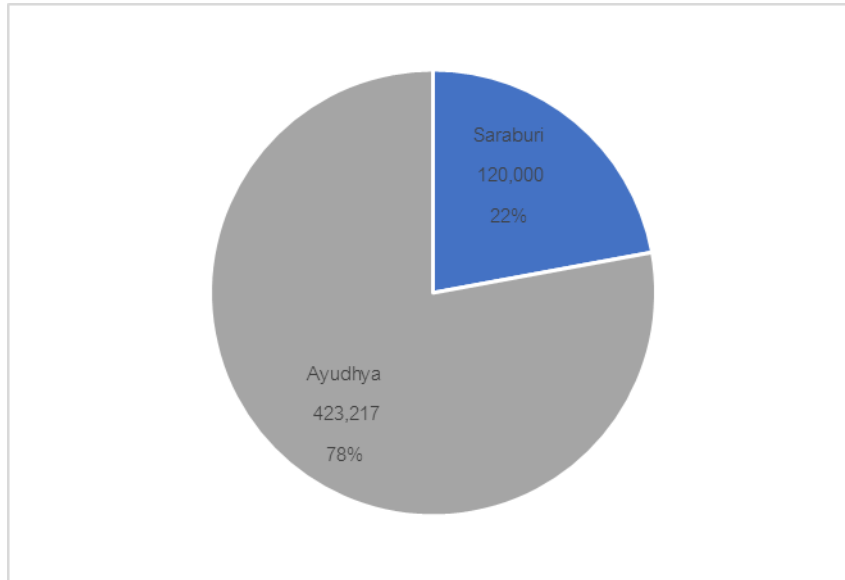
Ready-built Factory Supply in Saraburi and Ayudhya Area (2012-2016)



Source: Research Department, Knight Frank (Thailand) Co., Ltd

Most of the area is located in Ayudhaya province. While it possesses 423,217 square meters or 78 percent, Rayong does 120,000 square meters or 22 percent.

Ready-built Factories by Area in 2016



Source: Research Department, Knight Frank (Thailand) Co., Ltd.

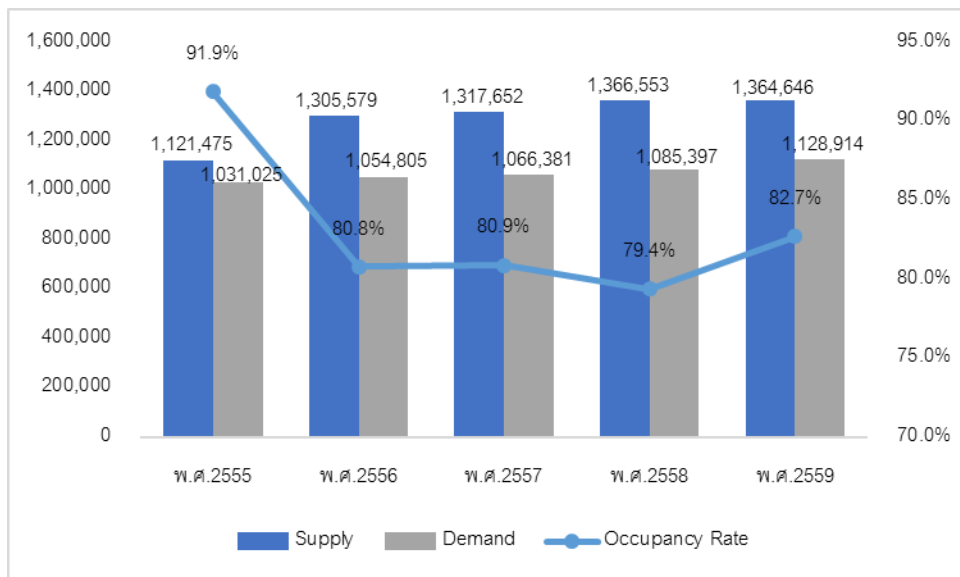
The supply in Saraburi area is expected to hardly increase in 2017 because of the current oversupply. Moreover, its popularity in this area is decreasing due to the Great Flood of 2011. So, business owners have the tendency to rent warehouses in Eastern part of Bangkok

Demand of Warehouses by Area

Demand of warehouse in Chonburi and Rayong

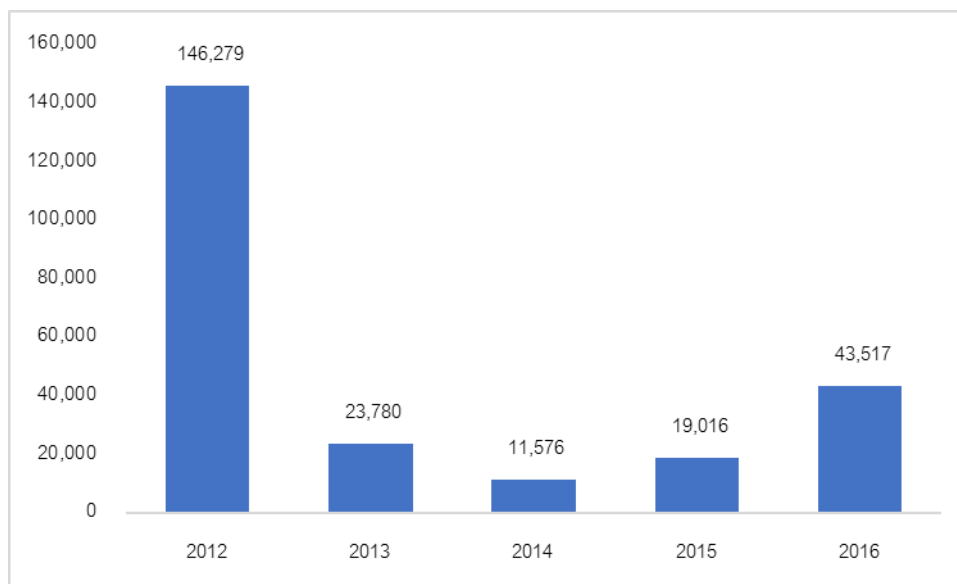
At the end of 2016, the occupied area of ready-built warehouses was 1,128,914 square meters out of the total area of 1,364,646 square meters. The occupancy rate was 82.7 percent in 2016, increased from 79.4 percent in 2015. The increase in leased area in 2016 was as high as 43,517 square meters.

Supply and Demand of Ready-built Factories in Chonburi and Rayong Area (2012-2016)



Source: Research Department, Knight Frank (Thailand) Co., Ltd.

Occupancy Rate Increase in Conburi and Rayong Area (2012-2016)



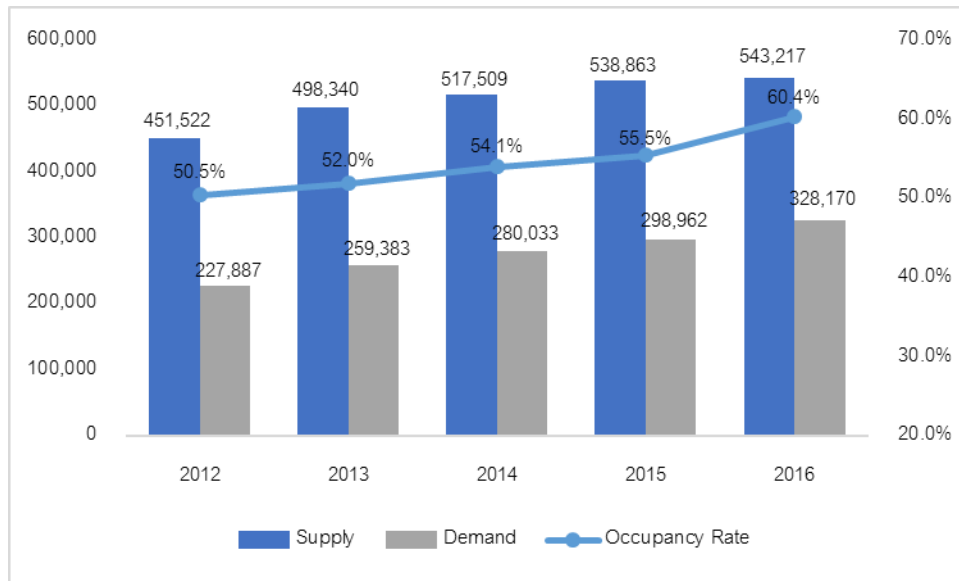
Source: Research Department, Knight Frank (Thailand) Co., Ltd.

Demand is highest in Chonburi province which accounted for 762,186 square meters out of the total area of 878,352 square meters. Demand in Rayong was 366,728 square meters from the total area of 486,294 square meters. The occupancy rate in Chonburi and Rayong was 86.7 and 75.4 percent, respectively

Demand of Warehouses in Saraburi

At the end of 2016, approximately 328,170 square meters of ready-built warehouse in Saraburi were occupied out of the total area of 543,217 square meters. The occupancy rate in 2016 was rose to 60.4 percent from 55.5 percent in 2015.

Supply and Demand of Ready-built Factories in Saraburi and Ayudhya Area (2012-2016)



Source: Research Department, Knight Frank (Thailand) Co., Ltd.

Demand in Saraburi was approximately 68,202 square meters from the total area of 120,000 square meters, or 56.8 percent occupancy rate.

Rental Rates by Area

Rental Rates of Warehouses in Chonburi and Rayong

The average rental rate of ready-built warehouse in Chonburi and Rayong province in 2016 was THB 217 per square meter per month. The rental rate has increased during the last four years; however, it decreased in 2016 to THB 229 per square meter per month.

The highest rental rate was in Rayong, which was THB 225 per square meter per month while rental rate in Chonburi was THB 209 baht per square meter per month. The rental rate in Chonburi and Rayong decreased significantly.

At the end of 2016, the starting rate of ready-built warehouse was THB 200 per square meter per month and the highest rate was THB 230 per square meter per month in Chonburi and Rayong.

Rental Rates of Warehouses in Saraburi

The average rental rate of ready-built warehouses in Saraburi increased from THB 185 per square meter per month in 2015 to THB 200 per square meter per month in 2016.

Outlook of Warehouse Market

Outlook of Ready-Built Warehouse Market in Chonburi and Rayong

The market of ready-built warehouses in Chonburi and Rayong has a positive outlook because they are 2 of the 3 provinces in Eastern Economic Corridor. Currently, Chonburi and Rayong province are key industrial drivers of Thailand. Also, they have high potential as a base of the 10 target industries as a new engine of growth. Many industrial estates locate in these two provinces, for example, Pinthong Industrial Estate, Amata City Industrial Estate, Amatanakorn Industrial Estate, Hemaraj Eastern Seaboard Industrial Estate. In addition, Laemchabung Deep Sea Port, which is a main international sea port, locates in Chonburi and Maptaphut Industrial Port also locates in Rayong. Besides, Chonburi and Rayong are the center of many industries, especially one of the biggest automotive clusters in the world, composing of automotive manufacturers, automotive parts producers, electronics industry, and petrochemical industry. Also, many infrastructures are under development such as high-speed rail, dual-track railway, expansion of U tapao airport and expansion of Motorway. As a result, the market of ready-built warehouses has a great opportunity for growth.

Outlook of Ready-Built Warehouse Market in Chonburi and Rayong

Market of ready-built warehouse in Chonburi and Rayong has positive prospect since the occupancy rate has consistently increased since 2012, and extraordinarily high from 2015 to 2016. At the end of 2016, available land in Saraburi and Ayudhaya has 215,047 square meters left. Rental rates increased from 2015 and are expected to continually increase because investments from the government and private sectors are consistent. Moreover, the Board of Investment (BOI) provides tax benefits and other incentives to bolster the economy.

2.2.2 Warehouse Market

The warehouse market in Thailand has rapidly developed in the past 10 years. Historically, warehouses were family businesses. Its ceiling was no more than 7 meters high and constructed on ground level. However, in the truck loading process, working hours and labor are unnecessarily required due to unlevel between warehouse and truck. Warehouse was then developed to uplift 1.3 meter from the ground to level with the truck height. In addition, warehouse height from floor to ceiling is raised to 9-12 square meters in order to enhance its capacity and better ventilation.

Developers of warehouse for lease can be divided into two major categories as follows.

1. Major warehouse developers. The developers develop both ready-built and built-to-suit warehouses in many areas. Most of them are listed companies; for example,
 - WHA Corporation Public Company Limited is a developer of warehouses, distribution centers, and premium factories. It designed and constructed warehouse according to standard and request by customers (Built-to-suit) in many areas such as Samutprakarn, Chonburi, Bangkok, and Rayong. As of December 2010, the company established WHA Premium Factory and Warehouse Property Fund (WHAPF), having objective to invest in factory and warehouse. As of December 2014, the firm established WHA Premium Growth REIT (WHART) investing in freehold of land, building, equipment and system of asset, and leasehold of land, following by its first and second capital increase in 2015 and 2016, respectively. Currently, WHART invested in 8 projects around Ladkrabung areas, Bangna-Trad area, along Chonlahan Phichit Canal, Wungnoi district in Ayudhaya province and Saraburi province.
 - Ticon Logistics Park Company Limited was established to develop ready-built warehouses for lease. Then, Ticon Industrial Connection Public Company Limited jointly established Ticon Property Fund in April 2005, having purpose of investing in property related to freehold ready-built warehouse, and Ticon Industrial Growth Property Fund, having purpose of investing in leasehold ready-built factory and warehouse. In 2014, the company established Ticon REIT, following by its first capital increase in 2015.
2. Retail warehouse developer. The developers focus on small to medium warehouse in specific area. Most of these warehouses are ready-built. The key developers are presented below.

- Thriven Group includes Thriven Development Company Limited which developed factory and warehouse for lease since 1996. It focuses on ready-built factory and warehouse in Eastern Seaboard area.

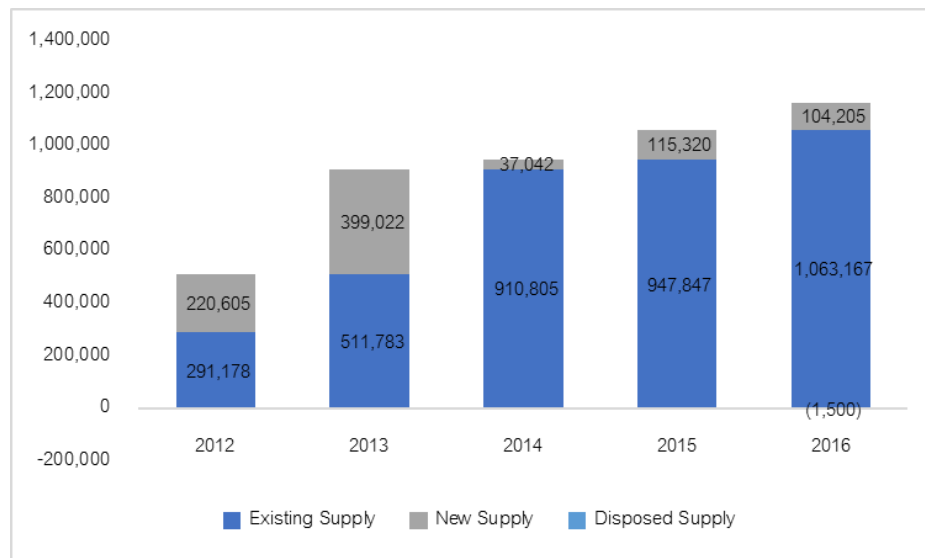
Chodthanawat Company Limited is a property developer in K. Group, developing warehouse for lease, factory, ready-built factory in many areas; for example, Bangna-Trad, Rama II, Ladkrabung (Chalongkrung) and Rayong province.

Supply of factories Chonburi and Rayong

Plenty of industrial estates locate in Chonburi and Rayong, such as Amata City Industrial Estate, Amatanakorn Industrial Estate, Hemaraj Eastern Seaboard Industrial Estate. Therefore, warehouses for industrial parts in these areas are in high demand. Moreover, warehouses for export goods are also popular since Lamchabung Deep Sea Port, which is a huge international seaport, locates in Chonburi.

At the end of 2016, the gross leasable warehouse area was 1,165,872 square meters. In 2013, new supply of warehouses significantly increased 399,022 square meters. In 2016, new supply of 104,205 square meters were added.

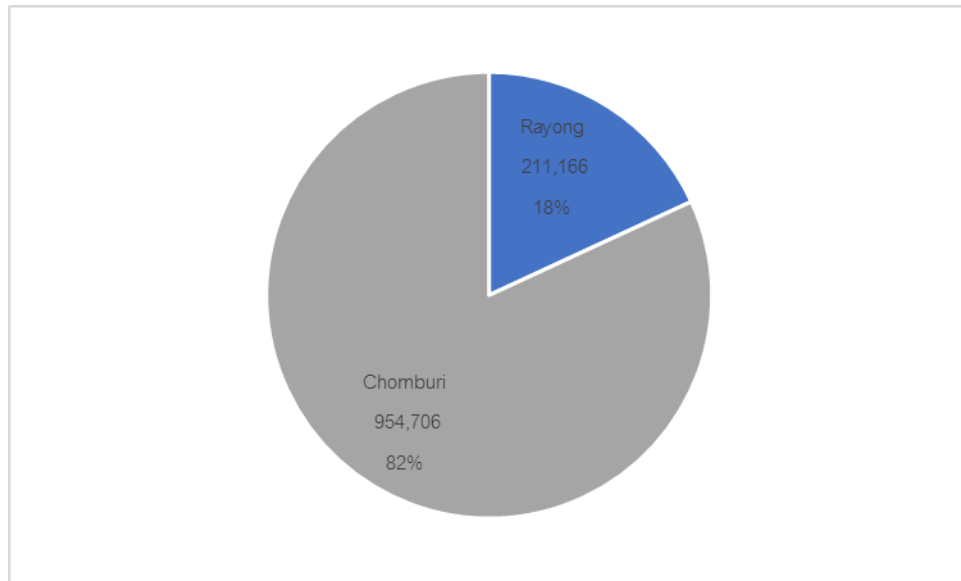
Ready-build Warehouse Supply in Chonburi and Rayong Area (2012-2016)



Source: Research Department, Knight Frank (Thailand) Co., Ltd.

Most of these warehouses are located in Chonburi which accounted for 82 percent, and 18 percent in Rayong.

Supply of Warehouses by Area in 2016



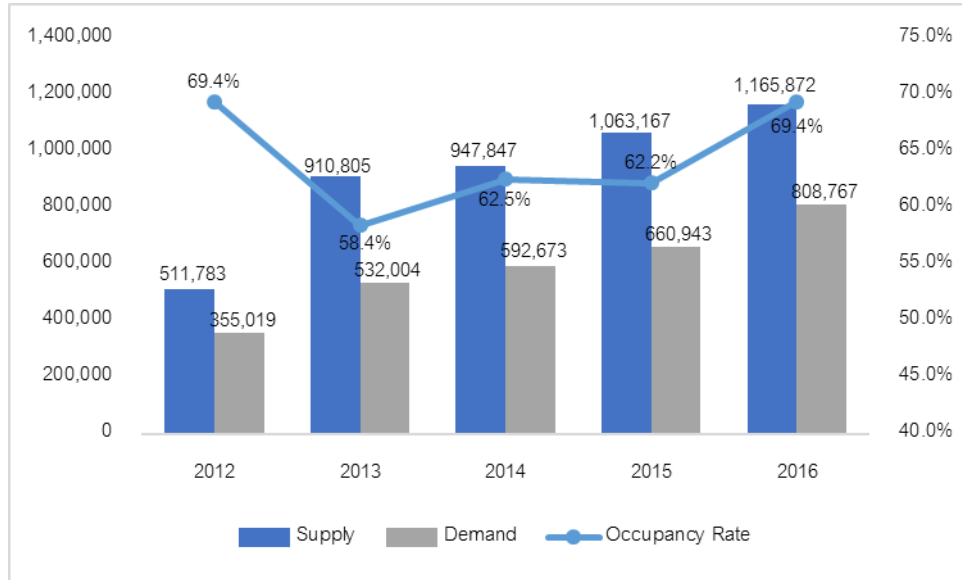
Source: Research Department, Knight Frank (Thailand) Co., Ltd.

New supply in this area is expected to increase up to 200,000 square meters by TPARK, WHA, and TFD group. Because Chonburi and Rayong locates in EEC, those developers find them attractive for future needs.

Demand for Factories in Chonburi and Rayong

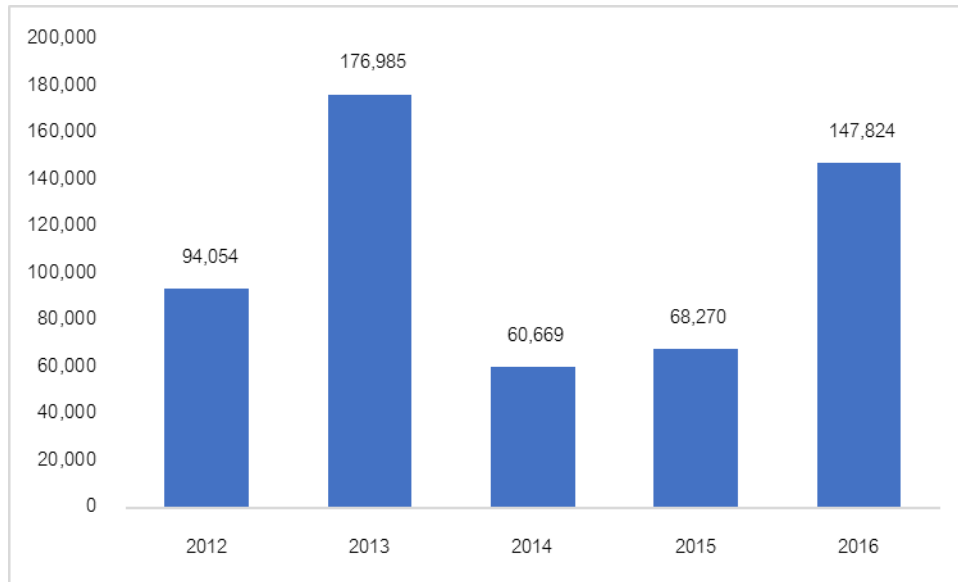
At the end of 2016, 808,767 square meters of warehouse space was leased, out of the total area of 1,165,872 square meters, or 69.4 percent, increased from 62.2 in 2015. The leased area in 2016 was as high as 147,824 square meters while the average annual take-up in these areas is approximately 100,000 square meters.

Supply, Demand, and Pccupancy Rates of Ready-built Warehouses in Chonburi and Rayong Area
(2012-2016)



Source: Research Department, Knight Frank (Thailand) Co., Ltd.

Increase in Warehouse Occupancy in Chonburi and Rayong Area (2012-2016)



Source: Research Department, Knight Frank (Thailand) Co., Ltd.

Leased area in Chonburi and Rayong in 2016 was as outstandingly high as 147,824 square meters. Chonburi ranked the highest demand in warehouses, approximately 684,841 square meters, meanwhile

Rayong has 123,926 square meters in demand. The highest occupancy rate was in Chonburi which is 71.73 percent and 58.69 percent in Rayong.

Rental Rates of Factories in Chonburi and Rayong

Rental rates of warehouses in sample area at the end of 2016 charged at THB 150 per square meter per month. The rate decreased from 2013 at THB 170 per square meter per month, and THB 164 and THB 159 in 2014 and 2015, respectively.

The rental rate is highest in Rayong area which was THB 153 per square meter per month, and in Chonburi at THB 147 per square meter per month. The rate in Chonburi has been quite stable, however the rate in Rayong fell consistently from THB 175 in 2012 to THB 153 per square meter per month in 2016.

At the end of 2016, the started rental rate in every area was THB 120 per square meter, but rental rate in Chonburi area was highest at THB 180 per square meter per month and THB 170 per square meter per month in Rayong

Market outlook of warehouse in Chonburi and Rayong

Supply of warehouse in Chonburi and Rayong is in recovering stage because the new leased area in 2016 increased to 316,921 square meters while the new leased area was only 58,669 square meters in 2014, and 66,170 square meters in 2015. The leasable area at the end of 2016 was 94,508 square meters. The rental rate of warehouse in this area is expected to increase because many factories and industrial estates are in this area. Specifically, since many of them are automotive and electronic manufacturers, they need to store parts before assembling. Moreover, this area is closed to Lamchabung Deep Sea Port which is a large international sea port of Thailand, not only exporting Thai goods but also products from Cambodia, Laos, Myanmar, and Malaysia. However, warehouse market in this area is highly competitive because of the currently high supply and additional future supply.

2.3 Asset of HREIT as of 30 September 2017

Details	Existing Assets of HREIT
Projects	1) Hemaraj Eastern Seaboard Industrial Estate (HESIE) 2) Eastern Seaboard Industrial Estate (Rayong) (ESIE) 3) Hemaraj Chonburi Industrial Estate (HCIE) 4) Hemaraj Logistics Park 1 (HLP1)

	5) Hemaraj Logistics Park 2 (HLP2) 6) Hemaraj Logistics Park 4 (HLP4)
Investment Type	Leasehold rights in land and buildings with a 30-year term with the right to extend the lease for another 30 years
Investment Date	23 November 2016
Land Area	239 rai 3 ngan 10.46 square wah
Leasable Area	1) Detached Building-type Factories, with a leasable area of 107,202 square meters 2) Attached Building-type Factories, with a leasable area of 60,170 square meters 3) Warehouses with a leasable area of 93,942 square meters
Number of Units	1) 21 Units of Detached Building-type Factories 2) 59 units Attached Building-type Factories 3) 21 units of warehouses
Investment Value	THB 7,974,991,417
Appraised Value	THB 7,123,000,000

3. Directors, Mangers, and the first 10 unitholders

3.1 Directors as of 31 August 2017

Name	Title
1, Mr. Somyos Anantaprayoon	Chairman of Director
2. Mr. Krailuck Asawachatroj	Director
3. Mr. Phorntep Rattanataipop	Independent Director

3.2 Managers of the REIT Manager

Name	Education	Current Position
Ms. Kanchana Ouaborm	<ul style="list-style-type: none"> Master of the Built Environment, University of New South Wales, Australia 	Managing Director
Ms. Jarucha Satimanont	<ul style="list-style-type: none"> Master of Accountancy (Managerial Accounting), Chulalongkorn University 	Senior Manager Accounting & Operation Support
Mr. Nuttaporn Kongsumrit	<ul style="list-style-type: none"> Master of Business Administration, Stamford International University (Thailand) 	Manager Business Development and Investor Relations
Ms. Nateekarn Vongpipomongkol	<ul style="list-style-type: none"> Bachelor of Business Administration, Accounting, Assumption University 	Assistant Manager Risk Management and Compliance

3.3 Shareholders of the REIT Manger

The shareholders of the REIT Manager as of 2 May 2017 are as follows

Name	Number of Shares	Shareholding Percentage
Hemaraj Land and Development Public Company Limited	3,499,998	99.9998
Mr. Somyos Anantaprayoon	1	0.0001
Ms. Jareeporn Jarukornsakul	1	0.0001
Total	3,500,000	100.00

4. Capital increases in the past 3 years

4.1 Capital Increases in the Past 3 Years

None

4.2 3-year Historical Distributions

Details of Distributions	2016 ^{/1}	2017
Net Income (THB)	44,383,818	(532,419,962) ^{/2}
Net Income per unit (THB)	0.0780	-0.9351
Dividend per unit (THB)	-	0.2647
Capital Reduction per unit (THB)	-	0.3765
Total dividend and capital reduction per unit (THB)	-	0.6412

Remarks:

^{/1} The REIT was established on 21 November 2016

^{/2} The REIT has an operating income of THB 318,805,473, realized gain on sale of securities of THB 64,809, and an unrealized loss from asset revaluation of THB 851,290,244.

Part 3

Financial Statement for the year 2016 to Quarter 2, 2017

The financial results of HREIT, audited by PricewaterhouseCoopers ABAS Ltd. for the year ended 31 December 2016 (from 21 November 2016-31 December 2016), and the 6-month financial results are as follows

Balance Sheet (unit: THB)	31 Dec 2016 (audited)	30 Jun 2017 (reviewed)
Assets		
Investments at fair value	7,974,991,417	7,258,987,070
Cash and cash equivalents	193,036,872	96,653,160
Accounts receivable and other receivable	18,832,657	31,284,474
Prepaid expenses	1,463,097	1,121,748
Deferred expenses	3,663,881	3,292,361
Deferred income from operating lease agreement	9,244,838	1,914,312
Refundable VAT	136,372	194,324
Other assets	16,537	118,240
Total Assets	8,201,385,671	7,393,565,689
Liabilities		
Unearned rental and service income	-	8,804,056
Deposits received from customers	149,660,670	135,971,822
Borrowing from financial institution – net	2,286,224,232	2,289,792,711
Accrued expenses	17,040,873	10,247,109
Other liabilities	10,476,078	1,077,025
Total Liabilities	2,463,401,853	2,445,892,723
Net Assets	5,737,983,818	4,947,672,966
Net assets represented by		
Registered Capital	5,693,600,000	5,693,600,000
Retained earnings (losses)	44,383,818	(745,927,034)
Net Asset Value	5,737,983,818	4,947,672,966
Net assets value per unit (Baht)	10.0779	8.6898
Unit outstanding at the end of period (Trust Units)	569,360,000	569,360,000

Income State (unit: THB)	2016 (21 Nov 2016 - 31 Dec 2016)	Jan-Jun 2017
	(audited)	(reviewed)
Investment income		
Rental and service income	52,774,213	234,421,115
Rooftop rental income	456,399	2,435,729
Compensate rental income	8,793,136	51,052,235
Interest income	302,011	485,664
Total income	62,325,759	288,394,743
Expenses		
Management fee	1,455,440	6,317,896
Trustee fee	1,455,440	6,317,896
Registrar fee	268,944	1,041,248
Property management fee	1,234,127	4,917,167
Other expenses	3,028,090	8,394,094
Total expenses	7,442,041	26,988,301
Net investment income before financial costs	54,883,718	261,406,442
Financial costs		
Interest expenses	10,499,900	49,003,355
Net investment income	44,383,818	212,403,087
Net gain from investments		
Net unrealised gain from investments valuation	-	(852,004,347)
Net gain from sale of investment	-	-
Total net gain from investments	-	(852,004,347)
Increase in net assets from operations during the period	44,383,818	(639,601,260)
Capital Reduction	-	-
Dividend Payment	-	-
Increase in net assets from operations during the period	44,383,818	(639,601,260)

Cash Flow Statement (unit: THB)	2016 (21 Nov 2016 - 31 Dec 2016)	Jan-Jun 2017
	(audited)	(reviewed)
Cash flows from operating activities		
Increase in net assets from operations during the period	44,383,818	(639,601,260)
Adjustments to reconcile net decrease in net assets		
from operations to net cash provided by operating activities		
Investment in properties	(7,974,991,417)	-
Increase in accounts receivable and other receivables	(18,832,657)	(12,451,817)
Investments in securities	-	(136,000,000)
Decrease (Increase) in prepaid expenses	(1,463,097)	341,349
Decrease in deferred income from operating lease agreements	(9,244,838)	7,330,526
Increase in refundable VAT	(136,372)	(57,952)
Increase in other assets	(16,537)	(101,703)
Increase in unearned rental and service income	-	8,804,056
Increase in deposits received from customers	149,660,670	(13,688,848)
Decrease in accrued expenses	17,040,873	(6,793,764)
Decrease in other liabilities	10,476,078	(9,399,053)
Amortisation of deferred expenses	84,156	371,520
Financial cost - interest expenses	10,499,900	852,004,347
Net unrealised loss from investment valuation	-	852,004,347
Net cash provided by operating activities	(7,772,539,423)	49,003,355
Cash flows from financing activities		
Cash from equity fundraising	5,693,600,000	-
Borrowing	2,325,000,000	-
Cash paid for fundraising	(3,748,037)	-
Cash paid for loan front-end fee	(38,775,768)	-
Cash interest payments	(10,499,900)	(45,434,876)
Capital Reduction	-	-
Cash paid for distribution payment	-	(150,709,592)
Net cash provided from (used in) financing activities	7,965,576,295	(196,144,468)

Cash Flow Statement (unit: THB)	2016 (21 Nov 2016 - 31 Dec 2016)	Jan-Jun 2017
	(audited)	(reviewed)
Net increase in cash and cash equivalents	193,036,872	(96,383,712)
Cash and cash equivalents at the beginning of the period	-	193,036,872
Cash and cash equivalents at the end of the period	193,036,872	96,653,160

Significant financial ratios and additional significant information (%)	2016 (21 Nov 2016 - 31 Dec 2016)	Jan-Jun 2017
Net assets at the end of the period (Baht)	5,737,983,818	4,947,672,966
Ratios of total expenses to average net assets during the period (%)	0.13	0.48
Ratios of investment income to average net assets during the period (%)	1.09	5.09
Ratios of weighted average investment purchases and sales during the period to average net assets during the period (%)*		-
Weighted average NAV (per cent) *	138.99	0.02
Weighted average NAV (THB)	5,737,983,818	5,662,515,481

*The value of investments do not include cash in bank accounts and is calculated as a time-weighted average

Operating Performance in 2016

The REIT was established on November 21, 2016. The results for 2016 are from the date of the REIT registration until the end of the period (November 21, 2019 - December 31, 2019). By 2016, the REIT has total revenues of 62.33 million THB, comprised of rental and service revenues of 52.77 million THB, rooftop rental revenues of 0.46 million THB, guarantee revenues of - 8.79 million THB and interest income of 0.30 million THB from deposits and rental income.

Total expenses for the year 2016 amounted to 7.44 million THB, consisting of a REIT manager fee of 1.46 million THB, a trustee fee of 1.46 million THB and property management fee of 1.23 million THB which is paid to Hemaraj, the Property Manager.

Net investment income before financial expense (Operating Profit) for 2016 amounted to 54.88 million THB and Net Investment Income is 44.38 million THB. The ratio of net profit to average net asset value during the period is 0.01%.

Operating Performance 1H 2017

For the period of 6 months 2017, the REIT has total revenue of 288.39 million THB, consisted of rental and service revenue of 234.42 million THB, rooftop rental revenue of 2.44 million THB, guarantee revenue of 51.05 million THB, and interest income of 0.49 million THB from deposit and rental and service income.

Total expenses for the 6 months period of 2017 amounted to 26.99 million THB, consisting of REIT manager fee of 6.32 million THB, trustee fee of 6.32 million THB and property management fee of 4.92 million THB which

Net investment income before financial expense (Operating Profit) for the period of 6 months 2017 amounted to 261.41 million THB and Net Investment Income is 212.40 million THB. If include unrealized loss on investment of 852 million THB, the REIT's NAV will decrease by 639.60 million THB in the period and the ratio of net profit to average Net Asset Value during the period will be 11.30%

Unrealized loss is a measure of the value of an investment, based on the reviewing of an independent property appraiser. The appraisal value is higher than the appraised value before the investment but still lower than the value that the REIT has invested. Therefore, the REIT is required to record such transactions as accounting losses.

Financial Position

As of 31 December 2016, the REIT has total asset of 8,201.39 million THB The main items are the investment in leasehold rights at fair value of Baht 7,974.99 million THB or 97.42% of total assets. The major asset is the investment in 6 properties. The REIT has total liabilities of 2,463.40 million THB consisted of loans from financial institutions of 2,286.22 million THB or 92.81% of total liabilities and deposits of 149.66 million THB or 6.08% of total liabilities. Long-term loans are loans from Siam Commercial Bank Public Company Limited for the use in investing in the primary assets.

For the first 6 months of 2017 the REIT has total assets of 7,393.57 million THB and the fair value of the investments is 7,258.99 million THB or 98.18% of total assets. Decrease in total assets from year end 2016 is mainly due to the unrealized loss on investments. The losses incurred are the result of a comparison between the purchase price of assets at the time of the REIT establishment and the reappraised value for this period.

Liquidity

For the year 2016 (November 21, 2019 - December 31, 2019), the REIT fund had a net cash flow used in operating activities of 7,772.54 THB mm due to the purchase of real estate investments of 7,974.99 THB mm.

Net cash inflows from financing activities for the year 2560 amounted to 7,965.5 THB mm, consisting of proceeds from the sale of trust receipts of 5,693.60 THB mm, loans from financial institutions of 2,325.00 THB mm, while cash paid for the REIT set up and other transaction cost of 3.75 THB mm and cash paid for loan upfront fee and interest expense of 38.78 THB mm and 10.50 THB mm, respectively.

For the first six months of 2017, the REIT's net cash flow from operating activities was 99.76 THB mm and the cash flow used in financing activities was 196.14 THB mm, namely, interest payment of 45.43 THB mm and distribution of 150.71 THB mm. As a result, the cash and cash equivalents at the end of the period were 96.65 THB mm, a decrease of 96.38 THB mm from the beginning of the period.

Factors that may affect future operations or financial position

One of the current major tenants, which is in the automotive industry, has expressed intention of notrenewing the lease contract due by the end of September 2017 and in February 2018. The total area is approximately 12.52% of the total current leasable area of the REIT. The tenant plans to expand production capacity by purchasing land owned by the sponsor group to build large factories because this tenant plans to use Thailand as a production base for export in ASEAN and the leased area from the REIT is not sufficient to significantly increase their capacity. The removal of such tenant will significantly increase the availability of the REIT but consequently decreased the rental and service revenue of the REIT. The REIT is also exposed to the risk of not being able to find new tenants to replace all vacant units in a short period of time. This may affect the overall occupancy rate of the REIT and may cause the REIT to incur costs of hiring agent to recruit new tenants. In addition, the availability of large vacant area may have REIT manager and property managers reduce rental rates to attract new tenants to the area. This will result in a decrease in the overall revenue of the REIT. While the REIT is unable to find new tenants to replace it, rental and service revenue of the REIT will decrease by 14.57% if the lease term expires (based on the proportion of revenue received by that tenant as of June 2017).

However, the REIT is still receiving revenue from the guarantee revenue from the Sponsors until 22 November 2019, resulting in the stability of financial performance of the REIT.

From the tenant's significant increase in production capacity, there is a chance that smaller suppliers in their supply chain, as the REIT's target customers, will come and invest nearby.