

Projected Income of HREIT in the First Year

Projected income receivable by HREIT during the first year after the Additional Investment will consist of income from rental and service fee paid in cash and the compensate rental income. The details of projected annual income from 1 January 2019 – 31 December 2019 are as follows:

Projected Income Statement Report under Assumptions For the Year from 1 January 2019 – 31 December 2019¹

	Existing Immoveable Properties ² (Baht Million)	Immoveable Properties after Additional Investment ³ (Baht Million)
Rental and service revenues ^{2/3/4}	596.97	635.96
Rooftop rental and service revenues ⁵	5.24	5.50
Compensated rental and service revenues ⁶	102.02	102.02
Interest income ⁷	0.67	0.68
Total revenues	704.90	744.15
Expenses		
Property management related expenses ⁸	29.98	31.68
Net profit of immoveable properties	674.92	712.47
REIT Management Fees and Expenses ^{9/10}	46.08	47.91
Interest expenses ¹¹	105.71	122.62
Amortization ¹²	14.26	17.54
Net profit distributable	508.86	524.41
Adjusted entries		
<u>Add</u> Excess liquidity from amortized Trust Unit Issuance Costs ¹²	4.23	6.66
<u>Add</u> Amortization loan fee and interest expense difference calculated at the effective interest rate ¹²	10.03	10.87
Net cash from investment that can be distributed through dividends and capital reduction	523.12	541.95
Rate of profit distribution (%)	100	100
Expected amount to be distributed to Trust Unitholders	523.12	541.95
Number of Trust Units (Million units)	702.63	702.63
Expected amount to be distributed to Trust Unitholders (Baht)		
- Distribution of profit per unit (Baht per unit)	0.724	0.746
- Distribution of capital per unit (Baht per unit)	0.020	0.025
Distribution of profit and capital per unit (Baht per unit)	0.7445	0.7713
Growth rate of additional amount to be distributed to Trust Unitholders (Baht per unit)		0.0268

Remarks

1. Accounting period of HREIT is from January to December of every year. Immoveable properties in this additional investment is expected to be completed by December 2018, therefore, the projected income is estimated for a 12-month period from 1 January 2019 – 31 December 2019.
2. Existing immoveable properties referring to immoveable properties invested by HREIT at the amount of 122 units (as of 30 June 2018) in 7 projects namely: (1) WHA Eastern Seaboard Industrial Estate 1, (2) Eastern Seaboard Industrial Estate (Rayong), (3) WHA Chonburi Industrial Estate 1, (4) WHA Saraburi Industrial Land, (5) WHA Logistics Park1, (6) WHA Logistics Park 2, and (7) WHA Logistics Park 4.
3. Immoveable properties after the additional investment referring to existing immoveable properties and new immoveable properties in which HREIT will additionally invest in i.e. 9 units of factory buildings in total in WHA Saraburi Industrial Land divided into 1) 8 units of attached building factory with a total building area of 11,196 square meters and 2) 1 unit of detached building factory with a total building area of 4,720 square meters.
4. Rental and service revenues referred from revenue of asset per month projected from the estimated rental and service revenues as per the lease agreements and service agreements between lessees and HREIT with details as follows:
 - Existing immoveable properties with the total occupied area of 270,338 square meters and with average rental rate of Baht 188.59 per square meter.
 - Immoveable properties to be additionally invested in by HREIT with the total occupied area of 15,916 square meters and with average rental rate of Baht 204.13 per square meter per month.
5. Rooftop rental and service revenues i.e. revenues of HREIT from the sub-leasing of rooftop area of factory and warehouse buildings for the business operation of solar energy with the details as follows:
 - Rental of rooftop area of the existing immoveable properties with the total rooftop area of 171,182 square meters and with average rental rate of Baht 3.00 per square meter per month.
 - Rental of rooftop area of the Additional Investment Assets with the total rooftop area of 8,467 square meters and with average rental rate of Baht 3.00 per square meter per month.

The Asset Owner agreed that during the period of 15 years from HREIT's investment date (the "**Warranty Period**"), if the rooftop area in the leased properties is still unoccupied as of the HREIT's investment date, WHA Industrial Development Public Company Limited ("**WHAID**") or the Asset Owner's Company shall be responsible to pay the rent to HREIT for the remaining rooftop area of the leased properties for the part that are not leased out, during the Warranty Period at the rate of Baht 3 (Three Baht) per square meter per month, and the rental rate shall be increased for 6% every 3 years.

6. Compensate rental and service revenues are the revenues of HREIT to be received from the Asset Owner who agreed to compensate the rental and service revenues for the unoccupied properties for the period of 3 years from the commencement date of the lease period which is 23 November 2016 for the existing investment assets, 4 January 2018 for the Additional Investment Assets No. 1, and 1 January 2019 (which is the HREIT's expected investment date) for the Additional Investment Assets in this time, all of which are based on the Undertaking Agreement between HREIT and the Asset Owner. The rental rate is based on weighted average of rental rate in each area and each type of the leased properties.

7. Interest income arises from the short term investment by HREIT of the outstanding security deposits from the investment in immovable properties, with the average return rate of 0.6% per annum.
8. Property management related expenses consist of immovable properties maintenance fee, insurance premiums, security service fee, Lessees Procurement Fee for the Property Manager, common public utility fee, other relevant expenses and Property Management Fee of the Additional Investment Assets at the rate of 1.75% per annum during the 1st – 5th year, and 5% per annum during the 6th – 10th year of the rental and service revenues (excluding compensate rental and service revenue, rooftop rental and service revenue, and value added tax).
9. REIT Management Fees shall be charged as prescribed in the agreement at the rate of not exceeding 0.25% per annum of the total value of HREIT's assets (excluding value added tax), and at the amount of not less than Baht 12.50 Million per annum.
10. REIT Management Expenses consists of operation fees e.g. Trustee Fee, REIT Registrar Fee, Annual Fee of Stock Exchange of Thailand and the Office of the SEC, audit and counselor fee, asset appraisal fee and other miscellaneous expenses. The projected REIT Management Expenses under assumptions for the year ending on 31 December 2019 is calculated from the amount as prescribed in the draft agreement and the estimation of other relevant expenses.
11. Interest expenses is calculated from loans under the existing Loan Agreements between HREIT and financial institutions, which are consisting of the 1st Loan at the amount of Baht 2,325 Million, the 2nd Loan at the amount of Baht 575 Million, and the additional long-term loan for this Additional Investment at the amount of not exceeding Baht 420 Million from financial institutions, provided that the loan fee shall be booked as a part of financial costs at the effective interest rate.
12. Amortization consists of the amortized prepaid bank fee and the amortized deferred costs i.e. HREIT establishment expenses and Additional Investment Asset expenses.
13. Other assumptions estimated for the year ending 31 December 2019 are based on the following assumptions:
 - No changes are made to the immovable properties to be invested by HREIT;
 - No additional funding during the estimated period;
 - No changes are made to the taxation law or other relevant laws;
 - Every lessees comply with the lease agreements and service agreements / draft of lease agreements and service agreements;
 - No CAPEX during the estimated period as the Asset Owner has guaranteed for the expenses during such period; and
 - No property tax relating to the Additional Investment Assets in this time during the estimated period as the Asset Owner agreed to be responsible therefor for the period of 3 years from the commencement date of the lease period.