

### Information Memorandum regarding the Additional Assets for Investment No. 2

TICON Freehold and Leasehold Real Estate Investment Trust ("TREIT") will raise funds by issuing and offering debentures and will utilize the proceeds received from the issuance and offering of the debentures to invest in the additional assets (the "Additional Asset for Investment No. 2") which shall comprise (a) land and 7 warehouse buildings with 20 units of TICON Logistics Park Company Limited ("TPARK") having the total approximate area of 52,196<sup>1</sup> square meters and (b) land and 8 factory buildings (8 units) of TICON Industrial Connection Public Company Limited ("TICON") having the total approximate area of 16,825 square meters. The total Additional Asset for Investment No. 2 shall be 15 warehouse and factory buildings with 28 units having the total approximate area of 69,021<sup>2</sup> square meters, located on the total approximate land area of 85 rai 0 ngan 22.14 square wah, which shall comprise the following.

1. Ownership of land with the total approximate area of 29 rai 1 ngan 88.8 square wah, and ownership of 3 warehouse buildings with 12 units having the total approximate area of 24,632<sup>3</sup> square meters, currently owned by TPARK and located in the projects as follows:

1.1 1 warehouse building with 2 units having the approximate area of 4,900 square meters in TICON Logistics Park Sriracha project, locating at Tambol Surasak, Amphur Sriracha, Chonburi Province;

1.2 1 warehouse building with 2 units having the approximate area of 4,900 square meters in TICON Logistics Park Laemchabang 2 project, locating at Tambol Nong Kham, Amphur Sriracha, Chonburi Province;

1.3 1 warehouse building with 8 units having the approximate area of 14,832<sup>4</sup> square meters in Rojana Industrial Park Prachinburi, locating at Tambol Huawa, Amphur Si Maha Phot, Prachinburi Province.

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<sup>1</sup> If calculating the area of the warehouse buildings pursuant to the construction licenses of all projects in this item, it shall be equal to approximately 52,676 square meters.

<sup>2</sup> If calculating the area of the warehouse buildings and the factory buildings pursuant to the construction licenses of all projects in this item, it shall be equal to approximately 69,501 square meters.

<sup>3</sup> If calculating the area of the warehouse buildings pursuant to the construction licenses of all projects in this item, it shall be equal to approximately 25,112 square meters.

<sup>4</sup> If calculating the area of the warehouse buildings pursuant to the construction license, it shall be equal to approximately 15,312 square meters.

- The discrepancy between the leased area and the area of the warehouse buildings in items No. 1, 2, 3, and 4 above is caused by the different measuring method and calculation performed by government agency on actual site. However, such discrepancy will not affect the rental revenue of TREIT since the calculation of the rental revenue is based on the area of the warehouse buildings pursuant to the lease agreements. Besides, the area of the warehouse buildings pursuant to the lease agreements does not exceed the area of the warehouse buildings pursuant to the construction licenses; therefore, such discrepancy will not have a negative impact to TREIT in legal aspect.

2. Leasehold right of land for a period of 30 years from the date of the registration of the leasehold right with the total approximate area of 27 rai 0 ngan 21.44 square wah, and leasehold right of 4 warehouse buildings with 8 units for a period of 30 years from the date of the registration of the leasehold right having the total approximate area of 27,564 square meters, in TICON Logistics Park Bangplee 3 project, locating at Tambol Bangpla, Amphur Bangplee, Samut Prakarn Province, currently owned by TPARK.

3. Ownership of land with the total approximate area of 28 rai 2 ngan 11.9 square wah, and ownership of 8 factory buildings (8 units) having the total approximate area of 16,825 square meters, currently owned by TICON and located in the projects as follows:

3.1 1 Factory building (1 unit) having the approximate area of 1,950 square meters in Bangpoo Industrial Estate, locating at Tambol Praeksa, Amphur Muang Samut Prakarn, Samut Prakarn Province;

3.2 1 Factory building (1 unit) having the approximate area of 1,750 square meters in Banwa (Hi-Tech) Industrial Estate, locating at Tambol Banlane, Amphur Bangpa-In, Phra Nakhon Si Ayutthaya Province;

3.3 5 Factory buildings (5 units) having the total approximate area of 11,375 square meters in Amata City Industrial Estate, locating at Tambol Mabyangporn, Amphur Pluak Deang, Rayong Province;

3.4 1 Factory building (1 unit) having the approximate area of 1,750 square meters in Rojana Industrial Park Ayutthaya, locating at Tambol Banchang, Amphur U-Thai, Phra Nakhon Si Ayutthaya Province.

Summary of the Additional Assets for Investment No. 2 : Warehouse Buildings<sup>1</sup>

No.	Project / Industrial Park	Warehouse Building No.	Approximate Leasable Area (Sq.M.)	Details of Warehouse Building	Land Title Deed No.	Approximate Land Area			Approximate Building Age (Year) (June 30 <sup>th</sup> , 2016)	Type of Investment	
						Rai	Ngan	Sq.W		Land	Warehouse Building
1.	TICON Logistics Park Bangplee 3 (Tambol Bangpla, Amphur Bangplee, Samut Prakarn Province) <sup>2</sup>	W6	2,400	a one-storey reinforced concrete building with mezzanine with 1 unit	67307	27	0	21.44	0.66	Leasehold right of land for 30 years	Leasehold right of buildings for 30 years
					104818						
2.		W7	8,640	a one-storey reinforced concrete building with mezzanine with 1 unit	104819				0.67		
					121302						
					121303						
					121304						
					Part of 6078						
3.		W8/1 <sup>3</sup>	2,466	a one-storey reinforced concrete building with mezzanine with 4 units	Part of 7666				1.41		
					Part of 104815						
4.		W8/2	2,466		Part of 104816						
					Part of 104817						

No.	Project / Industrial Park	Warehouse Building No.	Approximate Leasable Area (Sq.M.)	Details of Warehouse Building	Land Title Deed No.	Approximate Land Area			Approximate Building Age (Year) (June 30 <sup>th</sup> , 2016)	Type of Investment	
						Rai	Ngan	Sq.W		Land	Warehouse Building
5.		W8/3	2,466		Part of 118032						
6.		W8/4	2,466		Part of 121305						
7.		W10/1 <sup>4/5</sup>	2,736	a one-storey reinforced concrete building with	Part of 121307				0.66		
8.		W10/2 <sup>4</sup>	3,924	mezzanine with 2 units	Part of 137159						
9.	TICON Logistics Park Sriracha	W1/1 <sup>3</sup>	2,450	a one-storey reinforced concrete building with mezzanine with 2 units	177127 <sup>6</sup>	5	1	43.2	3.41	Ownership	Ownership
10.	(Tambol Surasak, Amphur Sriracha, Chonburi Province) <sup>2</sup>	W1/2 <sup>3</sup>	2,450								
11.	TICON Logistics Park Laemchabang 2	W5/1	2,000	a one-storey reinforced concrete building with mezzanine with 2 units	178445 <sup>6</sup>	6	3	46.6	2.37	Ownership	Ownership
12.	(Tambol Nong Kham, Amphur Sriracha, Chonburi Province) <sup>2</sup>	W5/2	2,900								

No.	Project / Industrial Park	Warehouse Building No.	Approximate Leasable Area (Sq.M.)	Details of Warehouse Building	Land Title Deed No.	Approximate Land Area			Approximate Building Age (Year) (June 30 <sup>th</sup> , 2016)	Type of Investment	
						Rai	Ngan	Sq.W		Land	Warehouse Building
13.	Rojana Industrial Park Prachinburi (Tambol Huawa, Amphur Si Maha Phot, Prachinburi Province) <sup>2</sup>	W4/1	1,800 <sup>7</sup>	a one-storey reinforced concrete building with mezzanine with 8 units	52346	0	1	92	Construction completed on July 31 <sup>st</sup> , 2016	Ownership	Ownership
14.		W4/2	1,800 <sup>7</sup>								
15.		W4/3	1,800 <sup>7</sup>								
16.		W4/4	2,016 <sup>7</sup>		52348	16	3	7			
17.		W4/5	2,016 <sup>7</sup>								
18.		W4/6	1,800 <sup>7</sup>								
19.		W4/7	1,800 <sup>7</sup>								
20.		W4/8	1,800 <sup>7</sup>								
Total			52,196 <sup>8</sup>			56	2	10.24			

#### Remarks

- <sup>1</sup> Warehouse buildings mean warehouse and factory buildings with a purpose to be used for storage of goods or products.
- <sup>2</sup> TPARK agrees to implement the registration of servitude right to the land in which TREIT will invest or to grant TREIT the right to use the land owned by TPARK for entrance and exit way, including other utilities without any consideration.
- <sup>3</sup> Such asset is under a condition pursuant to the lease agreement that gives the right to the lessee to terminate the lease agreement before the end of the lease term during the exercise of right period as specified (Option to Early Terminate) whereby the lessor cannot forfeit the deposit from the lessee. Such condition is a condition under the agreements with the tenant which exists prior to the investment in the Additional Assets for Investment No. 2 of TREIT.
- <sup>4</sup> Such asset is under a condition pursuant to the lease agreement that gives the right to the lessee to move from the leased asset to other assets within TPARK's group, which are TPARK, and property fund and Real Estate Investment Trust of which TPARK is the Property Manager (Option to Swap) whereby the lessor cannot forfeit the deposit from the lessee. Such condition is a condition under the agreements with the tenant which exists prior to the investment in the Additional Assets for Investment No. 2 of TREIT.
- <sup>5</sup> Since the agreements with the tenant of such warehouse building will commence on February 1<sup>st</sup>, 2017 which is expected to be after the date of investment by TREIT, TPARK agrees to compensate for such vacant space to TREIT as of the date of investment by TREIT until the commencement date of such agreements at the rate equals to the rental, service and common area service fees as specified in the agreements with the tenants of such vacant space.

<sup>6</sup> Such asset is under a mortgage as collateral with a financial institution (Creditor). Removal of the mortgage will be done prior to the transfer of ownership to TREIT.

<sup>7</sup> If calculating the area of the warehouse buildings pursuant to the construction license, it shall equal 15,312 square meters.

<sup>8</sup> If calculating the area of the warehouse buildings pursuant to the construction license, it shall equal 52,676 square meters.

- The discrepancy between the leased area and the area of the warehouse buildings pursuant to the construction licenses of the warehouse buildings in items No. 7, and 8 above is caused by the different measuring method and calculation performed by government agency on actual site. However, such discrepancy will not affect the rental revenue of TREIT since the calculation of the rental revenue is based on the area of the warehouse buildings pursuant to the lease agreements. Besides, the area of the warehouse buildings pursuant to the lease agreements does not exceed the area of the warehouse buildings pursuant to the construction licenses; therefore, such discrepancy will not have a negative impact to TREIT in legal aspect.
- In selecting the Additional Assets for Investment No. 2, the REIT Manager considers based on locations, building age and assets potential, including conditions in the lease agreements, lease term and reputation of the tenants as supporting factors. As for the lease agreements of warehouse buildings with Option to Swap and Option to Early Terminate, the REIT Manager has considered that such assets are assets with potential and reputable tenants. Additionally, in the event that the tenant has exercised such right under the lease agreement (excluding in the case where the tenant has exercised Option to Swap to move to other assets of TREIT), TPARK agrees to compensate the deposit to TREIT in the amount equal to the deposit as specified in the lease agreement, including the exercise of Option to Swap and Option to Early Terminate under the agreements between TREIT and the tenants which have been renewed by TREIT after the investment date. TPARK agrees to compensate such deposit to TREIT within 15 days from the date that TPARK has received an evidence of the refund of deposit to the tenant who has exercised such right under the lease agreements. The REIT Manager is of the opinion that the exercise of such right under the lease agreements of the tenants may not have material risk and impact.
- If, on the investment date, any of the Additional Assets for Investment No. 2 is vacant or in case the tenant already entered into the agreements for such Additional Assets for Investment No. 2 but the lease term and the payment of rental and service fees, and common area service fee (if any) have not yet started on the investment date or the lease term of the agreements has already started but the agreements are still in the Rent-Free Period or in the period where the tenant has the right to pay rental, service fee, and common area service fee (if any) at the rate lower than the rental, service fee, and common area service fee (if any) as specified in the agreements that the tenant shall pay after such period (Fitting-Out Period) (the “**Vacant Unit**”). TPARK agrees to compensate to TREIT in the amount equal to the rate of rental and service fees, and common area service fee (if any) as specified in the agreements with the tenant for such Vacant Unit or other unit with similar characteristic as the Vacant Unit (in case such Vacant Unit does not have any previous tenant) or in the amount equal to the difference between the actual amount of rental, service fee, and common area service fee (if any) which TREIT will receive and the rental, service fee, and common area service fee (if any) as specified in the agreements which the tenant shall pay after the Rent-Free Period or the Fitting-Out Period (as the case may be) (the “**Compensation Rate**”) for the period of 12 months as of the investment date until the date that TREIT has entered into the agreements with new tenant or as of the investment date until the date the TREIT has received the rental, service fee, and common area service fee (if any) in the amount as specified in the agreements which the tenant shall pay after the Rent-Free Period or the Fitting-Out Period (as the case may be) (whichever occurs earlier) (the “**Compensation Period**”)

In this regard, if the agreements between TREIT and the new tenant, procured by TPARK, have ended within 12 month as of the investment date, TPARK agrees to compensate to TREIT for such Vacant Unit by applying the foregoing principle *mutatis mutandis*.

However, in the event that TPARK is able to procure new tenant to enter into the agreements within the Compensation Period but the rate of rental, service fee, and common area service fee (if any) is lower than the Compensation Rate or such agreements have the Rent-Free Period or Fitting-Out Period, TPARK agrees to compensate to TREIT in the amount equal to the difference between the



Compensation Rate and the rental, service fee, and common area service fee (if any) as specified in the agreements with such new tenant or the actual amount of rental, service fee, and common area service fee (if any) which TREIT will receive (as the case may be) until the end of the 12-month period as of the investment date or the date on which TPARK is able to agree on the rental, service fee, and common area service fee (if any) with such new tenant to be at the rate of not less than the Compensation Rate (whichever occurs earlier).

TPARK agrees not to charge TREIT for the commission fees for such procurement of new lessees within the Compensation Period.

- Completion date is referred from the date on which TPARK recorded in its financial account.

Source: TPARK

Summary of the Additional Assets for Investment No. 2 : Factory Buildings

No.	Industrial Estate / Industrial Park	Factory Building No.	Land Plot No.	Approximate Leasable Area (Sq.M.)	Details of Factory Building	Land Title Deed No.	Approximate Land Area			Approximate Building Age (Year) (June 30 <sup>th</sup> , 2016)	Type of Investment	
							Rai	Ngan	Sq.W		Land	Factory Building
1	Bangpoo Industrial Estate (Tambol Praeksa, Amphur Muang Samut Prakarn, Samut Prakarn Province)	M1.6	G-27/1	1,950	a one-storey steel-frame reinforced concrete building with mezzanine	288254	2	2	95.8	11.43	Ownership	Ownership
2	Banwa (Hi-Tech) Industrial Estate (Tambol Banlane, Amphur Bangpa-In, Phra Nakhon Si Ayutthaya Province) <sup>1</sup>	A1.5/2 <sup>3</sup>	G-1/4-9	1,750	a one-storey reinforced concrete building with mezzanine (modified to be used as factory and office)	71624 <sup>2</sup>	2	3	50	12.30	Ownership	Ownership
3	Amata City Industrial Estate (Tambol Mabyangporn, Amphur Pluak Deang, Rayong Province) <sup>1</sup>	M1.9	A220/5	2,250	a one-storey reinforced concrete building with mezzanine	38799 <sup>2</sup>	3	3	09.5	1.96	Ownership	Ownership
4		A1.5/2	A488/13	1,750	a one-storey reinforced concrete building with mezzanine	38795 <sup>2/4</sup>	3	1	26.9	0.67		



No.	Industrial Estate / Industrial Park	Factory Building No.	Land Plot No.	Approximate Leasable Area (Sq.M.)	Details of Factory Building	Land Title Deed No.	Approximate Land Area			Approximate Building Age (Year) (June 30 <sup>th</sup> , 2016)	Type of Investment	
							Rai	Ngan	Sq.W		Land	Factory Building
5		A2.1	A488/8	2,375	a one-storey steel-frame reinforced concrete building with mezzanine	38793 <sup>2/4</sup>	12	3	94.7	1.33		
6		A2.2/1	A488/3	2,500	a one-storey reinforced concrete building with mezzanine					1.33		
7		A2.2/2	A488/7	2,500	a one-storey reinforced concrete building with mezzanine					1.33		
8	Rojana Industrial Park Ayutthaya (Tambol Banchang, Amphur U-Thai, Phra Nakhon Si Ayutthaya Province)	A1.5	42.4	1,750	a one-storey reinforced concrete building with mezzanine	31578	2	3	35	7.14	Ownership	Ownership
Total				16,825			28	2	11.9			



#### Remarks

- <sup>1</sup> TICON agrees to implement the registration of servitude right to the land in which TREIT will invest for entrance and exit way, including other utilities without any consideration.
- <sup>2</sup> Such asset is under a mortgage as collateral with a financial institution (Creditor). Removal of the mortgage will be done prior to the transfer of ownership to TREIT.
- <sup>3</sup> Such asset is under a condition pursuant to the lease agreement that gives the right to the lessee to terminate the lease agreement before the end of the lease term during the exercise of right period as specified (Option to Early Terminate) whereby the lessor cannot forfeit the deposit from the lessee. Such condition is a condition under the agreements with the tenant which exists prior to the investment in the Additional Assets for Investment No. 2 of TREIT.
- <sup>4</sup> The land in which TREIT will invest at Amata City Industrial Estate are under a separation of the land title deeds process, which will be completed prior to the investment.
- In selecting the Additional Assets for Investment No. 2, the REIT Manager considers based on locations, building age and assets potential, including conditions in the lease agreements, lease term and reputation of the tenants as supporting factors. As for the lease agreements of warehouse buildings with Option to Early Terminate, the REIT Manager has considered that such assets are assets with potential and reputable tenants. Additionally, in the event that the tenant has exercised such right under the lease agreement, TICON agrees to compensate the deposit to TREIT in the amount equal to the deposit as specified in the lease agreement, including the exercise of Option to Early Terminate under the agreements between TREIT and the tenants which has been renewed by TREIT after the investment date. TICON agrees to compensate such deposit to TREIT within 15 days from the date that TICON has received an evidence of the refund of deposit to the tenant who has exercised such right under the lease agreements. The REIT Manager is of the opinion that the exercise of such right under the lease agreements of the tenants may not have material risk and impact.
  - If, on the investment date, any of the Additional Assets for Investment No. 2 is vacant or in case the tenant already entered into the agreements for such Additional Assets for Investment No. 2 but the lease term and the payment of rental and service fees, and common area service fee (if any) have not yet started on the investment date or the lease term of the agreements has already started but the agreements are still in the Rent-Free Period or in the period where the tenant has the right to pay rental, service fee, and common area service fee (if any) at the rate lower than the rental, service fee, and common area service fee (if any) as specified in the agreements that the tenant shall pay after such period (Fitting-Out Period) (the “**Vacant Unit**”). TICON agrees to compensate to TREIT in the amount equal to the rate of rental and service fees, and common area service fee (if any) as specified in the agreements with the tenant for such Vacant Unit or other unit with similar characteristic as the Vacant Unit (in case such Vacant Unit does not have any previous tenant) or in the amount equal to the difference between the actual amount of rental, service fee, and common area service fee (if any) which TREIT will receive and the rental, service fee, and common area service fee (if any) as specified in the agreements which the tenant shall pay after the Rent-Free Period or the Fitting-Out Period (as the case may be) (the “**Compensation Rate**”) for the period of 12 months as of the investment date until the date that TREIT has entered into the agreements with new tenant or as of the investment date until the date the TREIT has received the rental, service fee, and common area service fee (if any) in the amount as specified in the agreements which the tenant shall pay after the Rent-Free Period or the Fitting-Out Period (as the case may be) (whichever occurs earlier) (the “**Compensation Period**”).
- In this regard, if the agreements between TREIT and the new tenant, procured by TICON, have ended within 12 month as of the investment date, TICON agrees to compensate to TREIT for such Vacant Unit by applying the foregoing principle *mutatis mutandis*.
- However, in the event that TICON is able to procure new tenant to enter into the agreements within the Compensation Period but the rate of rental, service fee, and common area service fee (if any) is lower than the Compensation Rate or such agreements have the Rent-Free Period or Fitting-Out Period, TICON agrees to compensate to TREIT in the amount equal to the difference



between the Compensation Rate and the rental, service fee, and common area service fee (if any) as specified in the agreements with such new tenant or the actual amount of rental, service fee, and common area service fee (if any) which TREIT will receive (as the case may be) until the end of the 12-month period as of the investment date or the date on which TPARK is able to agree on the rental, service fee, and common area service fee (if any) with such new tenant to be at the rate of not less than the Compensation Rate (whichever occurs earlier).

TICON agrees not to charge TREIT for the commission fees for such procurement of new lessees within the Compensation Period.

- Completion date is referred from the date on which TICON recorded in its financial account.

Source: TICON

## Characteristics of Buildings and Constructions to be Additionally Invested in

### 1. Warehouse buildings

Warehouse buildings to be additionally invested in are both speculatively-developed ready-built and custom-built buildings which mainly locate in strategic logistics locations suitable for development into distribution center. The warehouse buildings are designed to suit the modern logistics management systems by considering beam spam, floor load capacity, height of the buildings, number of loading doors (docks) and dock levellers for the area to be fully utilized. Additionally, the warehouse buildings are equipped with floor levelling device to adjust the appropriate gradient for loading facilitation.

Sample Photo of Warehouse Building Exterior



Sample Photo of Warehouse Building Interior



Source TPARK

### 2. Factory Buildings

Factory buildings to be additionally invested in are mainly one-storey type of building with a mezzanine for office usage. The buildings are constructed within fenced premises with a guardhouse, parking space and loading area. The factory buildings to be additionally invested in are developed in accordance with standard design but can be modified pursuant to the tenants' need. The factory buildings have a loading capacity of 1 to 3 ton(s) per square meter. The buildings are constructed with roof truss span without support which enables the buildings to have maximum usable area.

Sample Photo of Factory Building Exterior



Sample Photo of Factory Building Interior



Source TICON

Investment characteristic of the Additional Assets for Investment No. 2 can be summarized as follows:

Type of Asset	Warehouse Building <sup>1</sup>				Factory Building			
Investment Characteristics of TREIT (Overview)	1. Ownership of land and warehouse buildings 2. 30-year leasehold right of land and warehouse buildings from the date of the registration leasehold right				1. Ownership of land and factory buildings			
Investment Characteristic of TREIT (Per Project / Industrial Estate / Industrial Park)	TICON Logistics Park Bangplee3	8 units	30-year leasehold right of land from TPARK	30-year leasehold right of warehouse buildings from TPARK	Amata City Industrial Estate	5 units	Ownership of land	Ownership of factory buildings
	TICON Logistics Park Laemchabang 2	2 units	Ownership of land	Ownership of warehouse buildings	Bangpoo Industrial Estate	1 unit		
	TICON Logistics Park Sriracha	2 units			Banwa (Hi-Tech) Industrial Estate	1 unit		
	Rojana Industrial Park Prachinburi	8 units			Rojana Industrial Park Ayutthaya	1 unit		
Detail of Additional Assets for Investment No. 2	Land	Ownership of land Approximate land area of 29 rai 1 ngan 88.8 square wah			Land	Ownership of land Approximate land area of 28 rai 2 nagn 11.9 square wah		
		Leasehold right of land Approximate land area of 27 rai 0 ngan 21.44 square wah						
	Buildings	Ownership of warehouse buildings 3 buildings with 12 units Approximate total leasable area of 24,632 <sup>2</sup> square meters			Buildings	Ownership of factory buildings 8 buildings (8 units) Approximate total leasable area of 16,825 square meters		
		Leasehold right of warehouse buildings 4 buildings with 8 units						

Type of Asset	Warehouse Building <sup>1</sup>		Factory Building	
		Approximate total leasable area of 27,564 square meters		
Value to be Invested by TREIT	Not exceeding Baht 996.60 million		Not exceeding Baht 446.60 million	

**Remarks** <sup>1</sup> Warehouse building means warehouse building and factory building with a purpose for the use for storage of goods or products, including component parts and/or other constructions located within the fences of such warehouse building and factory building.

<sup>2</sup> If calculating the area of the warehouse buildings pursuant to the construction licenses of all projects in this item, it shall be equal to approximately 25,112 square meters.

**Source** TPARK and TICON

### Investment Value in Comparison with Appraised Value pursuant to Income Approach Method

Details of the value of the Additional Assets for Investment No. 2 and information of the appraised value pursuant to the income approach method are as follows:

Type of Assets	Characteristic of Investment	Project / Industrial Estate / Industrial Park	Investment Value of Additional Assets for Investment No. 2 (Million Baht)	Appraised Value of the Assets <sup>(1)</sup> (Million Baht)		Percentage of Difference between Investment Value and Lowest Appraised Value <sup>(2)</sup> (Percent)
				Grand Asset*	Wealth**	
Warehouse	Leasehold right of land and warehouse buildings	TICON Logistics Park Bangplee 3	Not exceeding 486.20	442.00	465.33	Not exceeding 10.00
	Ownership of land and warehouse buildings	TICON Logistics Park Sriracha	Not exceeding 103.50	92.00	96.00	Not exceeding 12.50
		TICON Logistics Park Laemchabang 2	Not exceeding 111.55	97.00	102.42	Not exceeding 15.00
		Rojana Industrial Park Prachinburi	Not exceeding 295.35	275.00	276.33	Not exceeding 7.40
Factory	Ownership of land and factory buildings	Bangpoo Industrial Estate	Not exceeding 50.60	46.00	47.97	Not exceeding 10.00
		Banwa (Hi-Tech) Industrial Estate	Not exceeding 44.00	40.00	41.34	Not exceeding 10.00
		Amata City Industrial Estate	Not exceeding 305.80	278.00	289.90	Not exceeding 10.00
		Rojana Industrial Park Ayutthaya	Not exceeding 46.20	42.00	43.59	Not exceeding 10.00
Total			Not exceeding 1,443.20	1,312.00	1,362.88	Not exceeding 10.00

**Remarks**

\* Grand Asset means Grand Asset Advisory Co., Ltd.

\*\* Wealth means Wealth Appraisal Co., Ltd.



- (1) The appraised value of the Additional Assets for Investment No. 2 is calculated pursuant to the income approach method which was made by Grand Asset as of May 23rd, 2016 and Wealth as of May 17th, 2016.
- (2) The investment value is calculated on the percentage of the lowest appraised value of the assets pursuant to the income approach method.

In this regard, the final investment value of certain items of the Additional Assets for Investment No. 2 may be higher than the lowest appraised value of the Additional Assets for Investment No. 2 made by the Appraisers exceeding 10 percent. However, the total final investment value of the Additional Assets for Investment No. 2 will not be higher than the lowest appraised value of the Additional Assets for Investment No. 2 made by the Appraisers exceeding 10 percent.

## Map of the Locations of the Additional Assets for Investment No. 2

### Type of Assets - Factory

**North and Northeastern Region**

**Rojana Industrial Park Ayutthaya** (1)

Province : Phra Nakhon Si Ayutthaya

Number of Building : 1 Unit

Leasable areas : 1,750 Sq.m..

**Banwa (Hi-Tech) Industrial Estate** (2)

Province : Phra Nakhon Si Ayutthaya

Number of Building : 1 Unit

Leasable areas : 1,750 Sq.m

**Central Region**

**Bangpoo Industrial Estate** (3)

Province : Samut Prakarn

Number of Building : 1 Unit

Leasable areas : 1,950 Sq.m

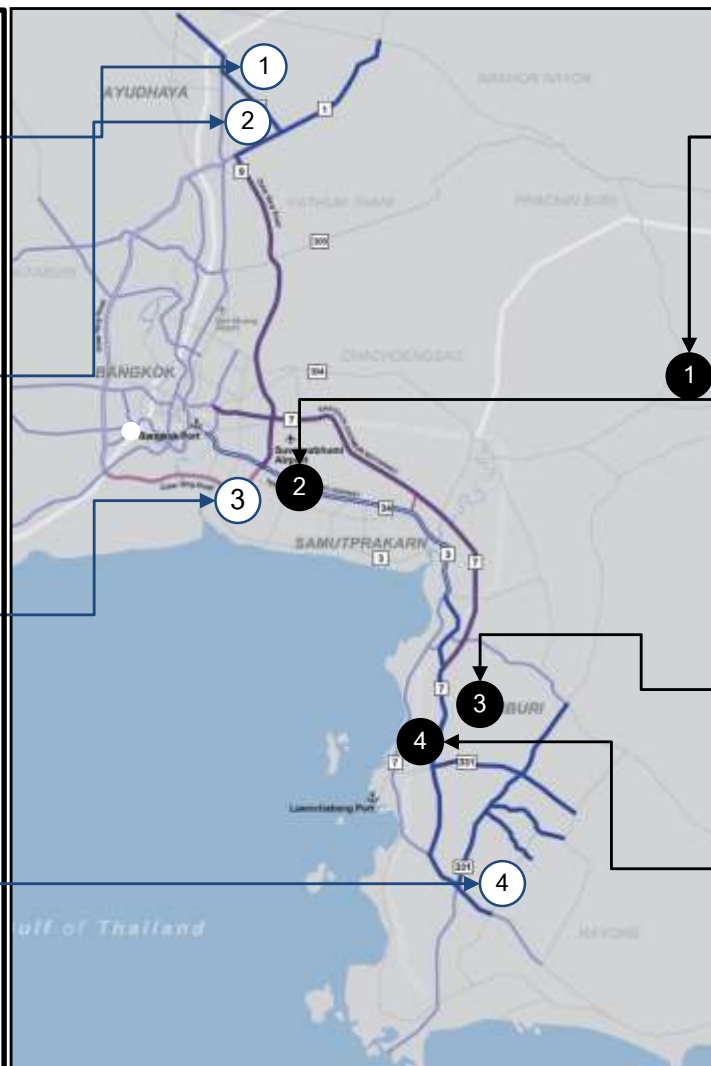
**Eastern Region**

**Amata City Industrial Estate** (4)

Province : Rayong

Number of Building : 5 Units

Leasable areas : 11,375 Sq.m



### Type of Assets – Warehouse

**North and Northeastern Region**

**Rojana Industrial Park Prachinburi** (1)

Province : Prachinburi

Number of Building : 8 Units

Leasable areas : 14,832 Sq.m

**Central Region**

**TICON Logistics Park Bangplee 3** (2)

Province : Samut Prakarn

Number of Building : 8 Units

Leasable areas : 27,564 Sq.m

**Eastern Region**

**TICON Logistics Park Sriracha** (3)

Province : Chonburi

Number of Building : 2 Units

Leasable areas : 4,900 Sq.m

**TICON Logistics Park Laemchabang 2** (4)

Province : Chonburi

Number of Building : 2 Units

Leasable areas : 4,900 Sq.m



### Strategic Locations

Warehouse buildings and factory buildings to be additionally invested in for the investment No. 2 are situated in 8 different locations as per the details as follows:

#### Type of Additional Assets: Warehouse Buildings

Project	TICON Logistics Park Bangplee 3
Project Developer	TPARK
Location	Tambol Bangpla, Amphur Bangplee, Samut Prakarn Province
Approximate distance from main logistic hubs and transportation routes	<ul style="list-style-type: none"> <li>- 27 km. from Bangkok</li> <li>- 24 km. from Suvarnabhumi International Airport</li> <li>- 93 km. from LaemChabang Port</li> <li>- 30 km. from LatKrabang Inland Container Depot</li> <li>- 18 km. from Outer Ring Road</li> </ul>
Number of buildings	4 warehouse buildings with 8 units

Project	Rojana Industrial Park Prachinburi
Project Developer	TPARK
Location	Tambol Huawa, Amphur Si Maha Phot, Prachinburi Province
Approximate distance from main logistic hubs and transportation routes	<ul style="list-style-type: none"> <li>- 144 km. from Bangkok</li> <li>- 114 km. from Suvarnabhumi International Airport</li> <li>- 163 km. from Map Ta Phut Deep Water Port</li> <li>- 134 km. from LaemChabang Port</li> </ul>
Number of buildings	1 warehouse building with 8 units

Project	TICON Logistics Park Laemchabang 2
Project Developer	TPARK
Location	Tambol Nong Kham, Amphur Sriracha, Chonburi Province
Approximate distance from main logistic hubs and transportation routes	<ul style="list-style-type: none"> <li>- 90km.from Bangkok</li> <li>- 8 km. from LaemChabang Port</li> <li>- 97km. from Suvarnabhumi International Airport</li> <li>- 47km. from Amata Nakorn Industrial Estate</li> <li>- 32 km. from Amata City Industrial Estate</li> <li>- 5km. from LaemChabang Industrial Estate</li> </ul>

Number of buildings	1 warehouse building with 2 units
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Project	TICON Logistics Park Sriracha
Project Developer	TPARK
Location	Tambol Surasak, Amphur Sriracha, Chonburi Province
Approximate distance from main logistic hubs and transportation routes	- 102 km. from Bangkok - 82 km. from Suvarnabhumi International Airport - 18 km. from LaemChabang Port
Number of buildings	1 warehouse building with 2 units

Source TPARK

#### Type of Additional Assets: Factory Buildings

Industrial Estate	Amata City Industrial Estate
Project Developer	TICON
Location	Tambol Mabyangporn, Amphur Pluak Deang, Rayong Province
Approximate distance from main logistic hubs and transportation routes	- 148 km. from Bangkok - 120 km. from Suvarnabhumi International Airport - 37 km. from LaemChabang Port
Number of buildings	5 factory buildings

Industrial Estate	Bangpoo Industrial Estate
Project Developer	TICON
Location	Tambol Praeksa, Amphur Muang Samut Prakarn, Samut Prakarn Province
Approximate distance from main logistic hubs and transportation routes	- 37 km. from Bangkok - 20 km. from Suvarnabhumi International Airport - 24 km. from Bangkok Port (KlongToey)
Number of buildings	1 factory building

Industrial Estate	Banwa (Hi-Tech) Industrial Estate
Project Developer	TICON
Location	Tambol Banlane, Amphur Bangpa-In, Phra Nakhon Si Ayutthaya Province

Industrial Estate	Banwa (Hi-Tech) Industrial Estate
Approximate distance from main logistic hubs and transportation routes	- 60 km. from Bangkok - 85 km. from Suvarnabhumi International Airport - 65 km. from Bangkok Port (KlongToey)
Number of buildings	1 factory building

Industrial Park	Rojana Industrial Park Ayutthaya
Project Developer	TICON
Location	Tambol Banchang, Amphur U-Thai, Phra Nakhon Si Ayutthaya Province
Approximate distance from main logistic hubs and transportation routes	- 70 km. from Bangkok - 95 from Suvarnabhumi International Airport - 75 from Bangkok Port (KlongToey)
Number of buildings	1 factory building

Source TICON

#### General Information of the Leasable Warehouse Buildings and Factory Buildings

Summary Information on Leasable Warehouse Buildings and Factory Buildings to be additionally invested in for the investment No. 2 Based on Locations

Project / Industrial Estate / Industrial Park	Numbers of Buildings (Units)	Approx. Leasable Area (Sq. m.)	Weighted Average Building Age (Year) <sup>1</sup>
<b>Warehouse Building</b>			
TICON Logistics Park Bangplee 3	8	27,564	0.93
TICON Logistics Park Laemchabang 2	2	4,900	2.37
Rojana Industrial Park Prachinburi	8	14,832 <sup>2</sup>	0.00
TICON Logistics Park Sriracha	2	4,900	3.41
<b>Total Warehouse Buildings</b>	<b>20</b>	<b>52,196<sup>3</sup></b>	<b>1.03</b>
<b>Factory Buildings</b>			
Amata City Industrial Estate	5	11,375	1.36
Bangpoo Industrial Estate	1	1,950	11.43
Banwa (Hi-Tech) Industrial Estate	1	1,750	12.30
Rojana Industrial Park Ayutthaya	1	1,750	7.14
<b>Total Factory Buildings</b>	<b>8</b>	<b>16,825</b>	<b>4.26</b>

Total Warehouse Buildings and Factory Buildings	28	69,021 <sup>4</sup>	1.82
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Remarks Data as at June 30<sup>th</sup>, 2016

- <sup>1</sup> The weighted average building age of warehouse buildings and factory buildings was calculated by weighting the area of the warehouse building and factory building in each project / industrial estate / industrial park, respectively.
- <sup>2</sup> If calculating the area of the warehouse buildings pursuant to the construction license, it shall be equal to approximately 15,312 square meters.
- <sup>3</sup> If calculating the area of the warehouse buildings pursuant to the construction licenses of all projects in this item, it shall be equal to approximately 52,676 square meters.
- <sup>4</sup> If calculating the area of the warehouse buildings and the factory buildings pursuant to the construction licenses of all projects in this item, it shall be equal to approximately 69,501 square meters.
- The discrepancy between the leased area and the area of the warehouse buildings in items No. 2, 3, and 4 above is caused by the different measuring method and calculation performed by government agency on actual site. However, such discrepancy will not affect the rental revenue of TREIT since the calculation of the rental revenue is based on the area of the warehouse buildings pursuant to the lease agreements. Besides, the area of the warehouse buildings pursuant to the lease agreements does not exceed the area of the warehouse buildings pursuant to the construction licenses; therefore, such discrepancy will not have a negative impact to TREIT in legal aspect.

#### Age of Warehouse Buildings and Factory Buildings (as of June 30<sup>th</sup>, 2016)

For the Additional Assets for Investment No. 2, the age of most warehouse buildings and factory buildings is less than 4 years (the average building age of the warehouse buildings is approximately 1.03 years and the average building age of the factory buildings is approximately 4.26 years), which can be categorized as per the details as follows:

Age of Buildings	% of Total Leasable Area of Warehouse Buildings (Percent)	% of Total Leasable Area of Factory Buildings (Percent)	% of Total Leasable Area of Warehouse and Factory Buildings (Percent)
Less than 4 years	100.0	67.6	92.1
From 4 to 8 years	0.0	10.4	2.5
More than 8 years	0.0	22.0	5.4
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Remark Calculated from the leasable area of warehouse buildings and/or factory buildings

Source TPARK and TICON

#### Remaining Term of the Existing Lease Agreements (as of June 30<sup>th</sup>, 2016)

Details of remaining term of the existing lease agreements of the Additional Assets for Investment No. 2 in each year are summarized as follows:

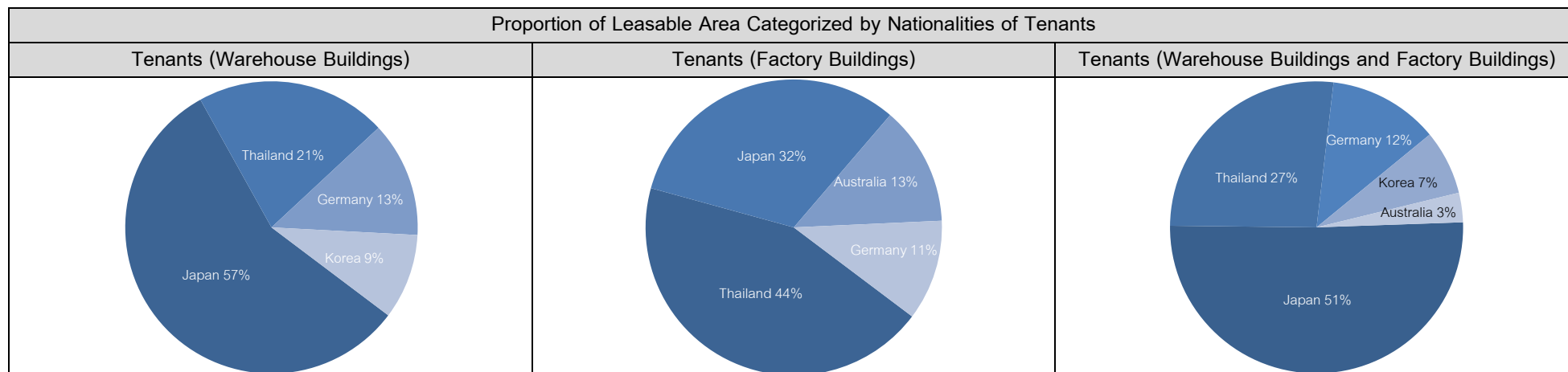
Expiry Year of the Lease Term	% of Total Leasable Area According to the Lease Agreements (Percent)		
	Warehouse Building	Factory Building	Total
Within the year 2017	19.7	11.6	17.7
Within the year 2018	34.5	44.6	37.0
Within the year 2019	45.8	43.8	45.3
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Remark      Calculated from the actual leasable area as specified in the lease agreements of the Additional Assets for Investment No. 2 as of June 30<sup>th</sup>, 2016.

Source        TPARK and TICON

Data of Tenants in Warehouse Buildings and Factory Buildings (as of June 30<sup>th</sup>, 2016)

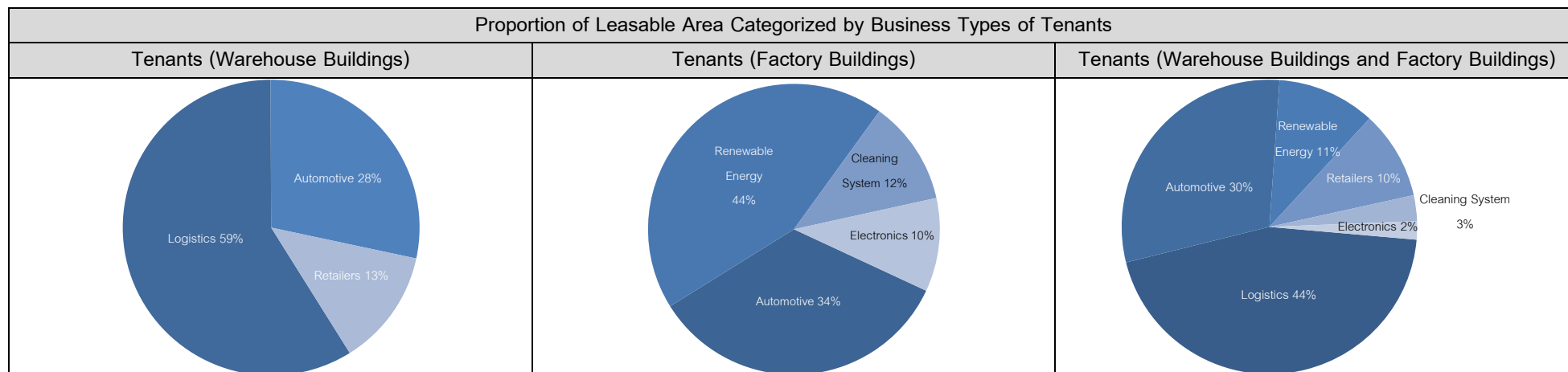
Tenants in warehouse buildings and factory buildings of the Additional Assets for Investment No. 2 can be categorized by nationalities of the tenants as follows:



Remark Calculated from the actual leasable area as specified in the lease agreements of the Additional Assets for Investment No. 2 as of June 30<sup>th</sup>, 2016.

Source TPARK and TICON

Tenants in warehouse buildings and factory buildings of the Additional Assets for Investment No. 2 can be categorized by business types of the tenants as follows:



Remark Calculated from the actual leasable area as specified in the lease agreements of the Additional Assets for Investment No. 2 as of June 30<sup>th</sup>, 2016.

Source TPARK and TICON

## Details of 5 Major Tenants of the Additional Assets for Investment No. 2 (as of June 30th, 2016)

### Warehouse Buildings

No.	Name of Tenant	% of Income to Total Income* (Percent)	Expiry Year of the Lease Term	Nationality	Business Type
1	Honda Logistics Asia Co., Ltd.	29.2	2019	Japanese	Auto Parts
2	Acutech Co., Ltd.	21.4	2018 and 2019	Thai	Logistics
3	Lazada Limited	12.9	2019	German	Retailer
4	CJ Korea Express (Thailand) Co., Ltd	9.6	2017	Korean	Logistics
5	Kintetsu Logistics (Thailand) Company Limited	9.6	2017 and 2018	Japanese	Logistics
<b>Total</b>		<b>82.7</b>			

**Remark** \* Calculated from the income derived from rental, service fee, and common area service fee as specified in the agreements with such tenant comparing to the income derived from rental, service fee, and common area service fee as specified in the agreements with tenants of the Additional Assets for Investment No. 2 in type of warehouse building (Data as at June 30<sup>th</sup>, 2016).

**Source** TPARK

### Factory Buildings

No.	Name of Tenant	% of Income to Total Income* (Percent)	Expiry Year of the Lease Term	Nationality	Business Type
1	Demeter Corporation Public Company Limited	43.6	2019	Thai	Soalr Cells
2	Mackay Rubber (Thailand) Co., Ltd.	12.5	2018	Australian	Auto Parts
3	Cleanvy (Thailand) Co., Ltd.	12.2	2017	Japanese	Cleaning Equipments
4	YPC Precision (Thailand) Co., Ltd.	10.9	2018	Japanese	Electronics
5	Electrovac (Thailand) Co., Ltd.	10.5	2018	German	Auto Parts
<b>Total</b>		<b>89.7</b>			

**Remark** \* Calculated from the income derived from rental and service fee as specified in the agreements with such tenant comparing to the income derived from rental and service fee as specified in the agreements with tenants of the Additional Assets for Investment No. 2 in type of factory building (Data as at June 30<sup>th</sup>, 2016).

**Source** TICON

Total Assets (Warehouse buildings and Factory Buildings)

No.	Name of Tenant	% of Income to Total Income* (Percent)	Expiry Year of the Lease Term	Nationality	Business Type
1	Honda Logistics Asia Co., Ltd.	21.1	2019	Japanese	Auto Parts
2	Acutech Co., Ltd.	15.5	2018 and 2019	Thai	Logistics
3	Demeter Corporation Public Company Limited	12.1	2019	Thai	Solar Cells
4	Lazada Limited	9.3	2019	German	Retailer
5	CJ Korea Express (Thailand) Co., Ltd	6.9	2017	Korean	Logistics
<b>Total</b>		<b>64.9</b>			

**Remark** \* Calculated from the income derived from rental, service fee, and common area service fee (if any) as specified in the agreements with such tenant comparing to the income derived from rental, service fee, and common area service fee (if any) as specified in the agreements with tenants of the total Additional Assets for Investment No. 2 (Data as at June 30<sup>th</sup>, 2016).

**Source** TPARK and TICON

Historical Major Revenues and Expenses of Warehouse Buildings and Factory Buildings of the Additional Assets for Investment No. 2

Major revenues of warehouse buildings derive from rental revenue, service fee revenue, and common area service fee revenue. While major revenues of factory buildings derive from rental revenue and service fee revenue since factory buildings are located on the land developed by industrial estate developers and such developers will directly provide services relating to the maintenance of common area to tenants. Major expense for warehouse buildings and factory buildings is the cost of building maintenance and repair. Details of major revenues and expenses are as follows:

Rental Revenue and Major Expenses				(Unit: THB Million)
Warehouse Buildings	Year 2013	Year 2014	Year 2015	1 <sup>st</sup> 6 Months of Year 2016
Rental Revenue	0.00	0.45	4.23	12.92
Service Fee Revenue	0.00	0.37	3.49	11.06
Common Area Service Fee Revenue	0.00	0.06	0.56	1.83
Total Rental Revenue	0.00	0.88	8.28	25.81
Maintenance and Repair Cost	0.00	0.32	0.09	0.01



Factory Buildings	Year 2013	Year 2014	Year 2015	1 <sup>st</sup> 6 Months of Year 2016
Rental Revenue	5.65	4.92	7.33	5.51
Service Fee Revenue	4.59	4.41	6.95	5.20
Total Rental Revenue	10.24	9.33	14.28	10.71
Maintenance and Repair Cost	1.23	0.19	0.32	0.12

Source TPARK and TICON (Data as at June 30<sup>th</sup>, 2016)

### Historical Operating Results

The Additional Assets for Investment No. 2 shall comprise of 7 warehouse buildings with 20 units and 8 factory buildings with 8 units. The information regarding historical average occupancy rate, average rental rate, leasable area and number of ready-to-rent properties is as shown in the table below.

Historical Information				
Warehouse Buildings and Factory Buildings	Year 2013	Year 2014	Year 2015	1 <sup>st</sup> 6 Months of Year 2016
Average Occupancy Rate <sup>1</sup> (Percent)	47	38	38	82
Warehouse Buildings	Year 2013	Year 2014	Year 2015	1 <sup>st</sup> 6 Months of Year 2016
Average Occupancy Rate <sup>1</sup> (Percent)	0	13	30	90
Average Rental Rate <sup>2</sup> (Baht/Sq. m./Month)	0	145	145	141
Leasable Area (Sq. m.)	4,900	9,800	37,364	37,364 <sup>3</sup>
Total Number of Ready-to-Rent Warehouse (Unit)	2	4	12	12
Factory Buildings	Year 2013	Year 2014	Year 2015	1 <sup>st</sup> 6 Months of Year 2016
Average Occupancy Rate <sup>1</sup> (Percent)	87	73	51	63
Average Rental Rate <sup>2</sup> (Baht/Sq. m./Month)	181	182	170	172
Leasable Area (Sq. m.)	5,450	7,700	16,825	16,825
Total Number of Ready-to-Rent Factory (Unit)	3	4	8	8

Source TPARK and TICON (Data as at June 30<sup>th</sup>, 2016)

**Remarks** 1 Average occupancy rate is calculated from the total leased area at the end of the month for each period divided by the total leasable area for each period. In this regard, if considering the occupancy rate as of the end of June 2016 for the Additional Assets for Investment No. 2, warehouse buildings to be additionally invested in for the investment No. 2, and factory buildings to be additionally invested in for the investment No. 2, it shall be at the rate of 95 percent, 93 percent, and 100 percent, respectively.

- 2 Average rental rate is calculated from adjusted rental fee of the lease agreement which is deducted by the rental fee during the rent-free period and weighted by size of average actual leasable area at the time of each period or at the end of the lease agreement at the time as referred to in the table, and calculated from the existence of tenants in the ready-to-rent warehouse buildings on a monthly basis during such period.
- 3 Warehouse building No. W4/1 – W4/8 (8 units) located in Rojana Industrial Park Prachinburi has the total leasable area of 14,832 sq. m. and its construction was completed on July 31<sup>st</sup>, 2016, resulting in the difference between the leasable area of warehouse buildings during the 1<sup>st</sup> 6 months of the year 2016 and the leasable area of warehouse buildings of the Additional Assets for Investment No. 2. In addition, such warehouse buildings have been leased by the tenant, resulting in the average occupancy rate as of July 31<sup>st</sup>, 2016 for the Additional Assets for Investment No. 2, warehouse buildings to be additionally invested in for the investment No. 2, and factory buildings to be additionally invested in for the investment No. 2 to be at the rate of 96 percent, 95 percent, and 100 percent, respectively.



## Analysis of Revenue and Expense Structure for Warehouse Buildings and Factory Buildings Prior to the Investment by TREIT

Structure of revenue and expense and past performance of the Additional Assets for Investment No. 2 as shown in this document may be different from the structure of revenue and expense and future performance of TREIT. This is due to the fact that the business structure of industry of rental warehouse buildings and factory buildings has unique characteristic. Specifically, the developer of rental warehouse buildings and factory buildings will build new warehouse buildings and factory buildings and then they will procure tenants to lease those completed warehouse buildings and factory buildings. After that, they will raise funds through capital market by transferring ownership or leasehold right of those completed warehouse buildings and factory buildings with tenants to TREIT in order to utilize the funds raised to develop additional warehouse buildings and factory buildings in the future.

However, the business structure as stated earlier is different from other business structure in many industries which their structure of revenue and expense and past performance may provide partial trends in revenue and expenses in the future such as hospitality business and shopping malls business. Thus, the structure of revenue and expense and past performance of the Additional Assets for Investment No. 2 may be significantly different from the structure of revenue and expense and future performance of TREIT.

### Warehouse Building

Major revenue of warehouse buildings to be additionally invested in for the investment No. 2 comprises rental fee revenue, service fee revenue, and common area service fee revenue. Warehouse buildings to be additionally invested in for the investment No. 2 have a total of 20 units. The construction of 12 units of such warehouse buildings were completed during the year 2013 to 2015 and the construction of 8 units of such warehouse buildings were completed in the year 2016 (completed on July 31<sup>st</sup>, 2016). When considering the historical average occupancy rate<sup>1</sup> of the warehouse buildings to be additionally invested in for the investment No. 2, it appears that the average occupancy rate<sup>1</sup> of the warehouse buildings to be additionally invested in for the investment No. 2 has continuously increased, the operating results of the 1<sup>st</sup> 6 months of the year 2016 of warehouse buildings has the average occupancy rate at 90 percent. When considering the average occupancy rate of the warehouse buildings to be additionally invested in for the investment No. 2 as of the end of June 2016, it shall be equal to 93 percent. However, the warehouse buildings to be additionally invested in for the investment No. 2 tends to increase the occupancy rate as of the end of the 1<sup>st</sup> quarter of the year 2017 to 100 percent due to the fact that a tenant has entered into the lease agreement in the current vacant unit in advance, specifying the beginning of the lease term to be in the 1<sup>st</sup> quarter of the year 2017, and the warehouse building in

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<sup>1</sup>

Average occupancy rate is calculated from the total leased area at the end of the month for each period divided by the total leasable area for each period.

In this regard, if considering the occupancy rate as of the end of June 2016 for the Additional Assets for Investment No. 2, warehouse buildings to be additionally invested in for the investment No. 2, and factory buildings to be additionally invested in for the investment No. 2, it shall be at the rate of 95 percent, 93 percent, and 100 percent, respectively.

Rojana Industrial Park Prachinburi with 8 units which completed its construction on July 31<sup>st</sup>, 2016 has already been leased by a tenant specifying the beginning of the lease term to be on August 1<sup>st</sup>, 2016. In this regard, the agreements with the tenant of the warehouse building with 1 unit located in TICON Logistics Park Bangplee 3 project will commence on February 1<sup>st</sup>, 2017 which is expected to be after the date of investment by TREIT, TPARK agrees to compensate for such vacant space to TREIT as of the date of investment by TREIT until the commencement date of such agreements at the rate equals to the rental, service and common area service fees as specified in the agreements with the tenants of such vacant space.

The average rental rate of the warehouse buildings to be additionally invested in for the investment No. 2 for the operating results of the year 2014, the year 2015, and the 1<sup>st</sup> 6 months of the year 2016 equals Baht 145 per square meter per month, Baht 145 per square meter per month, and Baht 141 per square meter per month, respectively. However, the average rental rate of warehouse buildings in each year does not indicate the trend of average rental rate of warehouse buildings in the market or the trend of average rental rate of the warehouse buildings in the future due to the fact that the locations of the warehouse buildings to be additionally invested in for the investment No. 2 are located in 4 different areas of TICON Logistic Park projects and industrial park and the average rental rate in each location is different. Hence, the trend in average rental rate of warehouse buildings in each year depends on the amount of completed warehouse buildings with tenants in each year, and the location of such warehouse buildings. Also, the rental fee in each year of the completed warehouse buildings with tenants in TICON Logistic Park projects is higher or lower than other warehouse buildings to be additionally invested in. Moreover, rental rate may be different depends on the characteristics of warehouse buildings such as ready-build warehouse buildings and custom-built warehouse buildings. Additionally, there are other relevant factors determining the rental rate such as lease term, conditions of the lease, and potential expansion of the leased area of tenant.

#### Factory Building

Major revenue of factory buildings to be additionally invested in for the investment No. 2 comprises rental fee revenue and service fee revenue. Factory buildings to be additionally invested in for the investment No. 2 have a total of 8 units. 3 units of such factory buildings are the existing factory buildings while 5 units of such are the newly-built factory buildings (1 unit was constructed during the year 2014 and the remaining 4 units were constructed during the year 2015). When considering the historical average occupancy rate<sup>1</sup> during the year 2013 until the end of the operating results of the 1<sup>st</sup> 6 months of the year 2016, it appears that the average occupancy rate<sup>1</sup> has decreased from 87 percent to 63 percent. This was mainly due to the fact that the construction of 4 units of the factory buildings to be additionally invested in for the investment No. 2 was completed in the year 2015 or equal to the increase in the leasable area of 9,125 square meters. However, such factory buildings have been leased, thus resulting in the occupancy rate as of the end of the operating results of the 1<sup>st</sup> 6 months of the year 2016 equals to 100 percent.

When considering the average rental rate of the factory buildings to be additionally invested in for the investment No. 2 for the operating results of the year 2014, the year 2015, and the 1<sup>st</sup> 6 months of the year 2016, it appears that the average rental rate has decreased from Baht 181 to Baht 172 per square meter per month. However, the average rental rate of factory buildings in each year does not indicate the trend of average rental rate of factory buildings in the market or the trend of average rental rate of the factory buildings in the future due to the fact that the locations of the factory buildings to be additionally invested in for the investment No. 2 are located in 4 different areas of industrial estates and industrial park and the average rental rate in each location is different. Hence, the trend in average rental rate of factory buildings in each year depends on the amount of completed factory buildings with tenants in each year, and the location of such warehouse buildings. Also, the rental fee in each year of the completed factory buildings with tenants in industrial estates and industrial park is higher or lower than other factory buildings to be additionally invested in. Additionally, there are other relevant factors determining the rental rate such as lease term, conditions of the lease, and potential expansion of the leased area of tenant.

### Summary of Details of Current Assets

As of June 30<sup>th</sup>, 2016, TREIT has invested in ownership and leasehold right of real properties which are 25 warehouse buildings with 71 units from TPARK having the total approximate area of 293,805 square meters, and 27 factory buildings (27 units) from TICON having the total approximate area of 75,900 square meters, totalling 52 buildings with 98 units (the “**Current Assets**”) having the total approximate area of 369,705 square meters, located on the total approximate land area of 503 rai 0 ngan 71.5 square wah, which shall comprise the following.

#### 1. Warehouse buildings

- 1.1. Ownership of land with the total approximate area of 179 rai 60.3 square wah, and ownership of 14 warehouse buildings with 38 units having the total approximate area of 145,988 square meters located in the projects as follows:

- 1.1.1. 1 warehouse building with 4 units having the approximate area of 11,400 square meters in TICON Logistics Park Eastern Seaboard 1 (B) project, locating at Tambol Pluak Daeng, Amphur Pluak Daeng, Rayong Province;
- 1.1.2. 2 warehouse buildings with 4 units having the approximate area of 15,800 square meters in TICON Logistics Park Eastern Seaboard 2 (A) project, locating at Tambol I Bowin, Amphur Sriracha, Chonburi Province;
- 1.1.3. 5 warehouse buildings with 15 units having the approximate area of 43,950 square meters in TICON Logistics Park Laemchabang 2 project, locating at Tambol Nong Kham, Amphur Sriracha, Chonburi Province;
- 1.1.4. 1 warehouse building with 5 units having the approximate area of 10,600 square meters in TICON Logistics Park Panthong 1 project, locating at Tambol Panthong, Amphur Panthong, Chonburi Province;
- 1.1.5. 1 warehouse building with 1 unit having the approximate area of 10,020 square meters in Rojana Industrial Park Prachinburi, locating at Tambol Huawa, Amphur Si Maha Phot, Prachinburi Province;
- 1.1.6. 3 warehouse buildings with 5 units having the approximate area of 44,418 square meters in TICON Logistics Park Sriracha project, locating at Tambol Surasak, Amphur Sriracha, Chonburi Province;
- 1.1.7. 1 warehouse building with 4 units having the approximate area of 9,800 square meters in TICON Logistics Park Wangnoi 2 project, locating at Tambol Payom, Amphur Wang Noi, Phra Nakhon Si Ayutthaya Province.

- 1.2. Leasehold right of land for a period of 30 years from the date of the registration of the leasehold right with the total approximate area of 19 rai 1 ngan 14 square wah and ownership of 3

warehouse buildings with 10 units having the approximate area of 14,640 square meters, in TICON Logistics Park Bangna project, locating at Tambol Bangsamak, Amphur Bangpakong, Chachoengsao Province, currently owned by TPARK.

- 1.3. Leasehold right of land for a period of 30 years from the date of the registration of the leasehold right with the total approximate area of 62 rai 1 ngan 58.4 square wah, and leasehold right of 2 warehouse buildings with 13 units for a period of 30 years from the date of the registration of the leasehold right having the total approximate area of 56,700 square meters, in TICON Logistics Park Bangplee 3 project, locating at Tambol Bangpla, Amphur Bangplee, Samut Prakarn Province, currently owned by TPARK.
  - 1.4. Leasehold right of land for an approximate period of 28 years from the date of the registration of leasehold right (until February 21<sup>st</sup>, 2043) with an approximate area of 98 rai 3 ngan 7.6 square wah, and leasehold right of 5 warehouse buildings with 9 units for an approximate period of 28 years from the date of the registration of leasehold right (until February 21<sup>st</sup>, 2043) having the total approximate area of 74,995 square meters, in TICON Logistics Park Bangplee 1 project, locating at Tambol Srisachorakhe Yai, Amphur Bangplee, Samut Prakarn Province, currently owned by TPARK.
  - 1.5. Leasehold right of land for an approximate period of 27 years from the date of the registration of leasehold right (until February 21<sup>st</sup>, 2043) with an approximate area of 3 rai 0 ngan 17.5 square wah, and leasehold right of 1 warehouse building with 1 unit for an approximate period of 27 years from the date of the registration of leasehold right (until February 21<sup>st</sup>, 2043) having the total approximate area of 1,482 square meters, in TICON Logistics Park Bangplee 1 project, locating at Tambol Bangsaothong, Amphur Bangplee, Samut Prakarn Province, currently owned by TPARK.
2. Factory buildings
- 2.1. Ownership of land with the total approximate area of 115 rai 3 ngan 66.7 square wah, and ownership of 23 factory buildings (23 units) having the total approximate area of 61,050 square meters, and located in the projects as follows:
    - 2.1.1. 3 Factory buildings (3 units) having the total approximate area of 9,000 square meters in Amata City Industrial Estate, locating at Tambol Mabyangporn, Amphur Pluak Deang, Rayong Province;
    - 2.1.2. 4 Factory buildings (4 units) having the approximate area of 8,675 square meters in Banwa (Hi-Tech) Industrial Estate, locating at Tambol Banlane, Amphur Bangpa-In, Phra Nakhon Si Ayutthaya Province;

- 2.1.3. 3 Factory buildings (3 units) having the approximate area of 7,200 square meters in Hemaraj Chonburi Industrial Estate, locating at Tambol Bowin, Amphur Sriracha, Chonburi Province;
  - 2.1.4. 11 Factory buildings (11 units) having the approximate area of 33,350 square meters in Pinthong Industrial Estate, locating at Tambol Nong Kham, Tambol Bowin, and Tambol Bueng, Amphur Sriracha, Chonburi Province;
  - 2.1.5. 2 Factory buildings (2 units) having the approximate area of 2,825 square meters in Rojana Industrial Park Ayutthaya, locating at Tambol Banchang, Amphur U-Thai, Phra Nakhon Si Ayutthaya Province.
- 2.2. Leasehold right of land for a period of 30 years from the date of the registration of the leasehold right with the total approximate area of 24 rai 2 ngan 47 square wah, and leasehold right of 4 warehouse buildings (4 units) for a period of 30 years from the date of the registration of the leasehold right having the total approximate area of 14,850 square meters, in Amata Nakorn Industrial Estate, locating at Tambol Panthong and Tambol Nong Kakha, Amphur Panthong, and Tambol Donhuaror, Amphur Muang Chonburi, Chonburi Province, currently owned by TICON.

The REIT Manager has appointed TPARK and TICON as the property managers of the Current Assets for the assets in type of warehouse building and factory building, respectively.



Investment characteristic of the Current Assets can be summarized as follows:

Type of Asset	Warehouse Building				Factory Building			
Investment Characteristic of TREIT (Overview)	<ol style="list-style-type: none"> <li>Ownership of land and warehouse buildings</li> <li>30-year leasehold right of land (until December 21<sup>st</sup>, 2044 and December 17<sup>th</sup>, 2045, respectively) and ownership of warehouse buildings</li> <li>30-year leasehold right of land and warehouse buildings from the date of the registration leasehold right (until December 21<sup>st</sup>, 2044 and December 20<sup>th</sup>, 2045, respectively)</li> <li>Approximately 28-year leasehold right of land and warehouse buildings from the date of the registration of leasehold right (until February 21st, 2043)</li> <li>Approximately 27-year leasehold right of land and warehouse buildings from the date of the registration of leasehold right (until February 21st, 2043)</li> </ol>				<ol style="list-style-type: none"> <li>Ownership of land and factory buildings</li> <li>30-year leasehold right of land and factory buildings from the date of the registration leasehold right (until December 17<sup>th</sup>, 2045)</li> </ol>			
Investment Characteristic of TREIT (Per Project / Industrial Estate / Industrial Park)	TICON Logistics Park Bangna	10 units	30-year leasehold right of land (until December 21 <sup>st</sup> , 2044 and December 17 <sup>th</sup> , 2045, respectively)	Ownership of warehouse buildings	Amata Nakorn Industrial Estate	4 units	30-year leasehold right of land (until December 17 <sup>th</sup> , 2045)	30-year leasehold right of factory buildings (until December 17 <sup>th</sup> , 2045)
	TICON Logistics Park Wangnoi 2	4 units	Ownership of land	Ownership of warehouse buildings	Amata City Industrial Estate	3 units	Ownership of land	Ownership of factory buildings
	TICON Logistics Park Eastern Seaboard 1 (B)	4 units			Pinthong Industrial Estate	11 units		
	TICON Logistics Park Eastern Seaboard 2 (A)	4 units			Banwa (Hi-Tech) Industrial Estate	4 units		
	TICON Logistics Park Sriracha	5 units			Rojana Industrial Park Prachinburi	2 units		
	TICON Logistics Park Laemchabang 2	15 units						
	TICON Logistics Park Panthong 1	5 units						
	TICON Logistics Park Bangplee 1	9 units	Approximately 28-year leasehold right of land (until February 21st,	Approximately 28-year leasehold right				

Type of Asset	Warehouse Building				Factory Building			
			2043)	of warehouse buildings (until February 21st, 2043)				
	TICON Logistics Park Bangplee 1	1 unit	Approximately 27-year leasehold right of land (until February 21st, 2043)	Approximately 27-year leasehold right of warehouse buildings (until February 21st, 2043)	Hemaraj Chonburi Industrial Estate	3 units		
	TICON Logistics Park Bangplee 3	13 units	30-year leasehold right of land (until December 20 <sup>th</sup> , 2045)	30-year leasehold right of warehouse buildings (until December 20 <sup>th</sup> , 2045)				
Detail of Current Assets	Land	Ownership of land Approximate land area of 179 rai 60.3 square wah			Land	Ownership of land Approximate land area of 115 rai 3 ngan 66.7 square wah		
		Leasehold right of land Approximate land area of 183 rai 1 nagn 97.5 square wah				Leasehold right of land Approximate land area of 24 rai 2 ngan 47 square wah		
	Buildings	Ownership of warehouse buildings 17 buildings with 48 units Approximate total leasable area of 160,628 square meters*			Buildings	Ownership of factory buildings 23 buildings Approximate total leasable area of 61,050 square meters		
		Leasehold right of warehouse buildings 8 buildings with 23 units Approximate total leasable area of 133,177 square meters				Leasehold right of factory buildings 4 buildings Approximate total leasable area of 14,850 square meters		
Value Invested by TREIT	Baht 5,429.73 million				Baht 1,957.53 million			

Remark \* If calculating the area of the warehouse buildings pursuant to the construction, it shall be equal to approximately 161,190 square meters.

Source The REIT Manager



### Appraised Value of the Current Assets

The value of the Current Assets pursuant to the income approach method as at March 31<sup>st</sup>, 2016 is as follows:

Type of Assets	Characteristic of Investment	Investment Value (Million Baht)	Appraised Value of the Assets (Million Baht) by Wealth Appraisal Co., Ltd.
Warehouse	Ownership of land and warehouse buildings	2,913.88	2,962.57
	Leasehold right of land and ownership of warehouse buildings	278.13	276.52
	Leasehold right of land and warehouse buildings	2,160.33	2,190.25
Factory	Ownership of land and factory buildings	1,520.02	1,569.52
	Leasehold right of land and factory buildings	388.39	388.39
<b>Total</b>		<b>7,260.76</b>	<b>7,387.26</b>

## Overview of the Current Assets and the Additionally Assets for Investment No. 2

General information of the leasable warehouse buildings and factory buildings of the Current Assets and the Additional Assets for Investment No. 2

Project / Industrial Estate / Industrial Park	Characteristic of Investment		Current Assets			Additional Assets for Investment No. 2			Overview of the Assets After the Additional Investment		
	Building	Land	Number of Building (Unit)	Approx. Leasable Area (Sq. m.)	% (Percent)	Number of Building (Unit)	Approx. Leasable Area (Sq. m.)	% (Percent)	Number of Building (Unit)	Approx. Leasable Area (Sq. m.)	% (Percent)
Warehouse Building											
TICON Logistics Park Bangna project	Ownership	30-year leasehold right (until December 21st, 2044 and December 17th, 2045, respectively)	10	14,640	4	-	-	-	10	14,640	3
TICON Logistics Park Bangplee 1 project	Approximately 27-year and 28-year leasehold right (until February 21st, 2043)	Approximately 27-year and 28-year leasehold right (until February 21st, 2043)	10	76,477	21	-	-	-	10	76,477	17
TICON Logistics Park Bangplee 3 project *	30-year leasehold right	30-year leasehold right	13	56,700	15	8	27,564	40	21	84,264	19

Project / Industrial Estate / Industrial Park	Characteristic of Investment		Current Assets			Additional Assets for Investment No. 2			Overview of the Assets After the Additional Investment		
	Building	Land	Number of Building (Unit)	Approx. Leasable Area (Sq. m.)	% (Percent)	Number of Building (Unit)	Approx. Leasable Area (Sq. m.)	% (Percent)	Number of Building (Unit)	Approx. Leasable Area (Sq. m.)	% (Percent)
TICON Logistics Park Eastern Seaboard 1 (B) project	Ownership	Ownership	4	11,400	3	-	-	-	4	11,400	3
TICON Logistics Park Eastern Seaboard 2 (A) project	Ownership	Ownership	4	15,800	4	-	-	-	4	15,800	4
TICON Logistics Park Laemchabang 2 project *	Ownership	Ownership	15	43,950	12	2	4,900	7	17	48,850	11
TICON Logistics Park Panthong 1 project	Ownership	Ownership	5	10,600	3	-	-	-	5	10,600	2
Rojana Industrial Park Prachinburi *	Ownership	Ownership	1	10,020	3	8	14,832	21	9	24,852	6
TICON Logistics Park Sriracha project *	Ownership	Ownership	5	44,418	12	2	4,900	7	7	49,318	11
TICON Logistics Park Wangnoi 2 project	Ownership	Ownership	4	9,800	3	-	-	-	4	9,800	2
<b>Total Warehouse Building</b>			<b>71</b>	<b>293,805</b>	<b>79</b>	<b>20</b>	<b>52,196</b>	<b>76</b>	<b>91</b>	<b>346,001</b>	<b>79</b>
<b>Factory Building</b>											
Amata City Industrial Estate**	Ownership	Ownership	3	9,000	2	5	11,375	16	8	20,375	5

Project / Industrial Estate / Industrial Park	Characteristic of Investment		Current Assets			Additional Assets for Investment No. 2			Overview of the Assets After the Additional Investment		
	Building	Land	Number of Building (Unit)	Approx. Leasable Area (Sq. m.)	% (Percent)	Number of Building (Unit)	Approx. Leasable Area (Sq. m.)	% (Percent)	Number of Building (Unit)	Approx. Leasable Area (Sq. m.)	% (Percent)
Amata Nakorn Industrial Estate	30-year leasehold right	30-year leasehold right	4	14,850	4	-	-	-	4	14,850	3
Bangpoo Industrial Estate	Ownership	Ownership	-	-	-	1	1,950	3	1	1,950	0
Banwa (Hi-Tech) Industrial Estate**	Ownership	Ownership	4	8,675	2	1	1,750	3	5	10,425	2
Hemaraj Chonburi Industrial Estate	Ownership	Ownership	3	7,200	2	-	-	-	3	7,200	2
Pinthong Industrial Estate	Ownership	Ownership	11	33,350	9	-	-	-	11	33,350	8
Rojana Industrial Park Ayutthaya	Ownership	Ownership	2	2,825	1	1	1,750	3	3	4,575	1
Total Factory Building			27	75,900	21	8	16,825	24	35	92,725	21
Total Warehouse Building and Factory Building			98	369,705	100	28	69,021	100	126	438,726	100

#### Remarks

\* TPARK agrees to implement the registration of servitude right to the land in which TREIT will invest or to grant TREIT the right to use the land owned by TPARK for entrance and exit way, including other utilities without any consideration.

\*\* TICON agrees to implement the registration of servitude right to the land in which TREIT will invest for entrance and exit way, including other utilities without any consideration.

Source TPARK and TICON

#### Age of Warehouse Buildings and Factory Buildings (as of June 30<sup>th</sup>, 2016)

The Current Assets and the Additional Assets for Investment No. 2 are mostly warehouse buildings and factory buildings with the building age of less than 4 years, which can be categorized as per the details as follows:

Age of Buildings	% of Total Leasable Area of Warehouse Buildings (Percent)	% of Total Leasable Area of Factory Buildings (Percent)	% of Total Leasable Area of Warehouse and Factory Buildings (Percent)
Less than 4 years	94.6	75.1	90.4
From 4 to 8 years	5.4	6.4	5.7
More than 8 years	0.0	18.5	3.9
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Remark Calculated from the leasable area of warehouse buildings and/or factory buildings

Source TPARK and TICON

#### Remaining Term of the Existing Lease Agreements (as of June 30<sup>th</sup>, 2016)

Details of remaining term of the existing lease agreements of the Current Assets and the Additional Assets for Investment No. 2 in each year are summarized as follows:

Expiry Year of the Lease Term	% of Total Leasable Area According to the Lease Agreements (Percent)		
	Warehouse Building	Factory Building	Total
Within the year 2016	7.7	12.9	8.8
Within the year 2017	34.8	16.0	30.8
Within the year 2018	10.0	22.3	12.6
Within the year 2019	18.1	48.8	24.7
Within the year 2020	6.6	0.0	5.2
After the year 2020	22.8	0.0	17.9
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Remark Calculated from the actual leasable area as specified in the lease agreements of the Current Assets and the Additional Assets for Investment No. 2 as of June 30<sup>th</sup>, 2016.

Source TPARK and TICON

Details of 5 Major Tenants of the Current Assets and the Additional Assets for Investment No. 2 (as of June 30<sup>th</sup>, 2016)

#### Warehouse Buildings

No.	Name of Tenant	% of Income to Total Income* (Percent)	Expiry Year of the Lease Term	Nationality	Business Type
1	Lazada Limited	10.8	2017 2018 and 2019	German	Retailer
2	Berli Jucker Logistics Limited	9.6	2027	Thai	Logistics
3	Mitsubishi Motors (Thailand) Co., Ltd	6.8	2017	Japanese	Auto Parts
4	Siam Makro Public Co., Ltd.	6.8	2024	Thai	Wholesaler/Retailer
5	Nittsu Shoji (Thailand) Co., Ltd	6.5	2016 and 2017	Japanese	Logistics
<b>Total</b>		<b>40.5</b>			

Remark \* Calculated from the income derived from rental, service fee, and common area service fee as specified in the agreements with such tenant comparing to the income derived from rental, service fee, and common area service fee as specified in the agreements with tenants of the Current Assets and the Additional Assets for Investment No. 2 in type of warehouse building (Data as at June 30<sup>th</sup>, 2016).

Source TPARK

#### Factory Buildings

No.	Name of Tenant	% of Income to Total Income* (Percent)	Expiry Year of the Lease Term	Nationality	Business Type
1	Demeter Corporation Public Company Limited	10.1	2019	Thai	Soalr Cells
2	NEDERMAN S.E.A. Co., Ltd.	8.5	2017	Swedish	Air Filter Manufacturer
3	KB Systems (Thailand) Co., Ltd.	7.7	2016 and 2018	German	Electronics
4	PLALOC ASIA (Thailand) Co., Ltd.	7.1	2019	Japanese	Food
5	THAISUN GREEN ENERGY Co., Ltd.	5.4	2018	Chinese	Soalr Cells
<b>Total</b>		<b>38.8</b>			

Remark \* Calculated from the income derived from rental and service fee as specified in the agreements with such tenant comparing to the income derived from rental and service fee as specified in the agreements with tenants of the Current Assets and the Additional Assets for Investment No. 2 in type of factory building (Data as at June 30<sup>th</sup>, 2016).

Source TICON



Total Assets (Warehouse buildings and Factory Buildings)

No.	Name of Tenant	% of Income to Total Income* (Percent)	Expiry Year of the Lease Term	Nationality	Business Type
1	Lazada Limited	8.3	2017 2018 and 2019	German	Retailer
2	Berli Jucker Logistics Limited	7.3	2027	Thai	Logistics
3	Mitsubishi Motors (Thailand) Co., Ltd	5.2	2017	Japanese	Auto Parts
4	Siam Makro Public Co., Ltd.	5.2	2024	Thai	Wholesaler/Retailer
5	Nittsu Shoji (Thailand) Co., Ltd	5.1	2016 and 2017	Japanese	Logistics
Total		31.1			

Remark \* Calculated from the income derived from rental, service fee, and common area service fee (if any) as specified in the agreements with such tenant comparing to the income derived from rental, service fee, and common area service fee (if any) as specified in the agreements with tenants of the total Current Assets and the Additional Assets for Investment No. 2 (Data as at June 30<sup>th</sup>, 2016).

Source TPARK and TICON



## Insurance of Additional Assets for Investment No. 2

Important insurance policies related to the Additional Assets for Investment No. 2 which currently TPARK and TICON (as the case may be) is an insured, details of which are as follow:

### 1. All Risks Insurance

Currently, the Additional Assets for Investment No. 2 already are covered by all risks insurance under terms and conditions pursuant to the insurance policy which has limited coverage according to the replacement cost of the assets (excluding foundation) to cover any damage. However, the sum insured for the assets as of July 22<sup>nd</sup>, 2016 is approximately between the range of Baht 12,000 to Baht 13,500 per square meter for the warehouse buildings to be additionally invested in for the investment No. 2 and at Baht 10,000 per square meter for the factory buildings to be additionally invested in for the investment No. 2.

The average appraisal value made by the independent appraisers namely, Grand Asset Advisory Co., Ltd. and Wealth Appraisal Co., Ltd., using replacement cost method (excluding foundation) for warehouse buildings and factory buildings is approximately between the range of Baht 10,000 to Baht 12,600 per square meter for the warehouse buildings to be additionally invested in for the investment No. 2, and the replacement cost (excluding foundation) for the factory buildings to be additionally invested in for the investment No. 2 is approximately between the range of Baht 8,000 to Baht 8,100 per square meter. Both of which are lower than the insured amount for the current all risks insurance. Therefore, the REIT Manager is of the opinion that the sum insured pursuant to the insurance already made by TICON group is sufficient and appropriate, and it does not unreasonably incur insurance procurement expenses to TREIT. Nevertheless, the REIT Manager may consider revising the insured amount for all risks insurance as deems appropriate to be in line with the construction cost at that period.

TPARK and TICON will transfer the beneficiary right in all risks insurance to TREIT after TREIT has invested in the Additional Assets for Investment No. 2.

### 2. Public Liabilities Insurance

Currently, TPARK and/or TICON and/or subsidiary companies, including TICON Property Fund (TFUND), TPARK Logistics Park Property Fund (TLOGIS), TICON Industrial Growth Leasehold Property Fund (TGROWTH), and TREIT have public liabilities insurance to cover damage to properties and/or body injuries caused by relevant assets under the terms and conditions pursuant to the insurance policy which has limited coverage responsible to the public liabilities amounting to Baht 100 million.

The REIT Manager is of the opinion that the sum insured for the public liabilities insurance is appropriate because the limited coverage under this insurance policy may be sufficient to cover accidental damage that may occur to the third party.



TPARK and TICON will proceed for TREIT to be the insured or co-insured proportionately in public liabilities insurance.

### 3. Business Interruption Insurance

Currently, the business interruption insurance for the Additional Assets for Investment No. 2 has specified TPARK and TICON as the insureds and the beneficiaries. To compensate any loss of revenue as a result of interruption to the insured's business in consequence of any damage that occurs from all risks under the protection of group insurance. The limited insurance coverage is determined by calculating the forecast rental fee and service fee of each tenant which TPARK and TICON will receive during 12-month period. The insured will be compensated in accordance with the actual damage but not exceeding 12 months (conditions and period of insurance may be changed during the renewal of insurance policy).

TPARK and TICON will transfer the beneficiary right in business interruption insurance to TREIT after TREIT has invested in the Additional Assets for Investment No. 2.

The REIT Manager is of the opinion that the business interruption insurance as stated earlier is appropriate because the above coverage may cover damages to the properties caused by the inability to procure benefits from the assets due to business interruption, and the insured period may be sufficient to remedy and procure benefits therefrom.

### Investment Conditions in the Additional Assets for Investment No. 2

The REIT Manager reserves the right to invest in certain item of the Additional Assets for Investment No. 2.

In the case that the REIT Manager selects not to invest in all of the Additional Assets for Investment No. 2 which may cause the total value of debentures to be issued and offered for sale at this time for investment in the Additional Assets for Investment No. 2 and/or as a source of funds of TREIT in the future according to the objectives and conditions as prescribed in the Trust Deed to be higher than the total value of the assets to be invested in by TREIT at this time, the REIT Manager reserves the right to utilize the excess proceeds received from such issuance and offering of debentures to repay outstanding loan (refinance), either in whole or in part, and/or to utilize for other purposes as the REIT Manager deems appropriate for the best benefit of TREIT and unitholders which shall not be opposed or contradicted to the Trust Deed, and the rules as prescribed by relevant laws, the Office of the SEC, the Security and Exchange Commission, and the Capital Market Supervisory Board.



## Important Risks from Investment in the Additional Assets for Investment No. 2

### 1. Risks from Operation of TREIT

#### (1) Risk in relation to the performance of obligations under agreements

In investment in and seeking of benefit from the Additional Assets for Investment No. 2, TREIT will enter into land lease agreements, buildings and constructions lease agreements, agreements to purchase and to sell land and constructions and/or other agreements in relation to the investment and management of TREIT's assets in order to seek benefit from the real properties of TREIT, and to take any actions to ensure that the other party complies with the terms and conditions of the agreements.

Although there are terms and conditions set out in the agreements, the other party may not comply with or breach the agreements, or any event may arise which can cause an event of default or termination of the agreements. In such case, even though TREIT is entitled to terminate the agreements, and claim for damages and the loss of income and the paid rental fees, such event of default by the other party may cause TREIT not to obtain benefits from such action or omission from taking the action or enforce specific performance under the agreements, such as in the case that TREIT is unable to exercise its rights pursuant to the terms, or in the case that the other party breaches a term and condition pursuant to the relevant agreements, such party may not make the payment of damages as claimed by TREIT and TREIT may have to pursue legal proceedings by filing claims to the relevant court which will incur cost and consume time. In this regard, the REIT Manager is unable to expect the period of time and effect from such proceedings, including compensations that TREIT will receive to cover its damage. In addition, result of the court case is subject to the relevant court's discretion. Even though the court renders a judgment for TREIT to win the case, TREIT may not be able to execute pursuant to such court's decision. Therefore, investors may be at risk by not obtaining return pursuant to the number or within the period of time as expected.

However, the land lease agreements and the buildings and constructions lease agreements have prescribed damages which TREIT will receive in case there is a breach of contract by the lessors. The lessors agree to pay damages to TREIT pursuant to the conditions specified in the agreements. Such condition is appropriate and for the best benefit of unitholders. Nevertheless, in certain case, such damages that the lessors shall pay to TREIT may not be sufficient to compensate the economic value of the damage occurred to TREIT from the breach of contract, and may be less than the investment value of such asset.

#### (2) Risk in relation to procurement of lessees when lease term is expiring

As part of the Additional Assets for Investment No. 2 is the leasehold right with a lease term of 30 years from the date of registration of the leasehold right, TREIT can seek benefits from such assets during such lease term. Therefore, TREIT may have risk in procuring lessees when the lease term is about to expire due



to the fact that the lease term is one of the factors that the lessees take into consideration prior to entering into the warehouse building lease agreement. However, the lease agreements for warehouse buildings mainly are standard agreements which have a lease term of not more than 3 years. Thus, such risk could occur only during the last 3 years of the lease terms prior to ending the lease agreement. In addition, certain lessees require a short-term lease agreement for leasing of warehouse buildings and the REIT Manager expects that it can procure the lessees who intend to lease the warehouse buildings during the last 3 years prior to ending of the lease term.

**(3) Risk that the lessees, leasing the Additional Assets for Investment No. 2, do not give consent for the change in lessor from the existing property owner to TREIT, nor to renew the lease agreement**

As part of the Additional Assets for Investment No. 2 is the leasehold right of warehouse buildings that currently are occupied by lessees. In the event that TREIT invests in such assets, the lessees of such assets must give consent for the change in the party to the lease agreement, service agreement and/or common area service agreement from the existing lessor and the existing service provider to TREIT, as well as to pay the service fees to TREIT as the new lessor and service provider. Additionally, for investment in the ownership of warehouse buildings and factory buildings that currently are occupied by lessees, TREIT also needs to obtain consent for the change in the party to the service agreement and/or common area service agreement. In case the lessee refuses to give such consent and not to make such payment of the rental and service fees to TREIT, TREIT may be at risk from not receiving the rental and service fees which may directly affect TREIT's income and its ability to make distribution.

In any event, for investment in the Additional Assets for Investment No. 2, the existing lessor will notify and explain relevant details of TREIT to the lessees in order for coordinating with the lessees to obtain consent for the change in the party to the lease agreement, service agreement and/or common area service agreement from the existing lessor to TREIT. And as the terms of the lease agreement, service agreement and/or common area service agreement will remain unchanged, there would be less chance that the lessees will refuse to give such consent.

The existing lessor and TREIT will notify details of payment of rental fee, service fee and common area fee, such as TREIT's bank account number, methods of payment, payment conditions or other relevant details to the lessees in order for them to make the payment of rental and service fees directly to TREIT. In the event that the existing lessor receives any rental fee, service fee or any other benefits, including any deposit or interest which should be obtained by TREIT, the existing lessor agrees to deliver such benefits to TREIT within 15 days from the date of receipt of such benefits from the lessees. TREIT also designated the existing lessor to take any action necessary to preserve TREIT's rights and benefits in accordance with the lease agreement.



**(4) Risk that TREIT's operating results depends on the property managers' performance**

The REIT Manager will appoint TPARK and TICON as the property managers for the Additional Assets for Investment No. 2 in type of warehouse buildings and factory buildings, respectively. The property managers will be responsible for operating and managing the Additional Assets for Investment No. 2 as assigned by the REIT Manager, which includes seeking of benefits from such assets such as procuring new tenants, renewing lease agreements, service agreements and /or common area service agreements with existing tenants, advertisement, maintenance or development of the Additional Assets for Investment No. 2 to be in good conditions and suitable for procurment of benefits. These can directly affect TREIT's operating results.

However, if TPARK and TICON cannot perform their duties as the property managers for any reasons, TREIT may not be able to appoint another property manager to manage the Additional Assets for Investment No. 2 as good as the management of TPARK and TICON although TREIT has determined a fair and attractive consideration for the property managers, which would have a material adverse effect to performance, financial status and ability of payment of distribution of TREIT.

**(5) Risk arising from conflict of interest between TREIT, TPARK and TICON that may affect TREIT's performance**

The REIT Manger will appoint TPARK and TICON as the property managers for the Additional Assets for Investment No. 2 in type of warehouse buildings and factory buildings, respectively, meanwhile TPARK and TICON still own warehouse buildings and factory buildings in the same project, industrial estate and industrial park as the Current Assets and the Additional Assets for Investment No. 2. In addition, TICON is a major unitholder and the property manager of Ticon Property Fund (TFUND), TPARK Logistics Property Fund (TLOGIS), TICON Industrial Growth Leasehold Property Fund (TGROWTH), and TREIT. Moreover, TPARK and TICON are the sellers of the warehouse buildings and factory buildings to TREIT. These roles of TPARK and TICON could lead to conflict of interest with TREIT when acting as the property managers of TREIT and the procurement of tenants for the assets of TREIT.

Nonetheless, the REIT Manager has prudently implemented preventive measures for such conflict of interest by stipulating criteria for purchasing warehouse building and factory building and roles and scope of duties of TPARK and TICON as the property managers such as a fair presentation of information of the assets of the property managers and the assets of TREIT, and a determination of the rental fee of warehouse building and factory building which can be comparable when considering the size of the building, usable area, location, and building formation by determining the rental fee to be at the similar rate in order to create transparency and for each tenant to have sufficient information of the warehouse building or factory building, which is leasable during that period, to make decision fairly.



**(6) Risk that may arise from loan**

As of June 30<sup>th</sup>, 2016, the total loan to total assets value ratio of TREIT was at 23 percent. Such loan is from a bank loan in the total number of Baht 1,819 million. Additionally, TREIT will issue and offer the debentures in the amount of not exceeding Baht 1,470 million for investment in the Additional Assets for Investment No. 2. In the event that TREIT has issued and offered such debentures, combining with the loan of TREIT, the total loan to total assets value ratio of TREIT will increase to approximately 37 percent of the total assets value of TREIT (calculated based on the financial statements of TREIT as at June 30<sup>th</sup>, 2016).

TREIT may have risk associated with the loan, repayment of interest and/or principal, either inwhole or in part, which is an event of default of relevant loan agreement and/or terms and conditions of rights of the debentures, and such event may lead to an event of default in other agreements (Cross Default).

In this regard, the REIT Manager has a policy to issue and offer new debentures and/or to take on loan from financial institution for repayment of principal of the debentures issued and offered at this time (Refinancing). Nonetheless, TREIT may have risk associated with the inability to issue and offer new debentures and/or the inability to enter into the new loan agreement or TREIT has received offer for the new loan agreement and/or has issued and offered the new debentures but the conditions of the new loan agreement and/or the new debentures are not as good as the former terms or conditions.

In the event that TREIT is unable to repay the bank loan (in part) and/or to repay the principal of the debentures issued and offered at this time (Refinancing) due to the foregoing event. The REIT Manager may consider other options in finding source of funds to repay such debt and/or such principal such as the issuance and offering of new unit trusts, including the selling of certain assets of TREIT for the repayment of debt. This may affect the return that the unitholders will receive. However, the REIT Manager will consider the option which brings about the best benefit of unitholders and TREIT, by considering the ability to repay debt with interest, the ability to create obligations such as the total loan to total assets value ratio of TREIT, and TREIT's ability to generate continuous income in the future. Nonetheless, the REIT Manager is of the opinion that there is a low risk that TREIT will be in default of such debt.

**2. Risks in relation to Ability to Seek Benefits from the Assets**

**(1) Risk from higher competition which may result in the decrease of occupancy rate and amount of rental fees**

At present, competition for the business operators with the same nature as TREIT is increasing in both investment in the real properties and seeking for credible tenants to lease the real properties. Such competition may have an adverse effect on the business operation of TREIT. In addition, the competitors may have other sources of funds and factors that support their capacity in competition with TREIT proficiently which may



increase cost of management of the real properties and/or decrease occupancy rate and amount of rental fees that TREIT collects from the tenants.

However, personnel of the REIT Manager and the property managers possess experience in the business of warehouse buildings and factory buildings for lease for a certain period of time, including the Additional Assets for Investment No. 2 are the warehouse buildings and factory buildings that have high standard and are provided with efficient utilities system that can be served to the needs of the tenants for industrial uses at present and in the future.

**(2) Risk in relation to the ability to pay rental and service fees and/or common area service fees of the tenants**

The rental fees, service fees and/or common area service fees to be received by TREIT from the tenants in accordance with the lease agreements, service agreements and/or common area service agreements (as the case may be) are major income of TREIT. Therefore, financial status of tenants may affect TREIT's performance. Normally, a tenant is required to place a security deposit equaling to the rental fee, service fee and/or common area service fee for a period of approximately 3 to 6 months (subject to conditions in each agreements), and TREIT is able to forfeit such deposit if TREIT is unable to collect rental fee, service fee and/or common area service fee from the tenant as specified in the agreements. In case that TREIT has to evict the tenant from the leased premises pursuant to the law due to the tenant's default of payment for the rental fee, service fee and/or common area service fee, it practically consumes time for more than 3 months for the tenants to move out and/or to find new tenant. Such delays may directly affect income of TREIT.

**(3) Risk from termination or non-renewal of the lease agreement**

TREIT are at risk in case certain tenants may not renew the agreements, or may request for an adjustment of the terms and conditions of the lease agreement, service agreement and/or common area service agreement which will be less beneficial to TREIT comparing to the existing agreements, or in the event that a number of tenants do not renew the agreements and TREIT is unable to procure new tenants to replace the existing tenants within reasonable time. In such cases and situations as mentioned above may directly affect to TREIT's cash flow and performance. Nevertheless, in the normal proceeding, the property managers will discuss with the tenants in advance prior to the expiry of the lease agreements. As a result, the property managers will be able to look for new tenants to replace the existing tenants who do not wish to renew the lease agreements. When considering performance of the property managers in the past, the property managers had managed to achieve high occupancy rate of the Additional Assets for Investment No. 2.

**(4) Risk relating to construction permit**

A lessee of TREIT's assets may add or modify the leased property which requires a building modification permit from local authority. In case the leased property is added or modified without obtaining the





building modification permit, the local authority has the power to consider and request the modifier or the building owner to reinstate the illegal modification to original conditions, or suspend the use of the building that has been added or modified. Therefore, there is a risk that TREIT may incur expenses from demolition of the modified part if the local authority has such order but the lessee fails to do so.

However, the lease agreement with the tenants has a condition requiring the tenant to place the security deposit for the tenant's performance in accordance with the lease agreement, and in the event that the tenant has conducted any addition or modification without obtaining consent from TREIT, it shall consider as an event of default by the tenant. Therefore, TREIT is able to forfeit such security deposit as its expenses for demolition of the building that has been added or modified.

Additionally, when the lease term expires or in the case of expiration of the lease agreement, the tenant is responsible to surrender the leased property in a good condition, as well as to restore the leased property to its original condition if there is any modification or addition at the tenant's own expense or to pay to TREIT the sum of such restoration. Therefore, the risk relating to modification permit and other related acts should not have material effect to the operation and financial status of TREIT.

**(5) Risk relating to the hand-over of the land after the expiration of the lease agreement**

As part of the Additional Assets for Investment No. 2 is the leasehold right of land from TPARK, which pursuant to such lease agreement, TREIT is responsible for demolition of buildings and constructions on such land in order to hand-over the land to TPARK when the term of the agreement has ended, TREIT shall be at risk for the liability and expenses incurred for demolition of such buildings and constructions.

Nonetheless, TREIT is able to sell wrecks from demolition of the warehouse buildings to compensate its expenses incurred during the demolition. Moreover, TREIT has a period of 180 days prior to the date of surrender of land pursuant to the agreement to conduct such obligation above which is in the capacity of TREIT to perform with no impact to TREIT.

However, the demolition may be altered in the future which may increase TREIT's expenses and have material effect to TREIT's financial status in the year the lease expires.

**(6) Risk from expropriation of the real property, in whole or in part, of the additional investment No. 2 of TREIT pursuant to law on the expropriation of land, and TREIT cannot seek benefits in the real property which may affect TREIT's performance**

In the event of expropriation, in whole or in part, of the Additional Assets for Investment No. 2 in accordance with rules and procedures specified in the Land Expropriation Act, B.E. 2530 (1987) (as amended) and other related laws (the "Expropriation Laws"), TREIT will not be able to benefit from the real properties as expected. Additionally, TREIT may not be compensated under the Expropriation Laws due to non-compliance with any conditions under such laws, or TREIT may receive any compensation under the Expropriation Law due



to non-compliance with any conditions under such laws or the TREIT may receive compensation in an amount less than the investment amount which will have a material effect to business, performance and financial status of TREIT.

Nonetheless, in the event of expropriation of the Additional Assets for Investment No. 2 in type of leasehold right, either in whole or in part, TPARK agrees to return part of the rental fee of such real property to TREIT within 30 days as from the date on which TPARK has received money from the expropriation as specified in relevant lease agreement.

**(7) Risk from exercise of rights under certain lease agreements between the lessees and TPARK and/or TICON**

Some of the Additional Assets for Investment No. 2 in TICON Logistics Park Bangplee 3 project have lease agreements entered into by and between the lessees and TPARK, in the total number of 2 units, that grant the lessees the right to move to other warehouse within TPARK's group prior to the expiry of the lease agreements (Option to Swap) (TPARK's group shall mean TPARK, property fund of which TPARK is the property manager, and TREIT), that is the lessee can exercise its rights to cancel the existing lease agreement and to lease other warehouse within TPARK's group during the lease term without the security deposit being forfeited. The percentage of lease agreements with such conditions equals to 9.6 percent of the total area of warehouse buildings to be invested in by TREIT at this time.

Additionally, some of the Additional Assets for Investment No. 2 in TICON Logistics Park Bangplee 3 project, TICON Logistics Park Sriracha project, and Banwa (Hi-Tech) Industrial Estate have lease agreements entered into by and between the lessees and TPARK and/or TICON, in the total number of 4 units, that grant the lessees the right to terminate the land lease agreement and/or warehouse building lease agreement and/or factory building lease agreement and/or service agreement and/or common area service agreement (if any) (the "Agreements") before the end of the lease term during the exercise of right period (after a 12-month period as from the beginning of such agreement) (Option to Early Terminate) by giving a written notice at least 3 months in advance, without the security deposit being forfeited. The percentage of lease agreements with such conditions equals to 13.2 percent of the total area of warehouse buildings and factory buildings to be invested in by TREIT at this time.

In the event that the lessee has exercised the foregoing rights within the remaining lease term of the existing lease agreement (excluding in the case where the lessee has exercised Option to Swap to move to other assets of TREIT), TPARK and/or TICON (as the case may be) agrees to compensate the deposit to TREIT in the amount equal to the deposit as specified in the lease agreement, thus TREIT will not be affected from such exercise of right under the Agreements of the lessee.

Nonetheless, if the lessee wishes to renew the lease agreement after the existing lease agreement has ended, the REIT Manage may consider granting the Option to Swap and Option to Early



Terminate to the lessee in the new lease agreement to induce the lessee to renew the lease agreement. In such case, if the lessee exercises such rights under the renewed lease agreement, TREIT may be at risk of not receiving the deposit compensated by TPARK and/or TICON. In renewing the lease agreement with the lessee, the REIT Manager may negotiate with the lessee or assign the property managers to negotiate with the lessee to amend such conditions by not granting the Option to Swap and Option to Early Terminate to the lessee, or the REIT Manager may negotiate with TPARK and/or TICON as the property managers and the former lessor to compensate the deposit as specified in the new lease agreement in order to reduce such risk, and the REIT Manager will significantly take into consideration the benefit of unitholders.

**(8) Risk from right to use entrance and exit ways to public road and registration of servitudes on the land owned by TPARK and/or TICON**

For Rojana Industrial Park Prachinburi, TICON Logistics Park Sriracha project, TICON Logistics Park Laemchabang 2 project, Banwa (Hi-Tech) Industrial Estate, and Amata City Industrial Estate, TREIT will arrange for TPARK and/or TICON, the owners of the land used as entrance and exit ways for the aforementioned projects, to register servitudes granting TREIT the right to use such land as entrance and exit ways to public road, walkway, and all types of the utilities without consideration. The REIT Manager will specify such condition in the transaction agreements of TREIT to be entered into by TREIT and TPARK and/or TICON by specifying as a condition precedent in the agreements in order for TPARK and/or TICON to complete the registration prior to the investment date of the Additional Assets for Investment No. 2. Moreover, for the execution of the transaction agreements of TREIT in TICON Logistics Park Bangplee 3 project, TREIT will arrange for TPARK to grant TREIT the right to use the land owned by TPARK as entrance and exit ways to main public road during the period of investment in such assets.

Nonetheless, the REIT Manager cannot guarantee that TPARK and/or TICON will proceed with the registration of servitudes granting TREIT the right to use the land owned by TPARK and/or TICON as entrance and exit ways to public road, walkway, and all types of the utilities without consideration. In such case, TREIT will not invest in such assets and the REIT Manager will consider the rationale and necessity of each asset.

**(9) Risk from certain Additional Assets for Investment No. 2 are encumbered by mortgage with the financial institution**

Certain Additional Assets for Investment No. 2 such as land and buildings in TICON Logistics Park Sriracha project, TICON Logistics Park Laemchabang 2 project, Banwa (Hi-Tech) Industrial Estate, and Amata City Industrial Estate are under mortgage as security with the financial institution pursuant to the conditions in the loan agreement between the financial institution (as the creditor) and TPARK and/or TICON. The REIT Manager will arrange for TPARK and/or TICON to register a mortgage redemption for such land and buildings prior to or on the date of registration of the transfer of ownership of the assets in order for TREIT to own



the assets without any encumbrance by specifying in the transaction agreements of TREIT to be entered into by TREIT and TPARK and/or TICON. If TPARK and/or TICON do not comply with such condition, TREIT may consider not investing in such asset and the REIT Manager will consider the rationale and necessity of each asset.

**(10) Risk from concentration of tenants and/or industry of tenants and/or nationality of tenants**

As at June 30<sup>th</sup>, 2016, the top 5 tenants with highest rental fee of the Additional Assets for Investment No. 2 are equal to 65 percent of the total revenue of the Additional Assets for Investment No. 2. The percentage of the income of the 1<sup>st</sup> ranked tenant is approximately equal to 21 percent of the total revenue of the Additional Assets for Investment No. 2. Therefore, TREIT may have risk associated with the non-payment of rental fee, the termination of the lease agreements, or the non-renewal of the lease agreements of such major tenants. Nonetheless, such major tenants leasing the assets to be invested in by TREIT are reputable and credible, with no reason to believe at present that such major tenants will not be able to pay the rental fee. Moreover, since the leased assets are located in strategic locations for business operation, large leased area and/or many leased units of such tenants are located in neighbouring area, and the procurement of the new leased area with the same characteristics is relatively difficult. In addition, moving to other leased area may incur relocation cost which results in the chance that the tenants would terminate the lease and/or not renew the lease agreement is relatively low.

Apart from the above mentioned risk of tenant concentration, TREIT may have risk associated with the concentration of the industry of tenants and/or the nationality of tenants in the event that any industry slows down or in the event relating to international relationship with any nationality of the tenants, which may result in the termination of lease and/or non-renewal of the lease agreement of such tenant, and affecting the performance of TREIT accordingly.

Nonetheless, TPARK and TICON as the property managers of TREIT believe that the Additional Assets for Investment No. 2 are assets with potential, located in strategic locations, and normally the nature of business operation of the tenants is clustered around connected business partners, accompanying with the government policy to enhance relationship with foreign countries. Thus, the chance that the tenants would move out and/or not renew the lease agreements should be low and the replacement of new tenant should not be difficult.

**3. Risks Directly to TREIT or Unitholders**

**(1) Risk from domestic economic and political status**

The change in factors that affect domestic economic status and overall of the world economy, including other macro factors; for examples, economic growth, governmental policies on trading, investments



and foreign affairs, as well as the government's fiscal policies and the Bank of Thailand's monetary policies, prices of real properties in Thailand, domestic consumption and domestic political stability, are factors that may impact decision for the lease of warehouse buildings and factory buildings of existing lessees and prospective lessees, particularly foreign entrepreneurs which are major lessees of the real properties to be invested in by TREIT. In addition, such volatility may affect the rental rate.

**(2) Risk from natural disaster, accident and terrorism**

The Additional Assets for Investment No. 2 may face risks from natural disaster, accident and terrorism. Therefore, in order to mitigate damage of TREIT's assets, TREIT will arrange for the insurance in the insured amount that would adequately cover the value of the warehouse buildings and factory buildings in which TREIT will additionally invest, as well as to procure that all assets are continuously covered, such insurance divided into all risk insurance (excluding terrorism), business interruption insurance and third-party insurance.

**(3) Risk from due diligence prior to the investment**

Prior to the investment in the real properties, the REIT Manager and Trustee have studied details of such real properties by examining due diligence documents at their best effort, as well as reviewing details of the appraisal reports and legal due diligence report which are made pursuant to relevant professional standard. However, such processes do not warrant that the real properties have no damage or defect which may incur further expenses for improvement or repair. There may be errors and inaccuracy in the appraisal reports and legal due diligence report which have been evaluated and examined by the REIT Manager since some defects of the real properties are difficult to detect or undetectable due to a limitation in the inspection, as well as techniques or methods of inspection or other factors which limit the inspection.

Furthermore, the real properties to be additionally invested in by TREIT for the additional investment No. 2 may not have the characteristics in accordance with the rules and regulations relating to real properties due to a limitation in the study of information and due diligence of relevant documents of the REIT Manager and the inspection of the Trustee. This may incur expenses exceeding the expenses that the REIT Manager has projected prior to the investment or duty to conform with the obligations relating to the infringement of such rules and regulations specified by relevant government authorities.

**(4) Risk in relation to business impact to TREIT's performance and its ability of distribution payment, including risk from the changes in accounting standard and relevant laws**

The payment of distribution of TREIT depends on performance of TREIT which may be affected from economic factors; for examples, capacity of the property managers, costs of management of the real properties, other expenses, business competition, effects from natural disaster, including changes in laws, regulations, standards and fees relating to the real properties, business operation of TREIT, taxes, and



enforcement of new accounting standards or amendments to the accounting standards. These are the factors that are out of control by the REIT Manager or over-expectation. Therefore, the REIT Manager cannot assess impact from such changes and cannot warrant that such changes will not affect TREIT's performance, or ability of payment of distribution of TREIT.

**(5) Risk from the investment in the leasehold right in the real property which the value may decrease according to its remaining lease term**

As TREIT invests in the leasehold right, the value of the leasehold right of such real property of TREIT will decrease in accordance with the remaining lease term due to the appraised value of the leasehold right. The changes in average occupancy rate and/or amount of rental fees or any other factors are beyond control of the REIT Manager. The change in such value of the leasehold right may have a material adverse effect on the value of the properties, the Net Asset Value (NAV) of TREIT and the value of the Unit Trust. Nonetheless, the Additional Assets for Investment No. 2 comprises of both the leasehold right and the ownership of real properties, and the value of leasehold right is approximately 34 percent of the total value of the Additional Assets for Investment No. 2.

**(6) Risk that trustee does not perform its duty**

TREIT is not a legal entity. If the trustee cannot perform its duties for whatever reasons, the REIT Manager will have to appoint new trustee to replace the existing one. As the result, this may incur expenses from engagement and any transactions relating to the transfer of the assets under supervision of the existing trustee to the new trustee. The REIT Manager may not be able to engage a person to perform the roles of trustee as good as the existing trustee does due to their expertise, controlling and investigation policies which may be different. These may result in a material adverse effect on operating results, financial status and ability of distribution payment of TREIT. Nonetheless, the REIT Manager may not replace any person to conduct the trustee's roles although the REIT Manager uses its best effort and determines reasonable remuneration. This could result in TREIT's termination by court's procedures and dissolution, and the unitholders may obtain return of capital in an amount not equal to their investment value, market value or fair value.

However, the Trust Deed has a condition regarding the appointment of the new trustee, specifying that the REIT Manager shall appoint the new trustee within 180 days as of the date on which the REIT Manager has received a resignation letter of the trustee or the date on which the REIT Manager has notified the dismissal of the trustee or the date on which the unitholders' meeting has passed a resolution to discharge the trustee from office. In case the REIT Manager is unable to appoint the trustee, the trustee shall appoint the new trustee within 180 days as of the date on which the REIT Manager is unable to appoint the new trustee. The total period in appointing the new trustee is 360 days which should be sufficient for the appointment of the new trustee for TREIT.